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, 2020

The board (the "**Board**") of directors (the "**Directors**") of Ascentage Pharma Group International (the "**Company**" or "**Ascentage Pharma**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the year ended December 31, 2020 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2019. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the prospectus of the Company dated October 16, 2019 (the "**Prospectus**").

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2020 decreased to RMB12.5 million, as compared to RMB14.5 million for the year ended December 31, 2019, representing a decrease of RMB2.0 million, or 14.2%. For the year ended December 31, 2020, the revenue was generated from the non-recurring research and development services provided to the customers and an IP license fee income from a customer.

- Other income and gains decreased by RMB3.8 million, or 7.7%, from RMB49.1 million for the year ended December 31, 2019 to RMB45.3 million for the year ended December 31, 2020, primarily attributable to (i) the decrease in government grants related to income, (ii) the decrease in the interest income on term deposit at banks; and (iii) partially offset by the foreign exchange gain for the year ended December 31, 2020, as compared to that for the year ended December 31, 2019.

- Research and development expenses increased by RMB100.7 million, or 21.7%, to RMB564.6 million for the year ended December 31, 2020, as compared to RMB463.9 million for the year ended December 31, 2019, primarily due to additional clinical trials of our drug candidates and the expansion of our research and development headcount, as well as the increase of expenses of IP.

- Administrative expenses decreased by RMB32.6 million, or 20.2%, to RMB129.0 million for the year ended December 31, 2020, as compared to RMB161.6 million for the year ended December 31, 2019, primarily due to the decrease of listing expenses and expenses of business travel and meeting, partially offset by increased expenses in relation to administrative headcount and the RSU Scheme.

- For the year ended December 31, 2020, the Group reported other expenses of RMB30.0 million, as compared to other expenses of RMB914.0 million for the year ended December 31, 2019, represented a decrease of RMB884.0 million, or 96.7%. The decrease was primarily attribute to: (i) there is no fair value loss on convertible redeemable preferred shares for the year ended December 31, 2020, as compared to a fair value loss of RMB836.7 million for the year ended December 31, 2019; (ii) fair value loss on financial assets at FVTPL of RMB6.1 million for the year ended December 31, 2020, as compared to a fair value loss of RMB35.9 million for the year ended December 31, 2019; and (iii) the decrease of fair value loss on long-term payables measured at FVTPL from RMB41.2 million for the year ended December 31, 2019 to RMB22.3 million for the year ended December 31, 2020.

- As a result of the foregoing, net loss for the year ended December 31, 2020 decreased to RMB677.6 million, as compared to RMB1,480.7 million for the year ended December 31, 2019.

BUSINESS HIGHLIGHTS

- The year of 2020 witnessed Ascentage Pharma's numerous significant milestones as we made meaningful progress across all aspects of our business. We have built a robust pipeline of eight clinical stage and four pre-clinical stage drug candidates, with the focus on difficult-to target protein-protein interactions, or PPIs, key regulatory proteins for apoptosis (or programmed cell death) and next generation tyrosine kinase inhibitors, or TKIs. Our clinical stage drug candidates include HQP1351, a third generation BCR-ABL/KIT inhibitor and apoptosis targeting compounds, APG-2575 (a Bcl-2 selective inhibitor), APG-1387 (a pan-IAP inhibitor), APG-115 (an MDM2-p53 inhibitor) and so on. Additionally, our pre-clinical drug candidates include APG-5918 (an EED inhibitor), AS-1266 (an allosteric BCR-ABL inhibitor), APG-1842 (a KRAS G12C inhibitor) and the MDM2 protein degrader.

- Ascentage Pharma's clinical development effort has received fast-growing recognition by international regulatory authorities and academic community. Our leading drug candidate, HQP1351, has witnessed its NDA submission in June 2020, and was included in the list of "Priority Review" by CDE in October 2020. In March 2021, HQP1351 was granted a Breakthrough Therapy Designation by CDE. Our drug candidate APG-2575 has reported that the objective response rate (ORR) of 70% has been reached in evaluable relapsed/refractory (r/r) chronic lymphocytic leukemia (CLL)/small lymphocytic lymphoma (SLL) patients in December 2020. We have received eleven Orphan Drug Designations (ODDs) from the US FDA until March 31, 2021, which is a record number by any Chinese biopharmaceutical company. We presented six abstracts at the 2020 American Association for Cancer Research (AACR) Annual Meeting. We presented four abstracts at American Society of Clinical Oncology (ASCO) Annual Meeting 2020. We announced the new clinical data of HQP1351 and gave an oral report at the 2020 American Society of Hematology Annual Meeting. Following our oral presentations in 2018 and 2019, this is the third consecutive time in which clinical progress of HQP1351 was selected for oral presentation at the ASH Annual Meetings.

- Moreover, we have built strategic partnership globally to further promote our competences. In June 2020, Ascentage Pharma has entered a clinical collaboration with Acerta Pharma, the hematology research and development center of excellence of AstraZeneca, to study the combination of Ascentage Pharma's APG-2575 and Acerta Pharma's CALQUENCE® (acalabrutinib), a BTK inhibitor, evaluating the efficacy and safety of this combination therapy in patients with r/r CLL/SLL. In July 2020, we have entered a clinical collaboration with MSD to evaluate the combination of APG-115 and KEYTRUDA® (pembrolizumab), MSD's anti-PD-1 therapy, for the treatment of patients with advanced solid tumors. In December 2020, we have received the milestone in common stock from our global strategic cooperation partner, UNITY Biotechnology, as it has dosed the first patient in the US for drug candidate UBX1325 in patients with diabetic macular edema (DME). UBX1325 is developed from BM-962, a Bcl-xL inhibiting compound licensed to UNITY by Ascentage Pharma for the treatment of age-related diseases. Those strategical collaborations and partnerships that help rapidly advance the development of drug candidate in our broad clinical pipeline should allow us to capture additional commercialization opportunities in the future. Also, Ascentage pharma was officially included into the Shenzhen-Hong Kong Stock Connect program in December 2020.

- Ascentage Pharma is positioned to become a fully integrated global focused biotechnology company with a comprehensive set of capabilities beyond our core competency in research and development. Since December 2020, we have started establishing our own sales and marketing team with the arrival of the Chief Commercial Officer. Our own China-based global R&D center and manufacturing facility has completed the construction of the structure by January 2021 and should be commissioned in 2021.

MANAGEMENT DISCUSSION & ANALYSIS

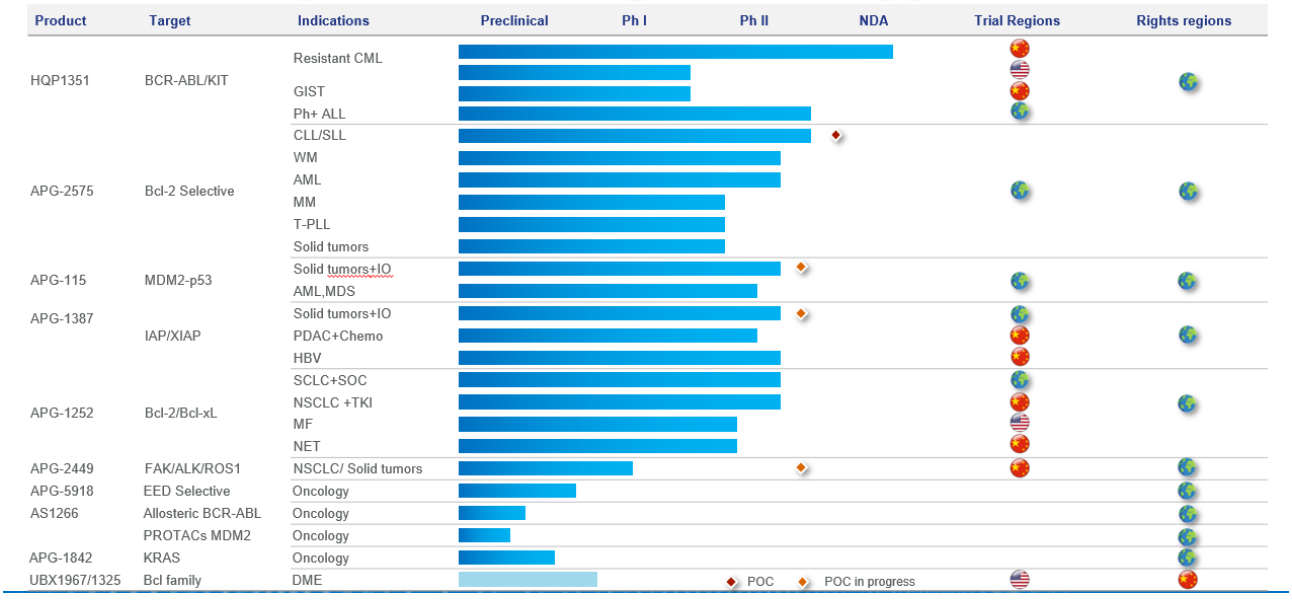
OVERVIEW

We are a globally-focused, clinical-stage biotechnology company engaged in developing novel therapies for cancers, hepatitis B virus, or HBV, and age-related diseases. Leveraging our technical expertise in structure-based drug design and our innovative drug discovery engine, we have developed a robust pipeline of eight clinical stage small molecule drug candidates. Our pipeline consists of novel small molecule drug candidates that disrupt complex and difficult-to-target PPIs, and next generation TKIs. Our Core Product, HQP1351, is a third generation BCR-ABL inhibitor targeting a broad spectrum of BCR-ABL mutants, including those with the T315I mutation.

Our PPI drug candidates are intended to treat cancer and other diseases by restoring the normal function of key intrinsic apoptotic pathways, including the Bcl-2/Bcl-xL, MDM2-p53 and IAP pathways, which play a pivotal role in regulating apoptosis. We are also developing several next generation TKIs to treat diseases with high unmet medical needs. Our compounds are being developed for use as a single agent or in combination with other therapies. As at December 31, 2020, we are conducting more than 40 Phase I or II clinical trials to evaluate our eight drug candidates in the United States, Australia, Europe and China. In addition, we are developing and implementing biomarker strategies in our drug discovery with the goal of improving the success rates of our clinical trials.

Product Pipeline

We have a pipeline of eight clinical stage small molecule drug candidates in clinical development. The following table summarizes our pipeline and the development status of our current pipeline as at December 31, 2020:



BUSINESS REVIEW

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

Core Product Candidate

HQP1351

Our Core Product, HQP1351 (Olverembatinib), is a third generation BCR-ABL inhibitor targeting BCR-ABL mutants, including those with the T315I mutation. With the "one-time umbrella approval" of HQP1351 in China, HQP1351 is currently under development as monotherapy for treatment of patients with TKI resistant CML with or without T315I mutation. The HQP1351 NDA was submitted to National Medical Products Administration (NMPA) in China in June 2020, and was accepted by the Center for Drug Evaluation (CDE) under the NMPA with "Priority Review" status based on the results of two pivotal phase II clinical studies, for the treatment of patients with tyrosine kinase inhibitor (TKI) resistant and with T315I-mutant chronic phase chronic myeloid leukemia (CML) and accelerated phase CML in October 2020. HQP1351 has been included in the list of the commercialization application made in China and if the application is approved, HQP1351 will be the first marketed third generation BCR-ABL inhibitor in China. The third pivotal study in CML patients who are resistant/intolerant to 1st and 2nd generation TKIs is ongoing, and the enrollment of this study will be completed in the first half of 2021.

In addition, a Phase Ib clinical trial for the treatment of patients with TKI resistant CML and Philadelphia Chromosome positive ALL (Ph + ALL) with or without T315I mutations is ongoing in the United States. Preliminary data has demonstrated that HQP1351 is efficacious on treatments of these CML patients who are TKI resistant including resistant or failed to Ponatinib. Furthermore, FDA has granted HQP1351 an Orphan Drug Designation for the treatment of CML and a Fast Track Designation for the treatment of CML with certain genetic markers who have failed to respond to treatments with existing TKIs in April 2020.

Data from the clinical trial showed that HQP1351 has achieved significant antitumor activity in TKI resistant CML patients with favorable safety profile. The positive data from pivotal Phase II clinical studies of HQP1351 (Olverembatinib) was present orally at the 62nd American Society of Hematology (ASH) Annual Meeting in December 2020. This is the third consecutive time in which clinical progress of HQP1351 was selected for oral presentation at the ASH Annual Meetings since 2018.

Key Product Candidates

APG-2575

APG-2575 is a novel, orally administrated Bcl-2 selective inhibitor developed to treat a variety of hematologic malignancies by selectively blocking Bcl-2 to restore the normal apoptosis process in cancer cells. APG-2575 had received clearances and approvals for multiple Phase Ib/II clinical studies in China, United States, Australia and Europe, and is currently being clinically developed in a range of hematologic malignancies globally.

Total 13 Phase I/II clinical studies are ongoing globally, with over 150 subjects who have been treated with APG-2575 as a single agent at doses ranging from 20 mg to 1200 mg. APG-2575 is also the first made-in-China Bcl-2 selective inhibitor to enter clinical trials in China. The patients enrolled include chronic lymphocytic leukemia (CLL), mantle cell lymphoma (MCL), acute myeloid leukemia (AML), multiple myeloma (MM), Waldenstrom macroglobulinemia (WM), diffuse large B-cell lymphoma (DLBCL), follicular lymphoma (FL), and *Hairy* cell leukemia (HCL), etc.

More than 50 patients with relapsed/refractory CLL (r/r CLL) have been treated with APG-2575. Preliminary results have showed that an objective response rate (ORR) of more than 70% has been reached in the evaluable patients. No DLT (dose limited toxicity) has been reported and the maximum tolerated does (MTD) has not been reached, even in 1200 mg dose level, which shows that APG-2575 has a much better safety profile in the same class drug. Most treatment-related adverse events (TRAEs) were of Grade 1 or 2. Limited cases of neutropenia and thrombocytopenia were reported.

In addition, we entered into a global clinical collaboration with Acerta Pharma, the hematology research and development center of excellence of AstraZeneca to evaluate the combination of APG-2575 with acalabrutinib, a BTK inhibitor in patients with R/R CLL/SLL in June 2020.

Furthermore, FDA has granted five Orphan Drug Designations (ODDs) on APG-2575 for the treatment of patients with follicular lymphoma (FL), Waldenström macroglobulinemia (WM), chronic lymphocytic leukemia (CLL), multiple myeloma (MM), and acute myeloid leukemia (AML).

APG-1252

APG-1252 is a novel, highly potent, small molecule drug designed to restore apoptosis through selective inhibition of the Bcl-2 and Bcl-xL proteins for the treatment of small cell lung cancer (SCLC), non-small cell lung cancer (NSCLC) and myelofibrosis.

A total of 135 patients have been treated with APG-1252. We are currently conducting three Phase I dose-escalation/expansion trials in patients with advanced cancers in the United States, Australia and China, respectively. APG-1252 is also being tested in a variety of combination trials including a Phase Ib/II study of APG-1252 plus paclitaxel in patients with SCLC in the United States and Australia, a Phase Ib/II study of APG-1252 plus ruxolitinib in patients with myelofibrosis in the United States, and a Phase Ib study of APG-1252 plus osimertinib in patients with NSCLC in China.

Furthermore, the US Food and Drug Administration (FDA) has granted APG-1252 an Orphan Drug Designation for the treatment of small-cell lung cancer (SCLC) in October 2020.

APG-115

APG-115 is an orally bioavailable, highly selective, small molecule inhibitor of the MDM2-p53 PPI. APG-115 was designed to activate p53 by blocking the MDM2-p53 interaction.

APG-115 is the first MDM2-p53 inhibitor entering clinical stage in China, with multiple ongoing clinical studies in treating solid tumors as well as hematological tumors in China, the United States, and Australia.

We are currently enrolling three clinical trials of APG-115 in the United States, a Phase Ib/II study in combination with pembrolizumab for treatment of metastatic melanoma and other advanced solid tumors, in collaboration with Merck, a Phase I/II combination with chemo in AML, and a Phase I/II study as a single agent or in combination with chemotherapy for treatment of salivary gland cancer.

APG-115 is the first MDM2-p53 inhibitor to enter clinical stage in China with a Phase Ib/II study as a single agent or in combination with chemotherapy for treatment of AML or MDS (myelodysplastic syndrome).

In addition, The Center for Drug Evaluation (CDE) of the China National Medical Products Administration (NMPA) has granted clinical approval for a Phase Ib/II clinical study of APG-115 in combination with PD-1/PD-L1 inhibitors for the treatment of patients with advanced liposarcoma (LPS) or other advanced solid tumors, as well as approved a clinical study of APG-115, as a single agent or in combination with the APG-2575, for the treatment of patients with relapsed/refractory T-cell prolymphocytic leukemia (R/R T-PLL). This study will also enroll in the USA.

In addition, in 2020, the US Food and Drug Administration (FDA) has granted APG-115 four Orphan Drug Designation for the treatment of soft tissue sarcoma, for the treatment gastric cancer (GC), for the treatment of acute myeloid leukemia (AML) and for the Retinoblastoma.

Other Clinical or IND-stage Candidates

APG-1387

APG-1387 is a novel, small molecule inhibitor of the inhibitors of apoptosis proteins, or IAP proteins, that we are developing for the treatment of advanced solid tumors and chronic HBV infection.

APG-1387 is the first IAP-targeting drug to enter clinical trials in China and has completed the Phase I clinical trials as a single agent in solid tumors in Australia and China. We are currently conducting a Phase I clinical trial in the United States, testing combination of APG-1387 with pembrolizumab ("**Keytruda**"), an anti-PD-1 mAb in solid tumors and the preliminary result was released in ASCO meeting in May 2020. Meanwhile, in China, a Phase Ib/II clinical trial testing the combination of APG-1387 with toripalimab (拓益), another anti-PD-1 mAb in solid tumors is ongoing. A Phase Ib/II clinical trial of APG-1387 in combination with nab-paclitaxel plus gemcitabine in advanced pancreatic cancer is in initiation.

In addition, two clinical trials of APG-1387 in Hepatitis B disease area are ongoing. The Phase I trial of single agent APG1387 in treatment naive Chronic Hepatitis B (CHB) patients has completed the treatment and follow-up in the monotherapy regimen. With the positive preliminary result, the extension of the Phase I study with APG-1387 sequentially combo with NAs in treatment naive CHB patients is ongoing. A Phase II clinical trial of APG-1387 concurrently combo with nucleic acids in CHB patients is ongoing as well. As at December 31, 2020, a total of 176 patients were enrolled and treated in the studies.

Pre-clinical Assets And Discovery Programmes

Mcl-1 inhibitors AS00491 and APG-3526

Mcl-1 is another important member of the Bcl-2 family proteins that regulate apoptosis. Mcl-1 is in one of the top 10 most frequently amplified gene regions for cancer. Overexpression of Mcl-1 contributes to the evasion of apoptosis and is one of the major resistance mechanisms for many types of chemotherapy and targeted therapy, including venetoclax. Mcl-1 mediates its effects primarily through interactions with pro-apoptotic BH3-containing proteins, and traditionally it has been a difficult target for drug development in the PPI field. Currently, there are two Mcl-1 inhibitors in active clinical trials.

We have discovered multiple lead compounds of Mcl-1 inhibitors using PPI platform, including AS00491 and APG-3526, which exhibit high binding affinity to Mcl-1 and anti-proliferative activity in cell-based assays. In xenograft model studies in vivo, AS00491 and APG-3526 exerted significant antitumor activity in human AML MV-411 and MM NCI-929 and OPM-2 models. Treatments with these lead compounds led to equivalent or more potent antitumor activity compared with the reference agent AZD-5991 in human AML and MM xenograft models. CR was achieved after a single intravenous administration of AS00491 or APG-3526. The pharmacodynamics (PD) study using tumor samples further revealed caspase 3 activation and PARP cleavage triggered by APG-3526, which disrupts MCL-1:BIM (Bcl-2-like protein 11) complex thus freeing BIM to initiate the apoptotic cascade.

EED inhibitor APG-5918

APG-5918 has been nominated as the clinical candidate targeting EED in April 2020, marking the entrance of the program into the IND-enabling stage. APG-5918 is a potent, orally available, and selective EED inhibitor with the best-in-class potential. APG-5918 demonstrated substantial activities in both biochemical and cell-based assays, as well as impressive antitumor activity in xenograft tumor models in mice. In addition, APG-5918 showed overall favorable DMPK, TOX and physicochemical properties.

Allosteric BCR-ABL inhibitor AS1266

After the 3rd generation BCR-ABL inhibitor HQP1351 targeting T315I mutation, the Company developed AS1266, a fourth generation BCR-ABL inhibitor. AS1266 binds to an allosteric pocket unique to BCR-ABL fusion protein. AS1266 is highly a selective, unique inhibitor, leading to enhanced activity and offering the potential for overcoming acquired drug resistance conferred by additional mutations. Indeed, AS1266 in combination with classical TKIs including HQP1351 shows synergic effect in cells expressing various drug resistant mutations.

KRAS G12C covalent inhibitor APG-1842

The Company has developed multiple classes of highly potent KRAS G12C mutant specific inhibitors, lead compounds have demonstrated potent in vitro activity against cancer cells with mutated KRAS G12C. It has demonstrated excellent oral pharmacokinetics, robust antitumor activity in animal models.

PROTACs MDM2 protein degrader

The Company entered into an agreement with the University of Michigan through which the Company shall obtain the exclusive global rights to a MDM2 protein degrader developed the Proteolysis-Targeting Chimeras (PROTACs) technology. The molecule is well tolerated in mice, rats and dogs, and has excellent pharmacokinetics in rodents and non-rodents.

RESEARCH AND DEVELOPMENT

We have a proven track record of researching, developing and commercializing biopharmaceuticals. We plan to continue to diversify and expand our product pipeline through both in-house research and development and through collaboration with biotechnology and pharmaceutical companies, as well as academic institutions. We have an experienced scientific advisory board, chaired by Dr. Wang Shaomeng, our co-founder and non-executive Director. Members of our scientific advisory board are renowned scientists with expertise in cancer research and development. They are not our employees but will from time to time provide us with assistance upon our request.

For the two years ended December 31, 2019 and 2020, our research and development expenses were approximately RMB463.9 million and RMB564.6 million, respectively.

INTELLECTUAL PROPERTIES

Intellectual property rights are fundamental to our business. Through our robust research and development, we have strategically developed a global intellectual property portfolio with exclusive licenses to issued patents or patent applications worldwide with respect to our product candidates. As at December 31, 2020, we had 110 issued patents and more than 450 patent applications globally, among of which, about 90 patents had been issued overseas.

BUSINESS DEVELOPMENT

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

In June 2020, we have entered into a global clinical collaboration with Acerta Pharma, the hematology research and development center of excellence of AstraZeneca (LSE/STO/NYSE: AZN). We will sponsor a clinical trial to study the combination of APG-2575, and Acerta Pharma's CALQUENCE® (acalabrutinib), a BTK inhibitor, evaluating the efficacy and safety of this combination therapy in patients with r/r CLL/SLL.

In July 2020, we entered into a global clinical collaboration with MSD to evaluate the combination of APG-115 and Keytruda for the treatment of patients with advanced solid tumors. We have commenced three clinical trials of APG-115 in the United States, including a Phase I study as single agent, a Phase Ib/II study in combination with pembrolizumab for treatment of metastatic melanoma and other advanced solid tumors, and a Phase I/II study as a single agent or in combination with chemotherapy for treatment of salivary gland cancer.

Furthermore, we signed a strategic cooperation agreement with China National Clinical Research Center for Hematological Diseases on the joint construction of the "National Hematological Diseases Clinical Medical Research Center" to promote the research and clinical development in this field in July 2020.

In December 2020, we received milestone payment from our global strategic cooperation partner, UNITY Biotechnology according to the licensing agreement entered into between Ascentage Pharma and UNITY of drug candidate UBX1325, a drug developed from BM-962, a Bcl-xL inhibiting compound licensed to UNITY by Ascentage Pharma for the treatment of age-related diseases.

We believe our global collaboration network provides us with global endorsement and enhances our brand recognition. Our collaborations also lead to better access to leading drugs and candidates and potentially offer an extra funding source to advance our product development.

MANUFACTURING

We lease an approximately 4,480 square meter facility for research and development and manufacturing in China Medical City, Taizhou, Jiangsu Province, the PRC, where we produce and supply pre-clinical test articles and clinical trial materials for some of our drug candidates. In addition, we expect to construct an approximately 100,000 square meter facility in Suzhou, Jiangsu Province, the PRC for R&D and manufacturing (the "**Suzhou Facility**").

In November 2019, the groundbreaking ceremony for the new Suzhou Facility was held at the Suzhou Industrial Park. At the Suzhou Facility, we intend to produce drug product for clinical or, in the future, commercial use. The Suzhou Facility is expected to consist of two oral-solid-dosage production lines, for both tablet and capsule formulations, and two parenteral liquid/lyophilization powder-for-injection production lines. Our own China-based global R&D center and manufacturing facility has completed the construction of the structure by January 2021 and should be commissioned in 2021.

EXPECTED COVID-19 IMPACT

The Company expects that even though vaccines have begun to be distributed, the Company's global operations, including clinical trial recruitment and participation, regulatory interactions, drug supply and manufacturing and R&D facility construction, will continue to be negatively impacted depending on the scope and duration of the novel coronavirus pneumonia ("**COVID-19**").

In addition, it is not certain if the jurisdictions where we operate will maintain or further extend any of the current restrictions or if further restrictive measures will be put into place. Because of the spread of the COVID-19 globally to countries outside of China, there have been significant restrictions on domestic and international air and ground travel. Many businesses and governments have imposed quarantine policies. The potential economic impact caused by the COVID-19, both in general and in particular, China and United States and other global economies, may be difficult to assess or predict, and its actual effects will depend on various factors beyond our control.

The Company is closely monitoring the impact of COVID-19 and will operate our clinical trials in compliance with applicable regulatory guidelines during the COVID-19 pandemic to minimize delays and disruptions which may have an impact on our ability to deliver our clinical and regulatory goals in 2021.

Facing the severe novel coronavirus pandemic, Ascentage Pharma proactively fulfilled its social responsibility by donating RMB500,000 to Wuhan Union Hospital and Wuhan Tongji Hospital in January 2020, for their procurement of relevant protective equipment and other urgently needed medical supplies to combat the pandemic. Meanwhile, Ascentage Pharma also took the initiative to organize procurement of supplies, spending a total amount of RMB500,000 to purchase urgently needed medical supplies, including N95 masks, protective clothing, safety goggles and other medical supplies, from the United States, which were delivered to various hospitals in Wuhan.

Through our connection with various parties, we made use of the voluntary donation of RMB100,000 from our employees to purchase medical disposable protective clothing. We successfully purchased 400 protective clothing, which was delivered directly to Peking University People's Hospital in March 2020 to help combat the pandemic.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended December 31, 2020 RMB'000	2019 RMB'000
REVENUE	*4*	**12,450**	14,513
Cost of sales		**(1,966)**	(2,096)
Gross profit		**10,484**	12,417
Other income and gains	*4*	**45,265**	49,116
Selling and distribution expenses		**(1,372)**	—
Administrative expenses		**(128,970)**	(161,643)
Research and development expenses		**(564,571)**	(463,883)
Other expenses		**(30,029)**	(914,049)
Finance costs		**(6,255)**	(4,274)
LOSS BEFORE TAX	*5*	**(675,448)**	(1,482,316)
Income tax (expense)/credit	*6*	**(2,158)**	1,602
LOSS FOR THE YEAR		**(677,606)**	(1,480,714)
Attributable to:			
Owners of the parent		**(677,606)**	(1,480,714)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For loss for the year (RMB)	*8*	**(3.14)**	(12.69)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(677,606)**	(1,480,714)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(63,203)**	(98,799)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(63,203)**	(98,799)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(740,809)**	(1,579,513)
Attributable to:		
Owners of the parent	**(740,809)**	(1,579,513)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at December 31, 2020	2019
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**434,405**	93,787
Right-of-use assets		**42,596**	48,500
Goodwill		**24,694**	24,694
Other intangible assets		**66,405**	72,192
Financial assets at fair value through profit or loss ("**FVTPL**")		**31,774**	32,191
Other non-current asset		**52,121**	24,581
Total non-current assets		**651,995**	295,945
CURRENT ASSETS			
Prepayments, other receivables and other assets		**54,644**	26,648
Cash and bank balances		**1,024,400**	882,457
Total current assets		**1,079,044**	909,105
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**50,561**	92,194
Trade payables	*9*	**23,361**	13,084
Other payables and accruals		**188,565**	96,738
Tax payable		**3,557**	—
Contract liabilities		**43**	46
Other current liabilities		**10,061**	—
Total current liabilities		**276,148**	202,062
NET CURRENT ASSETS		**802,896**	707,043
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,454,891**	1,002,988

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**479,134**	9,211
Deferred tax liabilities	**15,355**	16,957
Long-term payables measured at FVTPL	**73,574**	51,248
Contract liabilities	**4**	50
Deferred income	**40,203**	35,047
Total non-current liabilities	**608,270**	112,513
Net assets	**846,621**	890,475
EQUITY		
Equity attributable to owners of the parent		
Share capital	**154**	142
Treasury shares	**(4)**	(4)
Capital and reserves	**846,471**	890,337
Total equity	**846,621**	890,475

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 Cayman Corporate Centre, 27 Hospital Road, 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 reorganisation in July 2018. The Group were principally engaged in developing novel small-scale therapies for cancers, hepatitis B virus, or HBV, and certain age-related diseases.

On October 28, 2019, the shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange (the "**Stock Exchange**"). In connection with the Company's listing, 12,180,900 new shares of the Company were issued and allotted at the offer price of HK$34.20 per share. On November 25, 2019, an aggregate of 1,827,100 over-allotment shares were issued and allotted by the Company at HK$34.20 per share. On July 15, 2020, an aggregate of 15,000,000 placing shares of the Company were issued and allotted at a price of HK$46.80 per share.

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 BVI with limited liability which is owned by Dr. Yang, Dr. Guo and Dr. Wang and HealthQuest Pharma Limited, a company incorporated in BVI with limited liability and wholly owned by Dr. Zhai.

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 and interpretations ("**IASs**")) 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 asset at FVTPL, other financial assets and long-term payables measured at FVTPL which have been measured at fair value. These financial statements are presented in Renminbi ("**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 *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after January 1, 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after June 1, 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended December 31, 2020, certain monthly lease payments for the leases of the Group's office building have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on January 1, 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended December 31, 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB536,000 has been accounted for as a variable lease payment by derecognizing part of the lease liabilities and crediting to profit or loss for the year ended December 31, 2020.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3, 5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]

Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Amendments to IAS 1	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[2]

1 Effective for annual periods beginning on or after January 1, 2021
2 Effective for annual periods beginning on or after January 1, 2022
3 Effective for annual periods beginning on or after January 1, 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023

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

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from January 1, 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognize hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after January 1, 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after January 1, 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after January 1, 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognized as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments replace the requirement to disclose significant accounting policies with a requirement to disclose material accounting policies. In assessing the materiality of accounting policy information, both quantitative and qualitative aspects need to be considered. Entity-specific accounting policy information is more useful for users of financial statements than the standardised information. The amendments also add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 8 are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments explain how entities use measurement techniques and inputs to develop accounting estimates and state that these can include estimation and valuation techniques. The amendments clarify that not all estimates will meet the definition of an accounting estimate, but rather may refer to inputs used in developing accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the development of novel small-scale therapies for cancers, hepatitis B virus, or HBV, and certain age-related diseases. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Research and development service fee income	**2,574**	3,990
License fee income	**9,876**	10,523
	12,450	14,513

Other income and gains

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Government grants related to income	**20,488**	30,424
Gain on other financial assets	**2,360**	5,208
Foreign exchange gain, net	**17,089**	430
Bank interest income	**5,218**	12,906
Others	**110**	148
	45,265	49,116

5. LOSS BEFORE TAX

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

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Cost of sales	**1,966**	2,096
Depreciation of property, plant and equipment	**10,556**	10,442
Depreciation of right-of-use assets	**9,524**	8,943
Amortization of intangible assets	**7,342**	7,048
Research and development costs	**564,571**	463,883
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**258,855**	213,139
Equity-settled share-based payments	**74,027**	70,822
Pension scheme contributions (defined contribution scheme)	**9,726**	12,071
	342,608	296,032
Fair value loss on long-term payables measured at FVTPL	**22,326**	41,214
Lease payments not included in the measurement of lease liabilities	**303**	276
Fair value loss on convertible redeemable preferred shares	**—**	836,738
Auditors' remuneration	**2,450**	1,500
Listing expenses	**—**	35,393
Foreign exchange gain, net	**(17,089)**	(430)
Fair value loss on financial asset at FVTPL	**6,105**	35,897

6. INCOME TAX

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

Cayman Islands

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

Hong Kong

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

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax ("**CIT**") at a rate of 25% on the taxable income. No provision for CIT has been made as the Group had no taxable profits in Mainland China during the reporting period.

United States

Pursuant to the tax law and regulations in the United States, the subsidiary operating in the United States is subject to income tax at a rate of 21%. 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,	
	2020	2019
	RMB'000	*RMB'000*
Current	**3,760**	–
Deferred	**(1,602)**	(1,602)
Total income tax expense/(credit) for the year	**2,158**	(1,602)

7. DIVIDENDS

The board of directors resolved not to declare any final dividend for the year ended December 31, 2020 (2019: 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 215,909,150 (2019: 116,727,377) 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, 2020 and 2019 in respect of a dilution as the impact of the options 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,	
	2020	2019
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:	**(677,606)**	(1,480,714)

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**215,909,150**	116,727,377

9. TRADE PAYABLES

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

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**19,104**	12,296
1 to 3 months	**700**	—
3 to 6 months	**3,557**	788
	23,361	13,084

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

FINANCIAL REVIEW

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**12,450**	14,513
Other income and gains	**45,265**	49,116
Selling and distribution expenses	**(1,372)**	—
Research and development expenses	**(564,571)**	(463,883)
Administrative expenses	**(128,970)**	(161,643)
Finance costs	**(6,255)**	(4,274)
Other expenses	**(30,029)**	(914,049)
Loss for the year	**(677,606)**	(1,480,714)
Total comprehensive loss for the year	**(740,809)**	(1,579,513)

1. Overview

For the year ended December 31, 2020, the Group recorded revenue of RMB12.5 million, as compared with RMB14.5 million for the year ended December 31, 2019, and the total comprehensive loss of RMB740.8 million, as compared with RMB1,579.5 million for the year ended December 31, 2019. The loss of the Group was RMB677.6 million for the year ended December 31, 2020, as compared with RMB1,480.7 million for the year ended December 31, 2019, the decrease was primarily attributable to no fair value loss on convertible redeemable preferred shares was accounted for the year ended December 31, 2020, as compared to a fair value loss on convertible redeemable preferred shares of RMB836.7 million for the year ended December 31, 2019. The selling and distribution expenses of the Group was RMB1.4 million for the year ended December 31, 2020, while no such expenses were incurred for the year ended December 31, 2019, since the Group only started the preparations of commercialization in 2020. The research and development expenses of the Group was RMB564.6 million for the year ended December 31, 2020, as compared with RMB463.9 million for the year ended December 31, 2019. The administrative expenses was RMB129.0 million for the year ended December 31, 2020 as compared with RMB161.6 million for the year ended December 31, 2019.

2. Revenue

For the year ended December 31, 2020, the Group generated revenue of RMB12.5 million from the non-recurring research and development services provided to the customers and an IP license fee income from Unity, as compared to RMB14.5 million for the year ended December 31, 2019, representing a decrease of RMB2.0 million, or 14.2%. We have not commercialized any of our product candidates and therefore did not generate any revenue from sales of drug products in 2019 and 2020.

3. Other Income and Gains

The Group's other income and gains primarily consists of (i) government grants related to income; (ii) interest income on term deposit at banks; (iii) realized and unrealized gain from other financial assets, including structured deposits and short-term financial products; and (iv) realized and unrealized gains from foreign exchange. Government grants mainly represent the subsidies received from local governments for the purpose of compensation for expenses arising from research activities and clinical trials, and awards for new drugs development. These government grants related to income were recognized in profit or loss when related costs were subsequently incurred and upon receipt of the acknowledgment of compliance from the government.

For the year ended December 31, 2020, other income and gains of the Group decreased by RMB3.8 million, or 7.7% to RMB45.3 million, from RMB49.1 million for the year ended December 31, 2019, primarily due to (i) government grants of the Group was RMB20.5 million for the year ended December 31, 2020, as compared with RMB30.4 million for the year ended December 31, 2019; (ii) interest income on term deposit at banks of the Group was RMB5.2 million for the year ended December 31, 2020, as compared with RMB12.9 million for the year ended December 31, 2019; partially offset by (iii) the foreign exchange gain of RMB17.1 million for the year ended December 31, 2020, as compared to the foreign exchange gain of RMB0.4 million for the year ended December 31, 2019.

4. Selling and Distribution Expenses

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

For the year ended December 31, 2020, the selling and distribution expenses of the Group increased to RMB1.4 million, while no such expenses were incurred for the year ended December 31, 2019. The increase was attributable to the set-up of sales team in preparation of the potential commercialization of our drugs.

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.

For the year ended December 31, 2020, the research and development expenses of the Group increased by RMB100.7 million, or 21.7% to RMB564.6 million from RMB463.9 million for the year ended December 31, 2019. The increase was primarily attributable to additional clinical trials of the Company's drug candidates, increased research and development headcount, and increased expenses in IP.

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

	Year ended December 31,	
	2020	2019*
	RMB'000	*RMB'000*
Internal research and development expenses	**97,599**	74,884
External research and development expenses	**93,843**	72,820
Staff costs	**233,579**	178,110
IP expenses	**16,757**	7,633
Materials	**35,954**	35,918
Depreciation and amortization	**15,719**	14,406
Share option and RSU expenses	**48,480**	50,580
Others	**22,640**	29,532
Total	**564,571**	463,883

* Research and development expenses for the year ended December 31, 2019 were reclassified to keep consistent with that of 2020.

6. Administrative Expenses

For the year ended December 31, 2020, the administrative expenses of the Group decreased by RMB32.6 million, or 20.2% to RMB129.0 million from RMB161.6 million for the year ended December 31, 2019. The decrease was primarily attributable to (i) decreased expenses in relation to the listing of the Company; (ii) decreased expenses of business travel and meeting due to COVID-19; and (iii) partially offset by increased expenses in relation to administrative headcount and the RSU Scheme. The following table sets forth the components of our administrative expenses for the periods indicated.

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Listing expenses	**—**	35,393
Share option and RSU expenses	**25,547**	20,242
Staff costs	**54,581**	50,763
Depreciation and amortization	**11,703**	12,027
Others	**37,139**	43,218
Total	**128,970**	161,643

7. Finance Costs

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

For the year ended December 31, 2020, the finance costs of the Group increased by RMB2.0 million, or 46.5% to RMB6.3 million from RMB4.3 million for the year ended December 31, 2019. The increase was primarily attributable to additional interest incurred in relation to bank borrowings.

8. Other Expenses

The Group's other expenses mainly consists of (i) fair value losses on financial assets or liabilities; and (ii) fair value loss on contingent consideration in relation to our acquisition of Healthquest Pharma in December 2016.

For the year ended December 31, 2020, the Group reported other expenses of RMB30.0 million, as compared to other expenses of RMB914.0 million for the year ended December 31, 2019, represented a decrease of RMB884.0 million, or 96.7%. The decrease was primarily attributable to: (i) there is no fair value loss on convertible redeemable preferred shares for the year ended December 31, 2020, as compared to a fair value loss of RMB836.7 million for the year ended December 31, 2019; (ii) fair value loss on financial assets at FVTPL of RMB6.1 million for the year ended December 31, 2020, as compared to a fair value loss on financial assets at FVTPL of RMB35.9 million for the year ended December 31, 2019; and (iii) the decrease of fair value loss on long-term payables measured at FVTPL from RMB41.2 million for the year ended December 31, 2019 to RMB22.3 million for the year ended December 31, 2020.

The loss on fair value of the convertible redeemable preferred shares was non-cash and non-recurring adjustments recognized prior to the Listing Date. Since all of the Group's convertible redeemable preferred shares were converted to ordinary shares upon the Listing, the Group did not incur any additional gain or loss related to the fair value changes of the convertible redeemable preferred shares in 2020.

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 Biotechnology, Inc. held by the Group.

The loss on fair value of the long-term payables measured at FVTPL was a non-cash adjustment that represented the change in fair value of contingent consideration payable in relation to the acquisition of Healthquest Pharma in December 2016.

9. Loss for the Reporting Period

As a result of the above factors, the loss of the Company decreased to RMB677.6 million for the year ended December 31, 2020 from RMB1,480.7 million for the year ended December 31, 2019.

10. Cash Flows

For the year ended December 31, 2020, net cash flows used in operating activities of the Group amounted to RMB610.0 million, as compared to that of RMB460.3 million for the year ended December 31, 2019, mainly due to the expansion of our research and development activities.

For the year ended December 31, 2020, net cash flows used in investing activities of the Group amounted to RMB107.4 million, which mainly consisted of purchase of items of property, plant and equipment and other intangible assets of RMB251.5 million, partially offset by the redemption of time deposits of RMB139.5 million. For the year ended December 31, 2019, net cash flow from investing activities amounted to RMB201.3 million, which mainly consisted of (i) purchase of items of property, plant and equipment and other intangible assets of RMB81.4 million; and (ii) increase in time deposits of RMB139.5 million, partially offset by the net proceeds from redemption of other financial assets of RMB19.6 million.

For the year ended December 31, 2020, net cash flows from financing activities of the Group amounted to RMB1,040.0 million, which mainly consisted of net proceeds of RMB622.9 million* from issuance of shares through Follow-on Offering and net borrowings of RMB432.8 million from banks. For the year ended December 31, 2019, net cash flows from financing activities amounted to RMB442.4 million, which mainly consisted of net proceeds of RMB404.3 million* from issuance of shares through Global Offering and net borrowings of RMB50.0 million from banks.

* representing proceeds from issue of shares minus cash payment of share issue expenses recorded as a deduction of share premium in the year ended December 31, 2020 and December 31, 2019.

11. Key Financial Ratios

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

	As at December 31,	
	2020	2019
Current ratio[(1)]	**3.9**	4.5
Quick ratio[(2)]	**3.9**	4.5
Gearing ratio[(3)]	**N/A[(4)]**	N/A[(4)]

Notes:

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

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

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

(4) As at December 31, 2019 and 2020, the Group's cash and bank balances exceeded the interest-bearing borrowings. As such, no gearing ratio as at December 31, 2019 and 2020 was presented.

12. Significant Investments

The Group did not make any significant investments during the year ended December 31, 2020.

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 or associated companies for the year ended December 31, 2020.

15. Bank Loans and Other Borrowings

As at December 31, 2020, we had bank loans of RMB517.8 million denominated in RMB and lease liabilities of RMB11.9 million.

As at December 31, 2020, RMB149.8 million of the Group's borrowings was at fixed interest rates.

	Effective interest rate per annum (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	**4.05–4.35**	**2021**	**30,000**
Current portion of long term bank loans — unsecured	**4.75**	**2021**	**3,500**
Current portion of long term bank loans — unsecured	**1 year LPR+0.9/0.65**	**2021**	**11,250**
Lease liabilities	**4.00–4.35**	**2021**	**5,811**
			50,561
Non-current			
Bank loans — unsecured	**1 year LPR+0.9/0.65**	**2023–2025**	**138,750**
Bank loans — unsecured	**4.5–4.75**	**2023**	**116,250**
Bank loans — secured*	**5 year LPR+0.15**	**2023–2030**	**218,055**
Lease liabilities	**4.00–4.35**	**2022–2023**	**6,079**
			479,134
			529,695

Note: LPR represents the Loan Prime Rate.

* The bank loans amounting to RMB218.1 million were secured by the pledge of the Group's right-of-use assets with a carrying amount of RMB31.0 million and the construction in process with a carrying amount of RMB406.6 million as at December 31, 2020.

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

	2020	2019
	RMB'000	*RMB'000*
Analysed into:		
Within one year	**50,561**	92,194
In the second year	**24,025**	4,720
In the third to fifth years, inclusive	**297,054**	4,491
Beyond five years	**158,055**	—
	529,695	101,405

16. Charges on Group Assets

As at December 31, 2020, the Group had pledged the Group's right-of-use assets with a carrying amount of RMB31.0 million and the construction in process with a carrying amount of RMB406.6 million to bank facilities.

17. Contingent Liabilities

As at December 31, 2020, 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, 2020, the Group's cash and bank balances increased to RMB1,024.4 million from RMB882.5 million as at December 31, 2019. The increase primarily resulted from issuance of shares through Follow-on Offering and borrowings from banks; partially offset by the purchase of items of property, plant and equipment and other intangible assets.

As at December 31, 2020, the Group's cash and bank balances were held mainly in U.S. dollars, Hong Kong dollars and RMB.

As at December 31, 2020, the Group had not used any financial instruments for hedging purposes.

As at December 31, 2020, the current assets of the Group were RMB1,079.0 million, including cash and bank balances of RMB1,024.4 million and other current assets of RMB54.6 million. As at December 31, 2020, the current liabilities of the Group were RMB276.1 million, including trade payables of RMB23.4 million, other payables and accrued expenses of RMB188.6 million, borrowings of RMB50.6 million and tax payables and other current liabilities of RMB13.5 million. As at December 31, 2020, the non-current liabilities of the Group were RMB608.3 million, including long term borrowings of RMB479.1 million, other long term payables and deferred income of RMB113.8 million and deferred tax liability of RMB15.4 million.

19. Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as of December 31, 2020 by function:

Function	**Number**	*%*
Research and Development	361	83.4
Administrative and Commercial	72	16.6
Total	**433**	**100.00**

As at December 31, 2020, we had 433 full-time employees, including a total of 57 employees with M.D. or Ph.D. degrees. Of these, 361 are engaged in full-time research and development and laboratory operations and 72 are engaged in full-time general and administrative and commercial administrative functions, and business development function. Our research and development personnel includes 53 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, 2020, we had 222 senior employees who have an average of 15 to 20 years of experience in relevant fields.

We have also enjoyed more than 90% 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, 2019 and 2020, employee benefit expense amounted to RMB284.0 million and RMB332.9 million, respectively.

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

On September 14, 2020, the Company granted 2,590,592 RSUs under the RSU Scheme, representing 2,590,592 Shares to 50 RSU Selected Persons, who are the employees of the Group.

Please refer to the section headed "Statutory and General Information — D. Employee Incentive Schemes" in Appendix IV to the Prospectus and the relevant announcements of the Company dated September 16, 2020 and March 19, 2021 for further details.

FUTURE AND OUTLOOK

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

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

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

Additionally, we expect to expand our intellectual property portfolio by actively seeking patent rights for our product candidates. For each of our clinical programs, we seek to extend the coverage to additional indications and obtain new method of new use patent for our drug candidates, as appropriate. As of December 31, 2020, we had 110 issued patents and more than 450 patent applications globally, among which, about 90 patents were issued overseas. We will further enhance our comprehensive and growing global intellectual property portfolio in the future.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

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

Pursuant to code provision A.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 Dajun 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 three independent non-executive Directors out of nine Directors, which represents 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 our 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 for Securities Transactions

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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**").

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

Purchase, Sale or Redemption of Listed Securities

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

Use of Net Proceeds

Use of Net Proceeds From Global Offering

The Company's Shares were listed on the Stock Exchange on October 28, 2019 with a total of 14,008,000 offer shares (including shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised from the Global Offering were approximately HK$369.8 million. There was no change in the use of net proceeds as previously disclosed in the Prospectus.

The net proceeds from the Global Offering have been utilized in accordance with the purposes set out in the Prospectus. The table below sets out the applications of the net proceeds and actual usage up to the date of this announcement:

Use of proceeds		**Planned allocation of Net Proceeds** *(HKD million)*	**Planned allocation of Net Proceeds** *(RMB million)*	**Utilized amount (as at the date of this announcement)** *(RMB million)*
Research and development to bring our Core Product, HQP1351, to commercialization	42%	155.2	138.2	138.2
Ongoing and planned clinical trials of APG-1252	13%	48.1	42.8	42.8
Ongoing and planned clinical trials of APG-2575	19%	70.3	62.5	62.5
Ongoing and planned clinical trials of APG-115	19%	70.3	62.5	62.5
Ongoing and planned clinical trials for the rest of our clinical programs, 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	329.1	329.1

Notes:

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

(2) Net proceeds from the Global Offering were received in Hong Kong dollars and translated to Renminbi at the exchange rate of December 31, 2019 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

A placing of 15,000,000 Shares took place on July 15, 2020 (the "**2020 Placing**"). The net proceeds (after the deduction of all applicable costs and expenses) raised from the 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 the Company will gradually utilize the remaining amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

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

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at December 31, 2020)** *(RMB million)*	**Expected timeline for utilizing the remaining balance of net proceeds from the 2020 Placing**
Clinical development for other pipeline products, such as APG-2575, APG-115, APG-1387 and APG-1252	60%	413.5	348.0	126.0	June 30, 2021
Registration, trial production and marketing of the Core Product, HQP1351	20%	138.0	116.0	59.0	June 30, 2021
Ongoing and planned clinical trials of APG-2575	20%	138.0	116.0	28.0	June 30, 2021
Total	100%	689.5	580.0	213.0	

Notes:

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

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

(3) Net proceeds from the 2020 Placing were received in Hong Kong dollars and translated to RMB at the exchange rate of December 31, 2020 for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the 2020 Placing.

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 and one non-executive Director, namely, Mr. Ye Changqing, Dr. Yin Zheng and 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, 2020 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, 2020 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 significant investments held by the Group or future plans regarding significant investment or capital assets. For the year ended December 31, 2020, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to year ended December 31, 2020, the following significant event took place:

Adoption of the 2021 RSU Scheme

On February 2, 2021, the Board has approved the adoption of the restricted share unit scheme of the Company (the "**2020 RSU Scheme**"). The 2021 RSU Scheme will be maintained in parallel with the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the 2018 RSU Scheme and such other share incentive schemes which may be adopted by the Company from time to time. Pursuant to the 2021 RSU Scheme, the Company may (i) allot and issue Shares under its available general mandate to the Trustee to be held by the Trustee and which will be used to satisfy the RSUs upon exercise and/or (ii) direct and procure the Trustee to receive existing Shares from any shareholder of the Company or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon exercise. The Company shall procure that sufficient funds are provided to the Trustee to enable the Trustee to satisfy its obligations in connection with the 2021 RSU Scheme. For further details of the 2021 RSU Scheme, please refer to the relevant announcement of the Company dated February 2, 2021.

Placing of existing Shares and top-up subscription of new Shares under general mandate

On February 8, 2021, an aggregate of 26,500,000 sale shares have been successfully placed to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons at the placing price of HK$44.20 per sale shares pursuant to the terms and conditions of the placing and subscription agreement entered into among the Company, Ascentage Limited, J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited dated February 3, 2021. On February 11, 2021, the Company allotted and issued 26,500,000 subscription shares (being the same number as the sale shares) to the Ascentage Limited at HK$44.20 per subscription share (being the same as the placing price). The net proceeds from the placing amounted to HK$1,153.64 million and will be used for (i) the clinical trials of the key product candidate, APG-2575; (ii) the registrational trials for full approval and the commercialization of the Core Product, HQP1351; (iii) clinical development for other molecules and preclinical assets; and (iv) general corporate purposes. For further details, please refer to the relevant announcements of the Company dated February 4, 2021 and February 11, 2021.

For the clinical development of our drug candidates subsequent to the year ended December 31, 2020, please refer to the above section headed "Business Review" in this announcement.

For the impact of COVID-19 on the Company, please refer to above section headed "Expected COVID-19 Impact" in this announcement.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2020.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on May 10**,** 2021 (the "**AGM**"). A notice convening the AGM will be published and despatched 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 5**,** 2021 to May 10, 2021, 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 Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on May 4, 2021.

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, 2020 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Suzhou, the PRC, March 31, 2021

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