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, 2023

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, 2022.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2023 increased to RMB222.0 million, as compared to RMB209.7 million for the year ended December 31, 2022, representing an increase of RMB12.3 million, or 5.9%. For the year ended December 31, 2023, 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 RMB7.7 million, or 11.5%, from RMB67.0 million for the year ended December 31, 2022 to RMB59.3 million for the year ended December 31, 2023, primarily attributable to (i) the decrease in government grants related to income to RMB19.4 million for the year ended December 31, 2023, as compared with RMB33.6 million for the year ended December 31, 2022; (ii) the decrease in fair value gain on derivative financial instruments to RMB2.8 million for the year ended December 31, 2023, which arose from the Warrants subscribed by Innovent on July 14, 2021, as compared with RMB19.4 million for the year ended December 31, 2022; and (iii) partially offset by the increase in bank interest income to RMB32.4 million for the year ended December 31, 2023, as compared with RMB9.7 million for the year ended December 31, 2022.

- Selling and distribution expenses increased by RMB38.0 million or 24.1% to RMB195.4 million for the year ended December 31, 2023, as compared to RMB157.4 million for the year ended December 31, 2022. The increase was attributable to the increase in selling and distribution expenses incurred in the commercialization of olverembatinib and other products.

- Research and development expenses decreased by RMB36.1 million, or 4.9%, to RMB707.0 million for the year ended December 31, 2023, as compared to RMB743.1 million for the year ended December 31, 2022, primarily due to the decrease in outsourced services.

- Administrative expenses increased by RMB10.5 million, or 6.2%, to RMB181.1 million for the year ended December 31, 2023, as compared to RMB170.6 million for the year ended December 31, 2022, primarily due to the increase in operation and depreciation expenses of the Suzhou facility.

- For the year ended December 31, 2023, the Group reported other expenses of RMB5.2 million, as compared to other expenses of RMB17.7 million for the year ended December 31, 2022, which represented a decrease of RMB12.5 million, or 70.6%. The decrease was primarily attributable to (i) the decrease of fair value loss on financial assets at FVTPL from RMB9.8 million for the year ended December 31, 2022 to RMB0.7 million for the year ended December 31, 2023; and (ii) the decrease of the realized and unrealized losses from foreign exchange from RMB2.6 million for the year ended December 31, 2022 to the realized and unrealized gains from foreign exchange being RMB1.6 million for the year ended December 31, 2023.

- As a result of the foregoing, loss for the year ended December 31, 2023 increased by RMB42.8 million, or 4.8%, to RMB925.7 million, as compared to RMB882.9 million for the year ended December 31, 2022.

BUSINESS HIGHLIGHTS

- As of December 31, 2023, our core product olverembatinib (HQP1351), a third-generation BCR-ABL1 tyrosine kinase inhibitor (TKI), has realized accumulated invoiced sales revenues of RMB362.1 million (inclusive of value added tax) since its launch in November 2021. Compared to 2022, the sales volume of olverembatinib increased 259% in 2023. Over the same period, the number of patients treated increased 123% and the number of hospitals entered increased 567%. Olverembatinib has been included in the China 2022 National Reimbursement Drug List (the "**NRDL**") in January 2023. In November 2023, olverembatinib has been approved by the Center for Drug Evaluation (CDE) of China National Medical Products Administration ("**NMPA**") for the treatment of adult patients with chronic-phase chronic myeloid leukemia (CML-CP) who are resistant and/or intolerant to first- and second-generation tyrosine kinase inhibitors (TKIs). Recently, olverembatinib was also included in the NCCN (National Comprehensive Cancer Network) guidelines for the management of CML.

- In February 2024, olverembatinib has received clearance from the US Food and Drug Administration ("**FDA**") to initiate a Phase 3 registrational trial of olverembatinib in previously treated patients with CML-CP, both with and without the T315I mutation. In July 2023, a Phase 3 pivotal study of olverembatinib in combination with chemotherapy versus imatinib in combination with chemotherapy in patients with newly diagnosed Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL) has been approved by the CDE of NMPA. In addition, olverembatinib has been recommended by the CDE for a Breakthrough Therapy Designation (BTD) for the treatment of patients with succinate dehydrogenase (SDH)-deficient gastrointestinal stromal tumor (GIST) who had received first-line treatment. Olverembatinib is an investigational drug and not approved in the United States.

- In addition, the positive clinical data of olverembatinib on SDH-deficient GIST patients were presented at the 2023 American Society of Clinical Oncology (ASCO) annual meeting, which showed that, in a Phase 1b/2 study in China, olverembatinib was well tolerated and showed antitumor activity in patients with TKI-resistant SDH-deficient GIST. Furthermore, data on olverembatinib in CML were selected for oral reports at the American Society of Hematology (ASH) Annual Meeting for the sixth consecutive year, underscoring the significant interest in the drug's efficacy and safety by the global hematology community.

- In December 2023, lisaftoclax (APG-2575) received clearance from CDE to initiate global registrational Phase 3 clinical trial in newly diagnosed old or unfit patients with acute myelogenous leukemia (AML). In October 2023, we received clearance from CDE to initiate a global registrational Phase 3 clinical trial for lisaftoclax in treatment-naïve chronic lymphocytic leukemia (CLL) patients. In August 2023, we received clearance from FDA to initiate a global registrational Phase 3 clinical trial for lisaftoclax in previously treated patients with chronic lymphocytic leukemia/small lymphocytic lymphoma (CLL/SLL).

- Clinical data of lisaftoclax in patients with hematologic malignances and solid tumors were presented in various international conferences in 2023. We released the investigational clinical data of lisaftoclax in patients with multiple hematologic malignancies, including CLL, multiple myeloma (MM), Waldenström macroglobulinemia (WM), AML and myelodysplastic syndromes (MDS) at the ASH Annual Meeting and ASCO annual meeting. In addition, we released preclinical results of the combination of olverembatinib with lisaftoclax, which overcomes resistance in GISTs, at the American Association for Cancer Research (AACR) annual meeting.

- Also at the ASCO annual meeting, we have presented the latest results of (i) a Phase 2 study of alrizomadlin (APG-115) in combination with pembrolizumab (an anti-PD-1 monoclonal antibody) in patients with unresectable or metastatic cutaneous melanoma that progressed on immuno-oncologic (IO) drugs, (ii) a Phase 2 study of alrizomadlin (APG-115) in combination with pembrolizumab in patients with malignant peripheral nerve sheath tumor (MPNST), and (iii) a phase 1 study of APG-2449, which could overcome resistance in non-small-cell lung cancer (NSCLC) patients who are resistant to second-generation ALK inhibitors.

- At 2023 AACR, we presented the results of preclinical studies showing that alrizomadlin (APG-115) promotes antitumor activity of mitogen-activated protein kinase (MAPK) inhibitors in uveal melanoma.

- At 2023 European Society of Medical Oncology (ESMO) Congress, we presented the latest data of pelcitoclax (APG-1252) in combination with osimertinib for NSCLC.

- APG-5918, an EED inhibitor, was cleared to enter a clinical study in advanced solid tumors and hematologic malignancies in both China and the United States. 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 at 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 FDA and the European Commission (EC), continuing to set the record for the number of ODDs granted to a Chinese biopharmaceutical company.

- In April 2023, the Company received a zero-deficiency report from the Good Manufacturing Practices (GMP) compliance audit of Ascentage Pharma's Global Manufacturing Center by a Qualified Person (QP) of the European Union (EU). This successful audit indicates that the Company's Global Manufacturing Center and quality management system implemented at the site are compliant with the standards of the EU GMP, marking the achievement of a major milestone that will pave the way for the Company's continued global expansion.

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.

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

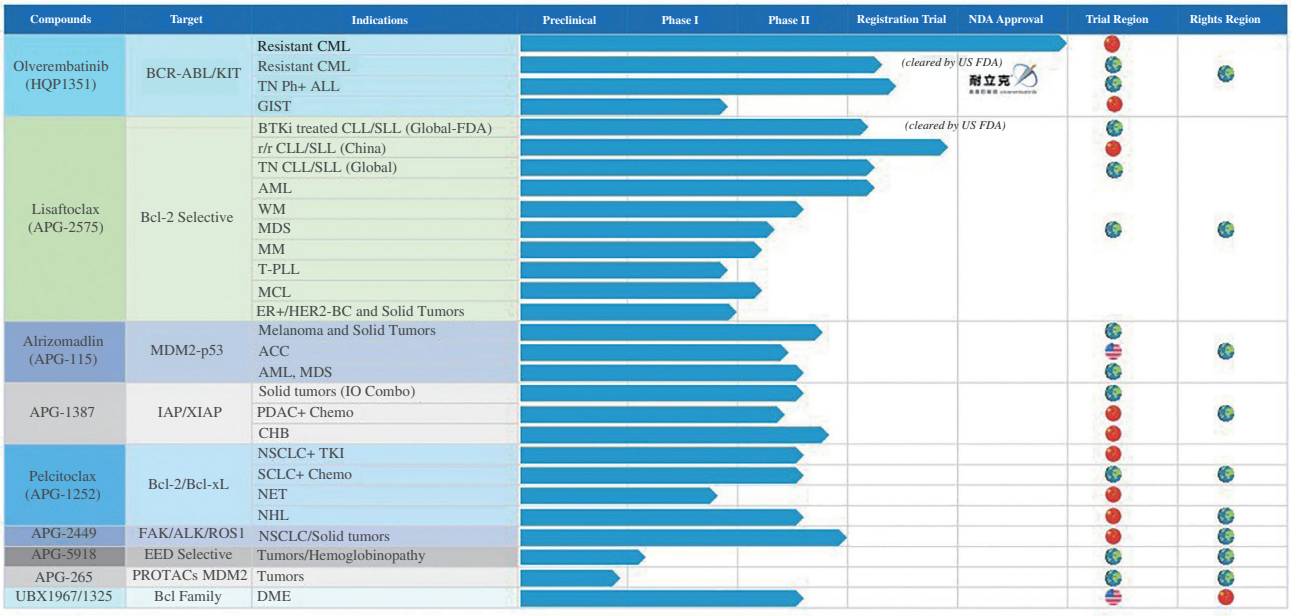
We are a commercial stage global biopharmaceutical company developing novel therapies for cancers, CHB (chronic hepatitis B), and age-related diseases. Ascentage Pharma has its own proprietary platform for developing therapeutics that restore apoptosis in cancer cells and modulate host immunomodulatory function 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 BCR-ABL1 TKI, Bcl-2 and dual Bcl-2/Bcl-xL inhibitors, 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 our 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, 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, 2023:



BUSINESS REVIEW

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

Core Product Candidate

Olverembatinib (HQP1351)

Our Core Product, olverembatinib, is a novel third-generation BCR-ABL1 inhibitor targeting *BCR-ABL1* mutants, including those with the T315I mutation. We believe olverembatinib has the potential to be a global best-in-class drug that addresses unmet medical needs in patients with CML and Ph+ ALL. Olverembatinib is the first marketed third-generation BCR-ABL1 inhibitor and is the only drug approved for treating CML patients with T315I mutations in China. Olverembatinib received support from the National Major New Drug Discovery and Manufacturing Program. In January 2023, olverembatinib has been included into the China 2022 NRDL, which bolstered the affordability and accessibility of the drug. Ascentage Pharma is committed to the expansion of commercialization and availability of olverembatinib in the China market and abroad.

Previously, olverembatinib was accepted by CDE with priority review status and also granted a BTD by CDE. It was granted ODD by FDA for the treatment of CML, AML, acute lymphoblastic leukemia (ALL), and 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 an Orphan Designation by the EMA (European Medicines Agency) for the treatment of CML.

The recent progress of olverembatinib is as follows:

Approval, recommendation and NRDL coverage

- Recently, olverembatinib was included in NCCN guidelines for the management of CML.

- In November 2023, olverembatinib has been approved by the CDE of NMPA for the treatment of adult patients with CML-CP who are resistant and/or intolerant to first- and second-generation TKIs.

- In May 2023, olverembatinib has been recommended by CDE for a BTD for the treatment of patients with SDH-deficient GIST who had received first-line treatment.

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

Clinical progress

- In February 2024, olverembatinib received clearance from FDA to initiate a Phase 3 registrational trial of olverembatinib in previously treated patients with CML-CP, both with and without the T315I mutation (POLARIS-2).

- In July 2023, the Phase 3 pivotal study of olverembatinib, in combination with chemotherapy versus imatinib in combination with chemotherapy in patients with newly diagnosed Ph+ ALL has been approved by CDE, which may potentially make olverembatinib the first TKI for the first-line treatment of Ph+ ALL in China.

Data publication

- In December 2023, the results of multiple clinical studies of olverembatinib were presented at the 65th ASH Annual Meeting. The data presented in oral reports include the latest results from a randomized, controlled registrational Phase II study in patients with first- and second generation TKI-resistant CML-CP and preliminary results from a Phase II study of olverembatinib combined with venetoclax chemotherapy in treatment-naïve patients with Ph+ ALL.

- In October 2023, we presented the clinical studies of antitumor activity of olverembatinib in patients with TKI-resistant SDH-deficient GIST, at the 2023 ESMO Congress.

- In June 2023, the positive clinical data of olverembatinib in GIST were presented at the 2023 ASCO annual meeting. In this Phase 1b/2 study in China, olverembatinib was well tolerated and showed potent antitumor activity in patients with TKI-resistant SDH-deficient GIST.

- In April 2023, we presented the results of preclinical studies showing that olverembatinib enhances antitumor effects of immunotherapy in renal cell carcinoma (RCC), at the 2023 AACR. This novel combination may provide an alternative approach to enhance treatment effects with checkpoint inhibitors (CPIs) in renal cancers.

The expected progress of olverembatinib in 2024 is as follows:

- We expect to commence patient enrollment for the global registrational phase 3 trial for CML patients (POLARIS-2).

- We expect to continue to execute the global registrational clinical trial for Ph+ ALL patients.

- For SDH-deficient GIST, we will actively engage CDE for the discussion of a global pivotal study for the monotherapy treatment.

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 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 has received clearances and approvals for 21 Phase 1b/2 clinical studies in China, the United States, Australia, and Europe, with indications including CLL, non-Hodgkin's lymphoma (NHL), AML, MM, WM and solid tumors. More than 800 patients have been treated so far with lisaftoclax (APG-2575), among which approximately 400 patients are with CLL/SLL. Furthermore, FDA has granted five ODDs to lisaftoclax (APG-2575) for the treatment of patients with follicular lymphoma (FL), WM, CLL, MM, or AML.

The clinical development of lisaftoclax (APG-2575) is as follows:

Clinical progress

- In December 2023, we received clearance from CDE to initiate a global registrational Phase 3 clinical trial for our key clinical asset, lisaftoclax (APG-2575) in newly diagnosed old or unfit patients with AML.

- In October 2023, the CDE of NMPA approved a global pivotal registrational Phase 3 study designed to evaluate lisaftoclax (APG-2575), in combination with the BTK inhibitor acalabrutinib, versus immunochemotherapy in treatment-naïve patients with CLL/SLL, aiming to validate the combination regimen as a first-line treatment for CLL/SLL.

- In August 2023, we received clearance from FDA to initiate a global registrational Phase 3 clinical trial for lisaftoclax (APG-2575) in previously treated patients with CLL/SLL.

- Phase 1b/2 studies of lisaftoclax (APG-2575) as a single agent or in combinations for the treatment of patients with AML/MDS are ongoing in China.

- Phase 1b/2 studies of lisaftoclax (APG-2575) in combinations for the treatment of patients with AML/MDS are also ongoing in the United States.

- A Phase 1b/2 study of lisaftoclax (APG-2575) in combination for the treatment of patients with MM is ongoing in China.

- A Phase 1b/2 study of lisaftoclax (APG-2575) in combination for the treatment of patients with MM is also ongoing in the United States.

- A global Phase 1b/2 study of lisaftoclax (APG-2575), both as a single agent and in combinations with ibrutinib/rituximab for the treatment of patients with WM, is ongoing in the United States, Australia, and China.

Data publication

- In December 2023, we released clinical data on lisaftoclax in patients with CLL at the ASH Annual Meeting, which once again demonstrate the drug's promising efficacy and favorable tolerability in patients with CLL who were heavily pretreated and had prior exposure to Bruton's tyrosine kinase (BTK) inhibitors. In two other abstracts on lisaftoclax, results were disclosed from clinical studies of the drug as a single agent and in combination regimens in multiple hematologic malignancies, including MM, AML, and MDS.

- In June 2023, we released preliminary data of a phase 1b/2 study of lisaftoclax (APG-2575) alone or combined with ibrutinib or rituximab in patients with WM, at the ASCO annual meeting. Lisaftoclax (APG-2575) alone or combined with ibrutinib/rituximab demonstrated measurable effects in patients with treatment-naïve or BTKi-refractory WM.

- In April 2023, we released preclinical results on the combination of olverembatinib with lisaftoclax (APG-2575) to overcome resistance in GISTs, at the AACR annual meeting. Our results demonstrated that olverembatinib and lisaftoclax (APG-2575) have synergistic antitumor effects in imatinib-resistant GIST.

The expected progress of lisaftoclax (APG-2575) in 2024 is as follows:

- We expect to submit a new drug application (NDA) in China for lisaftoclax for the treatment of CLL/SLL in 2024.

- We expect to continue to execute the global registrational clinical trials in CLL/SLL and other hematologic tumors.

Cautionary Statement required by Rule 18A.05 of the Listing Rules: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET LISAFTOCLAX (APG-2575) SUCCESSFULLY.

Alrizomadlin (APG-115)

Alrizomadlin (APG-115) is an orally bioavailable, highly selective, small-molecule inhibitor of MDM2-p53 protein-protein interactions (PPIs). Alrizomadlin (APG-115) was designed to restore 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 hematologic malignancies.

The FDA has granted six ODDs for alrizomadlin (APG-115) for the treatment of soft-tissue sarcoma, gastric cancer (GC), AML, retinoblastoma, stage IIB-IV melanoma, and neuroblastoma. In addition, alrizomadlin (APG-115) has been granted two Rare Pediatric Disease (RPD) s by the FDA for the treatment of neuroblastoma and retinoblastoma.

The recent progress of alrizomadlin (APG-115) is as follows:

Clinical progress

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

- A Phase 1b/2 study of alrizomadlin (APG-115) monotherapy in patients with unresectable or metastatic melanomas (in collaboration with Merck & Co.) or other advanced solid tumors.

- A Phase 1b/2 study of alrizomadlin (APG-115) alone or in combination with azacytidine in patients with relapsed/refractory (R/R) AML, chronic myelomonocytic leukemia (CMML), or MDS.

- An investigator-initiated trial (IIT) of alrizomadlin (APG-115) monotherapy in a Phase 2 study for the treatment of salivary gland cancer.

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

- A Phase 1b/2 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 1b study of alrizomadlin (APG-115) single agent or in combination with azacytidine or cytarabine in patients with R/R AML and relapsed/progressed high-/very high-risk MDS.

- A phase 1 clinical study of alrizomadlin (APG-115) alone or in combination with lisaftoclax (APG-2575) in children with recurrent or refractory neuroblastoma or other solid tumors.

Data publication

- In June 2023, the latest result of a phase 2 study of alrizomadlin (APG-115) in combination with pembrolizumab in patients with unresectable or metastatic cutaneous melanoma that has failed immuno-oncologic (IO) drugs was presented at the ASCO annual meeting. The results showed that alrizomadlin (APG-115) combined with pembrolizumab is well tolerated and demonstrates clinical efficacy in these patients with cutaneous melanoma that had progressed on PD-1/PD-L1 immunotherapy.

- In June 2023, the latest result of a phase 2 study of alrizomadlin (APG-115) in combination with pembrolizumab in patients with MPNST was presented at ASCO. The results showed that alrizomadlin combined with pembrolizumab is well tolerated and demonstrates clinical efficacy in these patients with MPNST that progressed on available therapy or in those for whom therapy was unavailable.

- In April 2023, we presented the results of preclinical studies showing that MDM2 inhibitor alrizomadlin (APG-115) promotes antitumor activity of mitogen-activated protein kinase (MAPK) inhibitors in uveal melanoma (UM), at the AACR meeting. These results demonstrate the potential utility of combining alrizomadlin with MAPK pathway inhibitors to treat patients with UM.

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Pelcitoclax (APG-1252)

Pelcitoclax (APG-1252) is a novel, highly potent, 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), NSCLC, neuroendocrine tumor (NET), and NHL. It was granted an ODD by FDA for the treatment of SCLC.

As of December 31, 2023, a total of 205 patients have been treated with pelcitoclax (APG-1252) as a monotherapy or in combination with other antitumor agents. Three phase 1 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.

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

Clinical progress

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

- A Phase 1b study of pelcitoclax (APG-1252) plus osimertinib in patients with Epidermal growth factor receptor (*EGFR)* mutant NSCLC, in China;

- A Phase 1b study of pelcitoclax (APG-1252) as a monotherapy in neuroendocrine tumors from the pancreas or other parts of the gastrointestinal tract, in China; and

- A Phase 1b/2 study of pelcitoclax (APG-1252) as a single agent or in combination with other therapeutic agents in patients with R/R NHL, in China.

Data publication

- In October 2023, we presented the latest data from a study of pelcitoclax (APG-1252), a Bcl-2/BcL-xL dual-targeted inhibitor, combined with osimertinib in patients with EGFR-mutant NSCLC, at the 2023 ESMO Congress. The clinical data demonstrated promising therapeutic utility of pelcitoclax combined with osimertinib in patients with EGFR-mutant NSCLC.

- Recently, we posted the results of the first-in-human study with preclinical data of BCL-2/ BCL-xL inhibitor pelcitoclax in locally advanced or metastatic solid tumors in clinical cancer research.

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Other Clinical or IND-Stage Candidates

APG-1387

APG-1387 is a novel, small-molecule inhibitor of inhibitor of apoptosis proteins (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 hepatitis B virus (HBV) infection.

As of December 31, 2023, a total of 260 patients were enrolled and treated in the whole APG-1387 program.

The recent progress of APG-1387 is as follows:

As for the two HBV studies:

- We have already completed a phase 1 study of APG-1387 monotherapy in treatment-naïve CHB patients.

- A Phase 2 clinical trial of APG-1387 combined with entecavir in the treatment of CHB patients is in progress. The Phase 1 safety assessment has been completed. Based on the well-tolerated safety data, the study entered Phase 2, which is the efficacy evaluation of APG-1387 in combination with entecavir compared to entecavir monotherapy.

Studies in relation to other indications are as follows:

- A Phase 1 clinical trial conducted in the United States for the combination of APG-1387 and pembrolizumab in the treatment of solid tumors was completed.

- In China, a Phase 1b/2 clinical trial of APG-1387 in combination with toripalimab (拓益) (another anti-PD-1 monoclonal antibody) in solid tumors is currently being conducted. The phase 1b patient enrollment has been completed, the trial has entered into phase 2, and the nasopharyngeal carcinoma (NPC) cohort is open. Among 10 efficacy-evaluable patients in PD-1-naïve and previous treatment-failed NPC, 5 achieved objective responses, including 1 complete response (CR) and 4 partial responses (PRs), per RECIST 1.1.

- A Phase 1/2 study to investigate the combination of APG-1387 with chemotherapy (nab-paclitaxel and gemcitabine ("**AG**")) for the treatment of advanced pancreatic cancer is ongoing. Among 4 AG-naïve and previous treatment-failed patients, 2 achieved confirmed PRs.

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APG-2449

APG-2449 is a novel, orally active, small-molecule focal adhesion kinase (FAK)/anaplastic lymphoma kinase (ALK) and 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* wild-type or *EML4-ALK L1196M* mutation and hence inhibited the proliferation of tumor cells by the ALK pathway. Emerging clinical data demonstrated an efficacy signal in patients who failed second-generation ALK TKI treatment.

The recent progress of APG-2449 is as follows:

- Updated data results from the APG-2449 Phase 1 study were presented at the 2023 ASCO meeting. Updated data demonstrated continued good safety and tolerability and preliminary efficacy in ALK-positive NSCLC patients (both TKI treatment naïve and second-generation TKI treatment-resistant). In addition, initial efficacy was also observed in a ROS1-positive NSCLC patient. Exploratory biomarker research indicated that FAK inhibition could provide a novel treatment strategy for NSCLC patients who are resistant to second-generation ALK inhibitors.

- A Phase 1b/2 study of APG-2449 in combination with liposomal doxorubicin hydrochloride in platinum-resistant ovarian cancer is ongoing.

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APG-5918

APG-5918 is a potent, orally available, and highly selective Embryonic Ectoderm Development (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 hematologic malignancies and solid tumors carrying specific mutations. In addition, APG-5918 demonstrated potential for treating beta-hemoglobinopathy, including sickle-cell disease and β-thalassemia. APG-5918 showed overall favorable drug metabolism and pharmacokinetics (DMPK) and toxicological profiles (TOX profiles).

The recent progress of APG-5918 is as follows:

- In January 2023, APG-5918 obtained approval from CDE to initiate a clinical study in patients with anemia-related indications. During the Reporting Period, the first part of the dose escalation study in healthy subjects has been completed, and the second part has been initiated.

- In November 2023, we published the abstract about APG-5918 improves chronic kidney disease- (CKD)-induced hemoglobin insufficiency in preclinical models of anemia at ASH annual meeting.

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Lead Preclinical 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 potency 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 accomplishment in researching, developing, and commercializing biopharmaceuticals. We plan to continue to diversify and expand our product pipeline through both in-house research and development and collaboration with biotechnology and pharmaceutical companies, as well as academic institutions. We have an experienced scientific advisory board (SAB), chaired by Dr. Wang, our cofounder 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 periodically provide us with assistance and guide our clinical development programs through regularly scheduled SAB meetings.

For the years ended December 31, 2022 and 2023, our research and development expenses were RMB743.1 million and RMB707.0 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 rights to issued patents or patent applications worldwide with respect to our product candidates. As of December 31, 2023, we had 498 issued patents globally, among which 352 issued patents were issued outside of China.

COMMERCIALIZATION

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

We have established a fully functional commercialization team consisting of more than 100 staff. Our team, together with Innovent Biologics, Inc. (1801.HK) ("**Innovent Biologics**"), had covered 117 distributors and over 800 hospitals. By the end of 2023, we have entered 526 direct-to-pharmacy (DTP) pharmacies and hospitals.

In 2023, Ascentage Pharma's commercial team organized a variety of online and offline promotional activities. They also educated health care professionals (HCPs) concerning olverembatinib's clinical benefits, which enhanced 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 CML-CP and CML-AP. The new version of the NRDL took effect on March 1, 2023 in China. 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, bolstering the accessibility of olverembatinib and laying a solid foundation for accessibility of our products in the future for new approved indications.

In November 2023, olverembatinib was approved by NMPA for treatment of CML-CP patients who are resistant and/or intolerant to first- and second-generation TKI treatment. We will actively consider and apply for the inclusion of new indications in the NRDL in the second half of 2024. We also actively promote the inclusion of commercial medical insurance projects in various cities to enhance affordability for patients.

Recently, olverembatinib was also included in the NCCN guidelines for the management of CML. Olverembatinib has been highly recognized by clinical practice guidelines globally. Ascentage Pharma is committed to the expansion of commercialization and availability of olverembatinib in the China market and abroad.

CHEMISTRY, MANUFACTURING AND CONTROL

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 and the manufacturing center were put into use in the second half of 2021 and the fourth quarter of 2022, respectively.

The Suzhou manufacturing center has more than 20,000 square meters of floor area, and the manufacturing capacity for both oral solid tablets and capsules is up to 250 million dosage units per year. We also maintain manufacturing capability for injectable drug products, including lyophilized formulations at the Suzhou center. In the fourth quarter of 2022, the Company was issued a Drug Manufacturing License (Certificate A), which 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 center is enabling further transformation from a biotech company to a biopharma company.

In April 2023, the Company received a zero-deficiency report from the GMP compliance audit of Ascentage Pharma's global manufacturing center by a Qualified Person (QP) of the EU. This successful audit indicates that the Company's Global Manufacturing Center and quality management system implemented at the site are compliant with the standards of the EU GMP, marking the achievement of a major milestone that will pave the way for the Company's continued global expansion.

In 2023, we completed the technical transfer of the lisaftoclax (APG-2575) tablets, which allows us to internalize the production and supply of the drug for its global clinical trials. We completed the drug tablet coating and debossing development and the GMP production of olverembatinib tablets, preparing for the future applications to the global regulatory authorities including the FDA. Our manufacturing facilities will continue to support the clinical and commercial production of drug supply and product development and regulatory filings.

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 preclinical test articles and clinical trial materials for some of our drug candidates.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
REVENUE	*4*	**221,984**	209,711
Cost of sales		**(30,543)**	(21,998)
Gross profit		**191,441**	187,713
Other income and gains	*4*	**59,316**	66,972
Selling and distribution expenses		**(195,387)**	(157,421)
Administrative expenses		**(181,076)**	(170,595)
Research and development expenses		**(706,972)**	(743,104)
Other expenses		**(5,203)**	(17,674)
Finance costs		**(96,057)**	(52,785)
Share of profit and loss of a joint venture		**1,076**	(278)
LOSS BEFORE TAX	*5*	**(932,862)**	(887,172)
Income tax credit	*6*	**7,150**	4,248
LOSS FOR THE YEAR		**(925,712)**	(882,924)
Attributable to:			
Owners of the parent		**(925,637)**	(882,924)
Non-controlling interests		**(75)**	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted			
– For loss for the year (RMB)		**(3.28)**	(3.35)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2023

	2023	2022
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(925,712)**	(882,924)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**20,593**	25,832
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of non-foreign operations	**5,666**	35,665
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**26,259**	61,497
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(899,453)**	(821,427)
Attributable to:		
Owners of the parent	**(899,378)**	(821,427)
Non-controlling interests	**(75)**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**905,815**	602,086
Investment properties		**–**	355,425
Right-of-use assets		**51,252**	46,636
Goodwill		**24,694**	24,694
Other intangible assets		**85,446**	84,304
Investment in a joint venture		**16,998**	15,922
Financial assets at fair value through profit or loss ("**FVTPL**")		**1,951**	2,609
Deferred tax assets		**59,842**	54,294
Other non-current assets		**10,217**	7,803
Total non-current assets		**1,156,215**	1,193,773
CURRENT ASSETS			
Inventories		**16,167**	9,448
Trade receivables	*10*	**145,893**	54,356
Prepayments, other receivables and other assets		**88,285**	80,444
Cash and bank balances		**1,093,833**	1,492,240
Total current assets		**1,344,178**	1,636,488
CURRENT LIABILITIES			
Trade payables	*11*	**72,445**	95,559
Other payables and accruals		**206,914**	240,034
Contract liabilities		**38,410**	24,354
Interest-bearing bank and other borrowings		**616,404**	518,383
Derivative financial instruments		**–**	2,822
Total current liabilities		**934,173**	881,152
NET CURRENT ASSETS		**410,005**	755,336
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,566,220**	1,949,109

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Contract liabilities		**251,189**	183,625
Interest-bearing bank and other borrowings		**1,179,191**	1,274,344
Deferred tax liabilities		**10,549**	12,151
Long-term payables		**18,299**	35,331
Deferred income		**36,360**	35,000
Total non-current liabilities		**1,495,588**	1,540,451
Net assets		**70,632**	408,658
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**197**	180
Treasury shares		**(21,351)**	(26,552)
Capital and reserves		**81,571**	435,030
		60,417	408,658
Non-controlling interests		**10,215**	–
Total equity		**70,632**	408,658

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 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 Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to IAS 1 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* 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 recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IAS 1 are expected to be applicable to the Group. The Group is in the process of making assessment of the impact of these revised IFRSs upon initial application. So far, the Group considers that, these revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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,	
	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**221,984**	209,707
United States	**–**	4
Total revenue	**221,984**	209,711

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

(b) Non-current assets

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**1,088,733**	1,133,439
United States	**2,665**	3,393
Others	**24**	38
Total non-current assets	**1,091,422**	1,136,870

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, 2023
	RMB'000
Customer A	**107,323**
Customer B	**35,021**
Customer C	**30,623**
	172,967

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

Disaggregated revenue information

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Sales of pharmaceutical products	**193,535**	174,931
License fee income	**26,049**	24,358
Service income	**2,400**	10,422
Total	**221,984**	209,711
Timing of revenue recognition		
At a point in time		
Sales of pharmaceutical products	**193,535**	174,931
Promotion service income	**–**	7,252
Over time		
Commercialization license fee income	**26,049**	24,354
Consultation service income	**2,400**	3,170
Compounds Library license fee income	**–**	4
Total	**221,984**	209,711

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,	
	2023	2022
	RMB'000	*RMB'000*
Commercialization license fee income	**24,354**	24,354
Compounds Library license fee income	**–**	4
Total	**24,354**	24,358

Other income and gains

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Bank interest income	**32,409**	9,727
Government grants related to income	**19,358**	33,597
Fair value gain on derivative financial instruments	**2,822**	19,434
Foreign exchange gain, net	**1,621**	–
Rental income	**400**	–
Gain on disposal of items of property, plant and equipment	**4**	2,068
Others	**2,702**	2,146
Total other income and gains	**59,316**	66,972

5. LOSS BEFORE TAX

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**29,342**	18,926
Cost of services provided	**1,201**	3,072
Depreciation of property, plant and equipment**	**55,281**	38,194
Depreciation of investment property**	**15,883**	1,444
Depreciation of right-of-use assets**	**11,632**	13,495
Amortization of intangible assets**	**10,399**	9,782
Research and development costs	**706,972**	743,104
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**337,381**	360,838
Equity-settled share-based payment expenses**	**31,503**	22,105
Pension scheme contributions (defined contribution scheme)*	**30,705**	28,659
Total	**399,589**	411,602
Fair value gain net:		
Derivative financial instruments	**(2,822)**	(19,434)
Financial assets at FVTPL	**699**	9,765
Gain on disposal of items of property, plant and equipment	**(4)**	(2,068)
Gain on disposal of items of lease	**–**	(205)
Lease payments not included in the measurement of lease liabilities	**181**	124
Government grants related to income	**(19,358)**	(33,597)
Bank interest income	**(32,409)**	(9,727)
Auditors' remuneration	**2,550**	2,510
Donations	**3,988**	3,118
Foreign exchange (gain)/loss, net	**(1,621)**	2,638

* 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.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Chinese Mainland 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 Chinese Mainland, which is taxed at a preferential rate of 15% (2022: 15%). No provision for CIT has been made as the Group had no taxable profits in Chinese Mainland 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 tax at a maximum of 21% (2022: 21%) federal corporate income tax rate and 8.25% (2022: 8.25%) Maryland state tax rate. 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,	
	2023	2022
	RMB'000	*RMB'000*
Deferred	**(7,150)**	(4,248)
Total income tax credit for the year	**(7,150)**	(4,248)

7. DIVIDENDS

The board of directors resolved not to declare any final dividend for the year ended December 31, 2023 (2022: 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 282,299,269 (2022: 263,668,827) 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, 2023 and 2022 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,	
	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(925,637)**	(882,924)

	Number of shares Year ended December 31,	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**282,299,269**	263,668,827

9. PROPERTY, PLANT AND EQUIPMENT

At December 31, 2023, the buildings with a net carrying amount of approximately RMB769,776,000 (December 31,2022: buildings with a net carrying amount of approximately RMB454,131,000, an investment property with a carrying amount of approximately RMB355,425,000 and the construction in progress with a net carrying amount of approximately RMB17,833,000) were pledged to secure general banking loans of the Group.

10. TRADE RECEIVABLES

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**145,893**	54,356

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 and licence fee income, 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, 2023, trade receivables generated from the sales of pharmaceutical products were expected to be recovered on time.

An aging 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,	
	2023	2022
	RMB'000	*RMB'000*
Within 45 days	**145,893**	54,356

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,	
	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**56,549**	64,859
1 to 3 months	**3,005**	3,327
3 to 6 months	**12,891**	27,373
Total	**72,445**	95,559

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

12. SHARE CAPITAL

In connection with the 2023 Placing, 22,500,000 placing shares of the Company were issued and allotted at a price of HK$24.45 per share on Feburary 1, 2023, an amount of RMB15,210 was credited as share capital.

During the year ended December 31, 2023, the Company issued ordinary shares with respect to the share options under the pre-IPO share option scheme exercised by certain grantees of the Company before December 31, 2023 to those grantees. In connection with the exercised share options, 911,062 new shares of the Company were issued with weighted average exercise price of HK$0.01, and an amount of RMB646 was credited as share capital.

In June 2023, the Company issued ordinary shares with respect to the restricted shares under the 2021 RSU Scheme exercised by certain selected persons of the Company before December 31, 2023 to those selected persons. In connection with the exercised restricted shares, 71,034 new shares of the Company were issued, and an amount of RMB51 was credited as share capital.

In June 2023, 1,528,514 ordinary shares and 1,237,884 treasury shares, being underlying shares of the restricted share units granted under the 2021 RSU Scheme and the 2018 RSU Scheme, were allotted to the employees to settle the bonus due to employees, amount of RMB1,088 and RMB821 were credited as share capital and treasury shares, respectively.

FINANCIAL REVIEW

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Revenue	**221,984**	209,711
Other income and gains	**59,316**	66,972
Selling and distribution expenses	**(195,387)**	(157,421)
Research and development expenses	**(706,972)**	(743,104)
Administrative expenses	**(181,076)**	(170,595)
Finance costs	**(96,057)**	(52,785)
Other expenses	**(5,203)**	(17,674)
Loss for the year	**(925,712)**	(882,924)
Total comprehensive loss for the year	**(899,453)**	(821,427)

1. Overview

For the year ended December 31, 2023, the Group recorded revenue of RMB222.0 million, as compared with RMB209.7 million for the year ended December 31, 2022, and a total comprehensive loss of RMB899.5 million, as compared with RMB821.4 million for the year ended December 31, 2022. The loss of the Group was RMB925.7 million for the year ended December 31, 2023, as compared with RMB882.9 million for the year ended December 31, 2022. The selling and distribution expenses of the Group was RMB195.4 million for the year ended December 31, 2023, as compared with RMB157.4 million for the year ended December 31, 2022, the increase was attributable to the increase in selling and distribution expenses incurred in the commercialization of olverembatinib and other products. The research and development expenses of the Group was RMB707.0 million for the year ended December 31, 2023, as compared with RMB743.1 million for the year ended December 31, 2022. The administrative expenses of the Group was RMB181.1 million for the year ended December 31, 2023, as compared with RMB170.6 million for the year ended December 31, 2022.

2. Revenue

For the year ended December 31, 2023, the Group generated revenue of RMB222.0 million from the sales of pharmaceutical products, commercialization license fee income from Innovent Suzhou and service income, as compared to RMB209.7 million for the year ended December 31, 2022, representing an increase of RMB12.3 million, or 5.9%, which was primarily attributable to the rise in sales of pharmaceutical products.

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; and (iii) interest income on term deposit at banks. 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.

Other income and gains for the year ended December 31, 2023 was RMB59.3 million, as compared to RMB67.0 million for the year ended December 31, 2022, representing a decrease of RMB7.7 million, or 11.5%, which was primarily attributable to (i) the decrease in government grants related to income to RMB19.4 million for the year ended December 31, 2023, as compared with RMB33.6 million for the year ended December 31, 2022; (ii) the decrease in fair value gain on derivative financial instruments to RMB2.8 million for the year ended December 31, 2023, which arose from the Warrants subscribed by Innovent on July 14, 2021, as compared with RMB19.4 million for the year ended December 31, 2022; and (iii) partially offset by the increase in bank interest income to RMB32.4 million for the year ended December 31, 2023, as compared with RMB9.7 million for the year ended December 31, 2022.

4. Selling and Distribution Expenses

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

For the year ended December 31, 2023, the selling and distribution expenses of the Group increased by RMB38.0 million or 24.1% to RMB195.4 million, as compared to RMB157.4 million for the year ended December 31, 2022. The increase was attributable to the increase in selling and distribution expenses incurred in the commercialization of olverembatinib and other products.

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, 2023, the research and development expenses of the Group decreased by RMB36.1 million, or 4.9% to RMB707.0 million from RMB743.1 million for the year ended December 31, 2022. The decrease was attributable to the decrease in outsourced services.

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

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Internal research and development expenses	**199,967**	186,761
External research and development expenses	**84,577**	148,447
Staff costs	**291,902**	299,002
IP expenses	**10,704**	5,016
Materials	**12,218**	24,191
Depreciation and amortization	**33,139**	20,664
Share option and RSU expenses of R&D staff	**26,159**	15,762
Others	**48,306**	43,261
Total	**706,972**	743,104

6. Administrative Expenses

For the year ended December 31, 2023, the administrative expenses of the Group increased by RMB10.5 million, or 6.2% to RMB181.1 million from RMB170.6 million for the year ended December 31, 2022. The increase was primarily attributable to the increase in 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,	
	2023	2022
	RMB'000	*RMB'000*
Share option and RSU expenses	**4,512**	4,895
Staff costs	**60,910**	68,583
Depreciation and amortization	**52,570**	35,321
Others	**63,084**	61,796
Total	**181,076**	170,595

7. Finance Costs

Finance costs represented mainly interest expenses from bank borrowings and other borrowings.

For the year ended December 31, 2023, the finance costs of the Group increased by RMB43.3 million, or 82.0% to RMB96.1 million from RMB52.8 million for the year ended December 31, 2022. 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) fair value loss on financial assets at FVTPL; and (ii) donations.

For the year ended December 31, 2023, the Group reported other expenses of RMB5.2 million, as compared to other expenses of RMB17.7 million for the year ended December 31, 2022, which represented a decrease of RMB12.5 million, or 70.6%. The decrease was primarily attributable to (i) the decrease of fair value loss on financial assets at FVTPL from RMB9.8 million for the year ended December 31, 2022 to RMB0.7 million for the year ended December 31, 2023; and (ii) the decrease of the realized and unrealized losses from foreign exchange from RMB2.6 million for the year ended December 31, 2022 to the realized and unrealized gains from foreign exchange being RMB1.6 million for the year ended December 31, 2023.

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.

9. Loss for the Reporting Period

As a result of the foregoing, the loss of the Company increased by RMB42.8 million, or 4.8%, to RMB925.7 million for the year ended December 31, 2023 from RMB882.9 million for the year ended December 31, 2022.

10. Cash Flows

For the year ended December 31, 2023, net cash outflows used in operating activities of the Group amounted to RMB726.1 million, as compared to that of RMB653.9 million for the year ended December 31, 2022, the increase was mainly due to the expansion of commercialization of olverembatinib.

For the year ended December 31, 2023, net cash inflows from investing activities of the Group amounted to RMB21.9 million, which mainly consisted of (i) the net increase in property, plant and equipment and other intangible assets of RMB56.8 million; and (ii) payment of contingent consideration in relation to our acquisition of Healthquest Pharma in December 2016 of RMB20.0 million and the decrease in time deposits with original maturity of more than three months of RMB98.8 million. 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, 2023, net cash inflows from financing activities of the Group amounted to RMB368.8 million, which mainly consisted of (i) net proceeds of RMB470.1 million from the issuance of shares through the 2023 Placing; and (ii) interest paid which amounted to RMB92.3 million. For the year ended December 31, 2022, net cash inflows from financing activities amounted to RMB619.3 million, which mainly consisted of net borrowings of RMB709.1 million from banks.

11. Key Financial Ratios

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

	As at December 31,	
	2023	2022
Current ratio[(1)]	**1.4**	1.9
Quick ratio[(2)]	**1.4**	1.8
Gearing ratio[(3)]	**993.5%**	73.5%

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%. The increase was primarily attributable to (i) the decrease of cash and bank balances from RMB1,492.2 million for the year ended December 31, 2022 to RMB1,093.8 million for the year ended December 31, 2023; and (ii) the decrease of total equity from RMB408.7 million for the year ended December 31, 2022 to RMB70.6 million for the year ended December 31, 2023.

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 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, 2023.

15. Bank Loans and Other Borrowings

As at December 31, 2023, we had bank loans of RMB1,772.9 million denominated in RMB and lease liabilities of RMB22.7 million.

As at December 31, 2023, RMB700.6 million of the Group's borrowings were at fixed interest rates.

2023

	Effective interest rate per annum (%)	**Maturity**	***RMB'000***
Current			
Short-term borrowing	3.15	2024	120,000
Current portion of long term bank loans – unsecured	1 year LPR-0.15 to 0.65 or 1 year LPR+0.55 to 0.7	2024	322,500
Current portion of long term bank loans – unsecured	2.95 – 4.75	2024	155,050
Current portion of long-term bank loans – secured*	5 year LPR-0.85	2024	9,097
Lease liabilities	4.00 – 4.35	2024	9,757
Total – current			616,404
Non-current			
Bank loans – unsecured	1 year LPR-0.15 to 0.65 or 1 year LPR+0.65	2025 – 2026	147,000
Bank loans – unsecured	3.00 – 4.55	2025 – 2028	425,570
Bank loans – secured*	5 year LPR-0.85	2025 – 2038	593,697
Lease liabilities	4.00 – 4.35	2025 – 2028	12,924
Total – non-current			1,179,191
Total			1,795,595

Note: LPR represents the Loan Prime Rate.

* The bank loans amounting to RMB602,794,000 (December 31, 2022: RMB561,510,000) were secured by the pledge of the Group's buildings with a net carrying amount of approximately RMB769,776,000 (December 31, 2022: buildings with a net carrying amount of RMB454,131,000, construction in progress with a carrying amount of RMB17,833,000 and investment property with a net carrying amount of approximately RMB355,425,000) and right-of-use assets with a net carrying amount of approximately RMB27,598,000 (December 31, 2022: RMB28,728,000) as at December 31, 2023. Such loans were also guaranteed by two of the Group's subsidiaries.

The unsecured bank loans amounting to RMB377,620,000 (2022: RMB257,120,000) were guaranteed by the Group's subsidiaries as at December 31, 2023.

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

	As at December 31,	
	2023	2022
	RMB'000	*RMB'000*
Analysed into:		
Within one year	**616,404**	518,383
In the second year	**428,783**	384,479
In the third to fifth years, inclusive	**238,580**	788,355
Beyond five years	**511,828**	101,510
Total	**1,795,595**	1,792,727

16. Charges on Group Assets

As at December 31, 2023, the Group had pledged the Group's right-of-use assets with a carrying amount of approximately RMB27.6 million, the buildings with a carrying amount of approximately RMB769.8 million.

17. Contingent Liabilities

As at December 31, 2023, 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, 2023, the Group's cash and bank balances decreased to RMB1,093.8 million from RMB1,492.2 million as at December 31, 2022.

As at December 31, 2023, the Group's cash and bank balances were held mainly in U.S. dollars, Hong Kong dollars and RMB.

As at December 31, 2023, the Group had not used any financial instruments for hedging purposes.

As at December 31, 2023, the current assets of the Group were RMB1,344.2 million, including cash and bank balances of RMB1,093.8 million, inventory balances of RMB16.2 million, trade receivable balances of RMB145.9 million and prepayments, other receivables and other current assets of RMB88.3 million.

As at December 31, 2023, the current liabilities of the Group were RMB934.2 million, including trade payables of RMB72.4 million, other payables and accruals of RMB206.9 million, borrowings of RMB616.4 million and contract liabilities of RMB38.4 million.

As at December 31, 2023, the non-current liabilities of the Group were RMB1,495.6 million, including long term borrowings of RMB1,179.2 million, contract liabilities of RMB251.2 million, long term payables and deferred income of RMB54.7 million and deferred tax liability of RMB10.5 million.

19. Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as at December 31, 2023 by function:

Function	**Number**	**%**
Research and Development	401	68.8
Commercial	108	18.5
Administrative and others	74	12.7
Total	583	100.0

As at December 31, 2023, we had 583 full-time employees, including a total of 47 employees with M.D. or Ph.D. degrees. Of these, 401 are engaged in full-time research and development and laboratory operations and 182 are engaged in full-time general and administrative and commercial functions, and business development function. Our research and development personnel includes 41 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, 2023, we had 159 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, 2022 and 2023, employee benefit expense amounted to RMB427.6 million and RMB413.0 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.

On May 4, 2023, the Company granted 1,379,094 RSUs under the 2022 RSU Scheme, representing 1,379,094 Shares to 172 selected persons ("**2022 Further Grant**"), who are employees of the Group. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all of the selected persons are third parties independent of the Company and are not connected persons of the Company, and none of them is a director, chief executive or substantial shareholder of the Company or any of its subsidiaries, or an associate (as defined under the Listing Rules) of any of them as at the date of the 2022 Further Grant.

On May 19, 2023, the Company granted 1,528,514 RSUs, representing 1,528,514 Shares, under the 2021 RSU Scheme to 491 selected persons of the 2021 RSU Scheme (the "**2021 Further Grant**"), who are employees of the Group. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, all of the 491 selected persons are third parties independent of the Company and are not connected persons of the Company, and none of them is a director, chief executive or substantial shareholder of the Company or any of its subsidiaries, or an associate (as defined under the Listing Rules) of any of them as at the date of the 2021 Further Grant.

On May 19, 2023, the Company granted an aggregate of 1,237,884 RSUs, representing 1,237,884 Shares, under the 2018 RSU Scheme to 73 selected persons of the 2018 RSU Scheme (the "**2018 Further Grant**"), who are employees of the Group, among which 46,972 RSUs, representing 46,972 Shares, were granted to Dr. Yang, who is the executive Director and the chief executive officer of the Company, and 126,000 RSUs, representing 126,000 Shares, were granted to Dr. Zhai, who is the chief medical officer and a substantial shareholder of the Company. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the other 71 selected persons are third parties independent of the Company and are not connected persons of the Company, and none of them is a director, chief executive or substantial shareholder of the Company or any of its subsidiaries, or an associate (as defined under the Listing Rules) of any of them as at the date of the 2018 Further Grant. Dr. Yang, being the executive Director and the chief executive officer of the Company, and Dr. Zhai, being a substantial shareholder of the Company and the spouse of Dr. Yang, are connected persons of the Company under Chapter 14A of the Listing Rules.

Accordingly, the awards granted to each of Dr. Yang and Dr. Zhai under the 2018 Further Grant constitute connected transactions of the Company under Chapter 14A of the Listing Rules. However, (i) as no new Shares will be allotted and issued upon the vesting of such awards granted to Dr. Yang under the 2018 Further Grant; and (ii) the grant of awards to Dr. Yang under the 2018 Further Grant was made pursuant to his service contract with the Company and form part of his remuneration package thereunder, the grant of awards to Dr. Yang under the 2018 Further Grant is exempt from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.73(6) and Rule 14A.95 of the Listing Rules. Further, based on the closing price of HK$19.28 as quoted on the Stock Exchange on May 19, 2023 (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$2,429,280. 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 and the Post-IPO Share Option 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 2018 RSU Scheme and the grant of RSUs thereunder, please refer to the Prospectus and the relevant announcements of the Company dated February 2, 2021 and May 29, 2023. 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, July 23, 2021 and May 29, 2023, the circular of the Company dated August 31, 2021 and the poll results announcement of the Company dated September 20, 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, October 31, 2022, May 8, 2023, November 13, 2023, November 14, 2023, November 16, 2023 and February 2, 2024.

FUTURE AND OUTLOOK

Leveraging our extensive experience in the global biotechnology industry, we will continue to accelerate our development of nine drug candidates across 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 by accelerating clinical trial site 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 commercialization of our other drug candidates, we plan to capture additional commercialization opportunities in global pharmaceutical markets by actively pursuing strategic partnerships with global biotechnology and pharmaceutical companies for cooperation over our pipeline assets.

In addition, we expect to expand our intellectual property portfolio by actively seeking patent rights for our product candidates. As of December 31, 2023, we had 498 issued patents globally, among which 352 issued 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 "cutting-edge, patient-centric" innovative therapies with improved efficacy and safety profiles and affordable costs for patients to address their unmet medical needs, improve patient health, and extend benefits to 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 C1 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 Transactions 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 the 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, 2023, 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, 2023.

Use of proceeds	**Planned allocation of net proceeds**	**Planned allocation of net proceeds** *(HKD million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at December 31, 2023)** *(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, APG-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	329.0	329.0

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, 2023, 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, 2023.

Use of proceeds	Planned allocation of net proceeds	Planned allocation of net proceeds *(HK$ million)*	Planned allocation of net proceeds *(RMB million)*	Utilized amount (as at December 31, 2023) *(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 "**2021 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 "**2021 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 as at December 31, 2023, 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 2021 Placing and the actual usage up to December 31, 2023.

Use of proceeds	**Planned allocation of net proceeds**	**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount during the Reporting Period** *(RMB million)*	**Utilized amount (as at December 31, 2023)** *(RMB million)*	**Unutilized amount (as at December 31, 2023)** *(RMB million)*
Clinical development of the key product candidate, APG-2575	50%	576.8	480.6	50.0	480.6	0
Registrational trials for full approval and the commercialization of the Core Product, HQP1351	20%	230.7	192.2	20.0	192.2	0
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	20.0	192.2	0
General corporate purposes	10%	115.4	96.1	5.0	96.1	0
Total	100%	1,153.6	961.1	95.0	961.1	0

Notes:

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

(2) 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 2023 Placing

On January 18, 2023, the Company entered into the 2023 Placing and Subscription Agreement with Ascentage Limited (the "**Vendor**") and J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Asia Limited (the "**2023 Placing Agents**"), pursuant to which (i) the Vendor agreed to appoint the 2023 Placing Agents, and the 2023 Placing Agents agreed to act as agents of the Vendor, to procure not less than six placees (the "**2023 Placees**"), on a best effort basis, to purchase up to 22,500,000 shares of the Company (the "**2023 Placing Shares**") at the price of HK$24.45 per 2023 Placing Share; and (ii) the Vendor agreed to subscribe for, and the Company agreed to issue to the Vendor up to 22,500,000 new shares of the Company (the "**2023 Subscription Shares**") at the price of HK$24.45 per Subscription Share (the "**2023 Subscription**"). The closing of the 2023 Placing took place on January 20, 2023 and the closing of the 2023 Subscription took place on February 1, 2023. A total of 22,500,000 placing Shares have been successfully placed by the 2023 Placing Agents to the 2023 Placees. A total of 22,500,000 subscription Shares have been allotted and issued to the Vendor pursuant to the generate mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on May 19, 2022. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2023 Placing were approximately HK$543.9 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated January 18, 2023 and the Company will gradually utilize the residual 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 2023 Placing and the actual usage up to December 31, 2023.

Use of proceeds	Planned allocation of net proceeds	Planned allocation of net proceeds *(HK$ million)*	Planned allocation of net proceeds *(RMB million)*	Utilized amount during the Reporting Period *(RMB million)*	Utilized amount (as at December 31, 2023) *(RMB million)*	Unutilized amount (as at December 31, 2023) *(RMB million)*	Expected timeline for utilizing the remaining balance of net proceeds from the 2023 Placing
Clinical trials of the key product candidate APG-2575	50%	272.0	235.1	45.4	45.4	189.7	December 31, 2024
Clinical trials of the core product HQP-1351	20%	108.8	94.0	18.2	18.2	75.8	December 31, 2024
Clinical development of other key product candidates	20%	108.8	94.0	18.0	18.0	76.0	December 31, 2024
General corporate purposes	10%	54.4	47.0	9.1	9.1	37.9	December 31, 2024
Total	100%	544.0	470.1	90.7	90.7	379.4	

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.

(3) Net proceeds from the 2023 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 2023 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 as at December 31, 2023, 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 subscription of Shares by Innovent and the actual usage up to December 31, 2023.

Use of proceeds	**Planned allocation of net proceeds**	**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount during the Reporting Period** *(RMB million)*	**Utilized amount (as at December 31, 2023)** *(RMB million)*	**Unutilized amount (as at December 31, 2023)** *(RMB million)*
Development and commercialization of the Company's Core Product, HQP1351	30%	116.42	97.10	87.1	97.10	0
Development of the Company's key product candidate, APG-2575	70%	271.64	226.40	202.9	226.40	0
Total	100%	388.06	323.50	290.0	323.50	0

Notes:

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

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

2021 WARRANTS

On July 14, 2021, the Company and Innovent entered into a warrant subscription deed, pursuant to which the Company agreed to issue to Innovent 6,787,587 warrants. The initial subscription price of each warrant share upon exercise of the warrants is HK$57.20. The subscription rights attaching to the warrants may be exercised 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. The warrants have expired in July 2023 and not been exercised.

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, 2023 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, 2023 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

Subsequent to year ended December 31, 2023 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, 2023 (year ended December 31, 2022: nil).

ANNUAL GENERAL MEETING

The AGM is scheduled to be held on May 10, 2024. 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 7, 2024 to May 10, 2024, 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 6, 2024.

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, 2023 containing all the information required by Appendix D2 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)
"2023 Placing"	the placing and subscription of 22,500,000 Shares at a price of HK$24.45 each pursuant to the terms and conditions of the 2023 Placing Agreement
"2023 Placing Agreement"	the placing and subscription agreement entered into among the Company, the Founders SPV, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Limited dated January 18, 2023 in relation to the 2023 Placing
"AACR"	American Association for Cancer Research
"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
"Audit Committee"	the audit committee of the Board
"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 C1 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
"GMP"	good manufacturing practice
"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 C3 to the Listing Rules
"MPNST"	Malignant Peripheral Nerve Sheath Tumor
"NASDAQ"	National Association of Securities Dealers Automated Quotations
"NCCN"	National Comprehensive Cancer Network
"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
"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 "Chinese Mainland"	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, 2023 to December 31, 2023
"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
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"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
"Wang Family Trust"	Shaomeng Wang Dynasty Trust, a discretionary family trust established by Dr. Wang as settlor for the benefits of Dr. Wang's family members, of which South Dakota Trust is a trustee
"Warrant Exercise Price"	the exercise price per Warrant (subject to adjustment) at which the holder of each Warrant may subscribe for a Warrant Share
"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
"WT"	wild type
"Yang Family Trust"	Dajun Yang Dynasty Trust, a discretionary family trust established by Dr. Yang as settlor for the benefits of Dr. Yang's family members, of which South Dakota Trust is a trustee
"%"	per cent

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

Suzhou, the PRC, March 27, 2024

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.