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ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6855)

ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE

THE SECURITIES PURCHASE AGREEMENT

The Board is pleased to announce that on June 14, 2024 (after trading hours), the Company and Takeda International entered into the Securities Purchase Agreement, pursuant to which the Company agreed to issue and allot, and Takeda International agreed to subscribe for, a total of 24,307,322 Subscription Shares at the aggregate consideration of US\$75,000,000 (equivalent to approximately HK\$585.77 million) subject to the terms and conditions of the Securities Purchase Agreement.

J.P. Morgan and Citi serve as the Structuring Agents to the Company in connection with the Share Subscription.

The Share Purchase Price shall be HK\$24.09850 (equivalent to approximately US\$3.08549) per Subscription Share.

The Share Purchase Price represents:

- (i) a premium of approximately 4.55% to the closing price of HK\$23.05 per Share as quoted on the Stock Exchange on June 14, 2024, being the date of the Securities Purchase Agreement;
- (ii) a premium of approximately 20.19% to the average closing price of HK\$20.05 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Securities Purchase Agreement; and
- (iii) a premium of approximately 25.12% to the average closing price of HK\$19.26 per Share as quoted on the Stock Exchange for the twenty consecutive trading days of the Shares immediately prior to the date of the Securities Purchase Agreement.

The Subscription Shares will be issued and allotted under the General Mandate and is not subject to the additional approval of the Shareholders. Application will be made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Subscription Shares.

As the Closing is subject to the satisfaction or, if applicable, waiver of the Share Subscription Conditions Precedent, the Share Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

I. THE SECURITIES PURCHASE AGREEMENT

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J.P. Morgan and Citi serve as the Structuring Agents to the Company in connection with the Share Subscription.

The principal terms of the Securities Purchase Agreement are set out below.

Date: June 14, 2024 (after trading hours)

Parties: (1) the Company (as the issuer); and
(2) Takeda International (as the investor).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Takeda International and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subscription Shares

The number of Subscription Shares represents approximately 8.37% of the existing issued share capital of the Company as at the date of this announcement and approximately 7.73% of the enlarged issued share capital of the Company immediately following the Closing (assuming all the Subscription Shares are subscribed for in full and there is no change in the issued share capital of the Company between the date of this announcement and the Closing). The aggregate nominal value of the Subscription Shares is US\$2,430.7322.

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the Closing Date including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment.

Share Purchase Price

The Share Purchase Price shall be HK\$24.09850 (equivalent to approximately US\$3.08549) per Subscription Share.

The Share Purchase Price represents:

- (i) a premium of approximately 4.55% to the closing price of HK\$23.05 per Share as quoted on the Stock Exchange on June 14, 2024, being the date of the Securities Purchase Agreement;
- (ii) a premium of approximately 20.19% to the average closing price of HK\$20.05 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Securities Purchase Agreement; and
- (iii) a premium of approximately 25.12% to the average closing price of HK\$19.26 per Share as quoted on the Stock Exchange for the twenty consecutive trading days of the Shares immediately prior to the date of the Securities Purchase Agreement.

The Share Purchase Price was determined on arm's length basis between the Company and Takeda International, and taking into account the prevailing market price of the Shares, the recent trading volume of the Shares and the prospects of the Group. The Board (including the independent non-executive Directors) considers that the Share Purchase Price and the terms of the Securities Purchase Agreement are fair and reasonable and that the Share Subscription is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Closing shall be subject to the satisfaction or, if applicable, waiver of the Share Subscription Conditions Precedent, including but not limited to:

- (i) the representations and warranties of each of the Company and Takeda International shall be true and correct in all material respects as of the Closing;
- (ii) each of the Company and Takeda International shall have performed and complied, in all material respects, with all covenants, agreements, obligations and conditions contained in the Securities Purchase Agreement that are required to be performed or complied with by each of the Company and Takeda International on or before the Closing;
- (iii) all authorizations, approvals or permits, if any, of any governmental authority or regulatory body of any country or territory that are required in connection with the lawful issuance of the Subscription Shares pursuant to the Securities Purchase Agreement shall be obtained and effective as of the Closing;
- (iv) the issuance of the Subscription Shares by the Company and the subscription for the Subscription Shares by Takeda International will not be prohibited, enjoined or injuncted by any applicable law at the time of the Closing; and
- (v) the listing of, and permission to deal in, all the Subscription Shares shall have been granted by the Stock Exchange and not subsequently being revoked prior to the Closing.

Closing

The Closing shall take place on the earliest Business Day after the satisfaction or waiver of the last in time of the Share Subscription Conditions Precedent, or such other date as mutually agreed between the Company and Takeda International.

Termination

The Securities Purchase Agreement may be terminated at any time prior to the Closing by mutual written consent of the Company and Takeda International, or by Takeda International if all of the Share Subscription Conditions Precedent have not been waived or satisfied within 180 days after the date of the Securities Purchase Agreement. In the event of termination, the Securities Purchase Agreement shall become void and have no effect, without any liability on the part of any of the Company or Takeda International thereto.

Lock-up arrangements of Takeda International

Pursuant to the Securities Purchase Agreement, during the period beginning on the Closing Date and ending on the date that is the one year anniversary of the Closing Date, Takeda International shall not, subject to limited exceptions, directly or indirectly, sell, transfer, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, transfer the economic risk of ownership of, or otherwise dispose of the Shares.

Ownership cap of Takeda International

During the period beginning on the Closing Date and ending on the date that is the one year anniversary of the Closing Date, the Company shall not repurchase or redeem any Shares or other securities of the Company (or take any other action) if such repurchase or redemption or other action would cause Takeda International to beneficially own a number of Shares equal to or greater than 9.99% of the total issued share capital of the Company following such repurchase or redemption or other action.

GENERAL MANDATE

The Subscription Shares will be allotted and issued under the General Mandate.

As at the date of this announcement, the number of new Shares that can be issued by the Company under the General Mandate is 58,046,670 Shares. Up to the date of this announcement, no Shares have been issued by the Company pursuant to the General Mandate. The allotment and issuance of the Subscription Shares will utilize approximately 41.88% of the General Mandate. As such, the allotment and issuance of the Subscription Shares is not subject to the additional approval of the Shareholders.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Subscription Shares.

II. GENERAL INFORMATION

INFORMATION ON THE PARTIES TO THE SECURITIES PURCHASE AGREEMENT

Information on the Company

The Company is a globally focused biopharmaceutical company engaged in developing novel therapies for cancers, chronic hepatitis B, and age-related diseases.

The Company focuses on developing therapeutics that inhibit protein-protein interactions to restore apoptosis, or programmed cell death. The Company has built a pipeline of nine clinical drug candidates, including novel, highly potent Bcl-2, and dual Bcl-2/Bcl-xL inhibitors, as well as candidates aimed at IAP and MDM2-p53 pathways, and next-generation tyrosine kinase inhibitors. The Company is also 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 the US, Australia, Europe, and China. The Company has been designated for multiple Major National R&D Projects, including five Major New Drug Projects, one New Drug Incubator status, four Innovative Drug Programs, and one Major Project for the Prevention and Treatment of Infectious Diseases. As at the date of this announcement, the Company has obtained a total of 16 Orphan Drug Designations from the FDA and one Orphan Designation from the European Medicines Agency of the European Union for four of the Company's investigational drug candidates.

Information on Takeda International

Takeda International is a company incorporated under the laws of Switzerland, and is a wholly owned subsidiary of Takeda Pharmaceutical Company Limited, Japan. It is a biopharmaceutical company principally engaged in the research, development and commercialization of pharmaceutical products.

Takeda International is focused on creating better health for people and a brighter future for the world. Takeda International aims to discover and deliver life-transforming treatments in its core therapeutic and business areas, including gastrointestinal and inflammation, rare diseases, plasma-derived therapies, oncology, neuroscience and vaccines. Together with its partners, Takeda International aims to improve the patient experience and advance a new frontier of treatment options through its dynamic and diverse pipeline. As a leading values-based, R&D – driven biopharmaceutical company headquartered in Japan, Takeda International is guided by its commitment to patients, its people and the planet. Takeda International’s employees in approximately 80 countries and regions are driven by its purpose and are grounded in the values that have defined Takeda International for more than two centuries.

REASONS FOR AND BENEFITS OF THE ENTRY INTO OF THE SECURITIES PURCHASE AGREEMENT

The strategic equity investment in the Company by Takeda International by way of Share Subscription is expected to provide further financial support to the Company’s global clinical development programs.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Securities Purchase Agreement and the transactions contemplated thereunder, are fair and reasonable and on normal commercial terms based on arm’s length negotiations between the Company and Takeda International, and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Proceeds from the Share Subscription

Assuming all the 24,307,322 Subscription Shares are subscribed for in full, upon the Closing, the gross proceeds to be raised from the Share Subscription will be US\$75,000,000 (equivalent to approximately HK\$585.77 million) and the net proceeds (after deducting all applicable costs and expenses) arising from the Share Subscription are estimated to be approximately US\$73,000,000 (equivalent to approximately HK\$570.15 million). On this basis, the net price per Subscription Share will be approximately HK\$23.46.

The net proceeds from the Share Subscription will be used in the following manner:

- (i) approximately 90% will be used for the development of the Company’s Core Product, HQP1351 and the Company’s key product candidate, APG-2575; and

- (ii) approximately 10% will be used for the development of the Company's other key product candidate.

Cautionary Statement required by Rule 18A.05 of the Listing Rules: We cannot guarantee that we will be able to obtain further approval for, or ultimately market APG-2575 or our other key product candidates successfully. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Closing (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Closing) are set out below.

Shareholder	As at the date of this announcement		Immediately following the Closing	
	<i>Number of Shares held</i>	<i>Approximate percentage of total Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate percentage of total Shares in issue</i>
Substantial Shareholders				
– Dr. Yang ⁽¹⁾⁽²⁾	64,241,129	22.13%	64,241,129	20.42%
– Dr. Wang ⁽¹⁾⁽²⁾	64,241,129	22.13%	64,241,129	20.42%
– Dr. Guo ⁽¹⁾⁽²⁾	64,241,129	22.13%	64,241,129	20.42%
– Dr. Zhai ⁽¹⁾⁽³⁾	64,241,129	22.13%	64,241,129	20.42%
– Dr. Zhai SPV ⁽³⁾	64,241,129	22.13%	64,241,129	20.42%
Takeda International	–	–	24,307,322	7.73%
Other Shareholders	226,082,959	77.87%	226,082,959	71.86%
Total	290,324,088	100.00%	314,631,410	100.00%

Notes:

- (1) Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai and Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been and will be actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of our Group since December 5, 2016 and will continue to act in concert after Listing. Accordingly, each of Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai and Dr. Zhai SPV is deemed to be interested in an aggregate of 22.13% shareholding interest in the Company as at the date of this announcement and an aggregate of approximately 20.42% shareholding interest in the Company immediately following the Closing.
- (2) The Yang Family Trust, the Wang Family Trust and the Guo Family Trust were respectively established by Dr. Yang, Dr. Wang and Dr. Guo as settlor for the benefits of their respective family members. South Dakota Trust is the trustee of each of the Founders Family Trusts.
- (3) Dr. Zhai SPV is beneficially owned by (i) Dr. Zhai (3%) and (ii) the Zhai Family Trust (97%). The Zhai Family Trust was established by Dr. Zhai as settlor for the benefits of her family members. South Dakota Trust is the trustee of the Zhai Family Trust. Dr. Zhai is also a director of Dr. Zhai SPV.
- (4) The percentage of total Shares in issue may not add up to 100% due to rounding.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity during the past twelve (12) months immediately preceding the date of this announcement.

As the Closing is subject to the satisfaction or, if applicable, waiver of the Share Subscription Conditions Precedent, the Share Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

III. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“APG-2575”	the Company’s novel, orally administered Bcl-2 inhibitor
“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
“Board”	the board of Directors
“Business Day”	any day other than Saturday, Sunday or other day on which commercial banks in the City of New York, Hong Kong and the People’s Republic of China are authorized or required by law to remain closed
“Citi”	Citigroup Global Markets Asia Limited
“Closing”	completion of the Share Subscription pursuant to the Securities Purchase Agreement
“Closing Date”	the date on which Closing occurs
“Company”	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 and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6855)

“Concert Party Confirmation Deed”	the concert party confirmation deed dated August 11, 2018 executed by Dr. Yang, Dr. Wang, Dr. Guo, Dr. Zhai and Dr. Zhai SPV, to confirm, agree and acknowledge, among other things, that they are parties acting in concert in relation to our Group since December 5, 2016 and will continue to act in concert after the Listing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company, from time to time
“Dr. Guo”	Dr. Guo Edward Ming, the chief operating officer of the Company and a Substantial Shareholder
“Dr. Wang”	Dr. Wang Shaomeng, a non-executive Director and a Substantial Shareholder
“Dr. Yang”	Dr. Yang Dajun, the chairman of the Board, the chief executive officer of the Company, the executive Director, a Substantial Shareholder, and spouse of Dr. Zhai
“Dr. Zhai”	Dr. Zhai Yifan, the chief medical officer of the Company, a Substantial Shareholder, and spouse of Dr. Yang
“Dr. Zhai SPV”	HealthQuest Pharma Limited, a company incorporated in BVI with limited liability and wholly owned by Dr. Zhai (for herself and as settlor of the Yifan Zhai Dynasty Trust), and a Substantial Shareholder
“FDA”	the U.S. Food and Drug Administration
“Founders Family Trusts”	Yang Family Trust, Wang Family Trust and Guo Family Trust
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on May 10, 2024 to allot, issue and deal with up to 20% of the then issued share capital of the Company
“Group”, “we” or “our”	the Company and its subsidiaries
“Guo Family Trust”	Ming Edward Guo Dynasty Trust, a discretionary family trust established by Dr. Guo as settlor for the benefits of Dr. Guo’s family members, of which South Dakota Trust is a trustee
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“IAP”	inhibitors of apoptosis protein
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on October 28, 2019
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MDM2”	Murine Double Minute 2
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China, and Taiwan, China
“Securities Purchase Agreement”	the securities purchase agreement dated June 14, 2024 entered into between the Company and Takeda International in relation to the Share Subscription
“Share(s)”	ordinary share(s) in the issued share capital of the Company with a nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Share Purchase Price”	HK\$24.09850 (equivalent to approximately US\$3.08549) per Subscription Share
“Share Subscription”	the purchase of the Subscription Shares by Takeda International pursuant to the Securities Purchase Agreement
“Share Subscription Conditions Precedent”	the conditions precedent to the Share Subscription
“South Dakota Trust”	South Dakota Trust Company LLC, the trustee of each of Founders Family Trusts and Zhai Family Trust
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structuring Agents”	the structuring agents to the Company in connection with the Share Subscription, being J.P. Morgan and Citi
“Subscription Shares”	24,307,322 new Shares to be issued by the Company under the General Mandate and to be purchased by Takeda International pursuant to the Securities Purchase Agreement

“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeda International”	Takeda Pharmaceuticals International AG, a company established under the laws of Switzerland
“US\$”	United States Dollar(s), the lawful currency of the United States of America
“U.S. Securities Act”	U.S. Securities Act of 1933, as amended
“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
“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, People’s Republic of China, June 14, 2024

As at the date of this announcement, the Board of Directors of the Company 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, Mr. Ren Wei and Dr. David Sidransky as independent non-executive Directors.

For the purpose of this announcement, unless otherwise stated, the conversion of US\$ into HK\$ is calculated by using an exchange rate of US\$1.00 equal to HK\$7.810. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.