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, 2021

The Board is pleased to announce the audited consolidated results of the Group for the Reporting Period, together with the comparative figures for the year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2021 increased to RMB27.9 million, as compared to RMB12.5 million for the year ended December 31, 2020, representing an increase of RMB15.4 million, or 123.2%. For the year ended December 31, 2021, the revenue was generated from the sales of pharmaceutical products, commercialization license fee income and patented IP license fee income from customers.

- Other income and gains increased by RMB122.8 million, or 271.1%, from RMB45.3 million for the year ended December 31, 2020 to RMB168.1 million for the year ended December 31, 2021, primarily attributable to (i) government grants related to income increased to RMB63.3 million for the year ended December 31, 2021, as compared with RMB20.5 million for the year ended December 31, 2020; (ii) fair value gain on derivative financial instruments in the amount of RMB81.6 million for the year ended December 31, 2021, as compared with no fair value gain for the year ended December 31, 2020; (iii) gain on disposal of financial assets at FVTPL of the Group in the amount of RMB6.0 million for the year ended December 31, 2021, as compared with RMB2.4 million for the year ended December 31, 2020; (iv) interest income on term deposit at bank of the Group in the amount of RMB7.1 million for the year ended December 31, 2021, as compared with RMB5.2 million for the year ended December 31, 2020; (v) partially offset by foreign exchange gain of RMB9.9 million for the year ended December 31, 2021, as compared to foreign exchange gain of RMB17.1 million for the year ended December 31, 2020.

- Selling and distribution expenses increased significantly by RMB46.3 million to RMB47.7 million for the year ended December 31, 2021, as compared to RMB1.4 million for the year ended December 31, 2020. The increase was mainly attributable to the increase in selling and distribution expenses incurred by the sales team in the commercialization of HQP1351.

- Research and development expenses increased by RMB201.9 million, or 35.8%, to RMB766.5 million for the year ended December 31, 2021, as compared to RMB564.6 million for the year ended December 31, 2020, primarily due to additional clinical trials of the Company's drug candidates, material costs and increased research and development headcount.

- Administrative expenses increased by RMB14.5 million, or 11.2%, to RMB143.5 million for the year ended December 31, 2021, as compared to RMB129.0 million for the year ended December 31, 2020, primarily due to the increase in other administrative expenses as a result of the increased expenses of business travel and meeting caused by increased number of employees, along with the increased expenses of consulting and other professional services.

- For the year ended December 31, 2021, the Group reported other expenses of RMB50.4 million, as compared to other expenses of RMB30.0 million for the year ended December 31, 2020, which represented an increase of RMB20.4 million, or 68.0%. The increase was primarily attributable to: (i) the increase of fair value loss on financial assets at FVTPL from RMB6.1 million for the year ended December 31, 2020 to RMB26.9 million for the year ended December 31, 2021; (ii) the increase of donations from RMB1.0 million for the year ended December 31, 2020 to RMB5.2 million for the year ended December 31, 2021; and (iii) partially offset by the decrease of fair value loss on long-term payables from RMB22.3 million for the year ended December 31, 2020 to RMB17.9 million for the year ended December 31, 2021.

- As a result of the foregoing, net loss for the year ended December 31, 2021 increased by RMB104.8 million, or 15.5%, to RMB782.4 million, as compared to RMB677.6 million for the year ended December 31, 2020.

BUSINESS HIGHLIGHTS

- Our leading drug Olverembatinib, HQP1351, has been approved by the NMPA for the treatment of adult patients with chronic phase chronic myeloid leukemia (CML-CP) or accelerated-phase CML (CML-AP) harboring the T315I mutation as confirmed by a validated diagnostic test in November 2021. This approval for Olverembatinib marks a very encouraging milestone in our transition from a R&D-driven biotech company into a full-fledged biopharmaceutical company with commercialized product.

- We formed a joint promotion team with Innovent to co-commercialize Olverembatinib. From obtaining approval for commercialization of Olverembatinib until the end of February 2022, Olverembatinib realized an accumulated invoice amount of RMB50.4 million (unaudited, inclusive of value added tax). We will continue to promote the sales for Olverembatinib. The abovementioned accumulated invoice amount of Olverembatinib was prepared based on internal management records of the Group which have not been audited or reviewed by external auditors, and as such the data is for investors' information only. Such data may differ from figures to be disclosed in the subsequent audited or unaudited consolidated financial statements to be published by the Company (including but not limited to those published on an annual or semi-annual basis), due to various uncertainties during the process of collection and collating of such data.

- In December 2021, the phase II pivotal study of APG-2575 for the treatment of relapsed/refractory chronic lymphocytic leukemia/small lymphocytic lymphoma (R/R CLL/SLL) has been approved by the Center for Drug Evaluation (CDE) in China. Also, the first patient has been dosed in March 2022.

- As at the date of this announcement, Ascentage Pharma has obtained two Fast Track Designations, a Rare Pediatric Disease (RPD) designation and a total of 16 ODDs from the FDA and EC, continuing to set the record for the number of ODDs granted to a Chinese biopharmaceutical company. We presented several pre-clinical results of the Company's novel drug candidates at the American Association for Cancer Research (AACR) Annual Meeting 2021. These studies have signified the therapeutic potential of multiple combination therapies in cancer. The results of the Company's clinical trials were selected for presentations at ASCO Annual Meeting in 2021, and among these data, the two oral presentations of APG-2575 and APG-115 were selected for oral presentations. In addition, we have presented results of several studies of three novel drug candidates under development at the American Society of Hematology (ASH) Annual Meeting in 2021. This is the fourth consecutive year in which studies of olverembatinib were selected for oral presentation.

- Moreover, we have built strategic partnership globally to further promote our competencies. In July 2021, we have entered into a multifaceted strategic collaboration with Innovent Biologics, Inc. Furthermore, Innovent Biologics, Inc. has completed the subscription of 8,823,863 Shares at a total consideration of US$50 million (HK$44.0 per Share) on July 23, 2021.

- In November 2021, we have entered into a clinical trial collaboration with Pfizer Inc. to develop the combination of APG-2575, in combination with Pfizer's IBRANCE® (palbociclib), a CDK4/6 inhibitor, in the treatment of patients with recurrent, locally advanced or metastatic estrogen receptor-positive (ER+), human epidermal growth factor receptor 2-negative (HER2-) breast cancer. The first patient has been dosed.

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

MANAGEMENT DISCUSSION & ANALYSIS

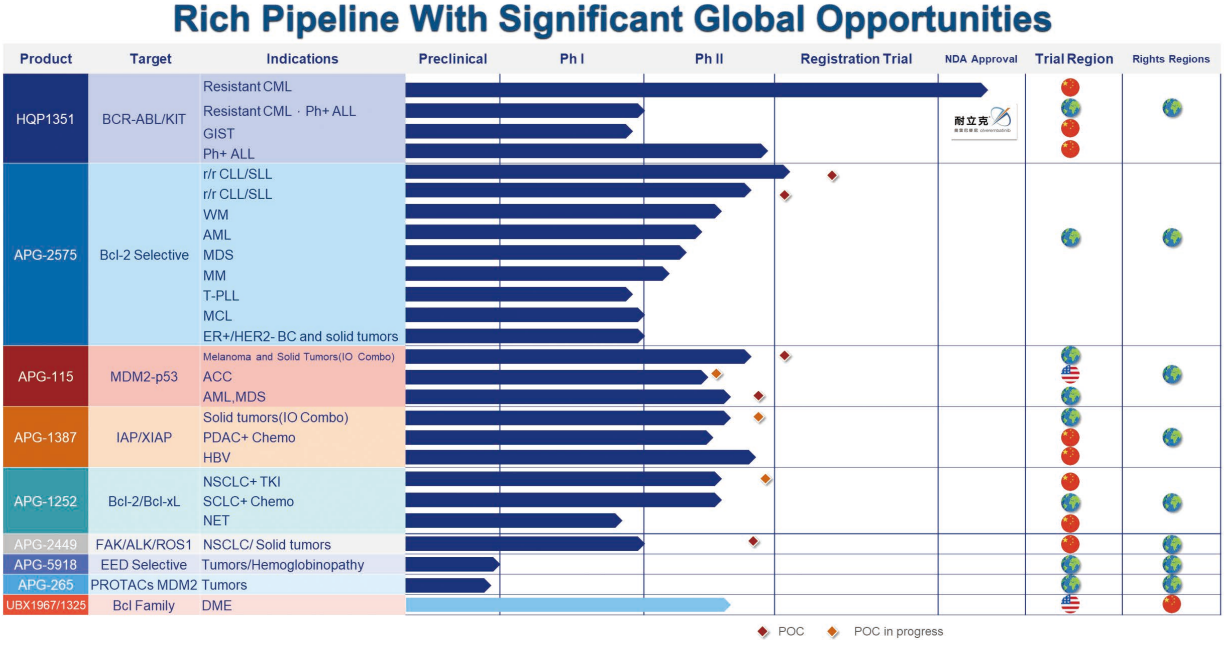
OVERVIEW

We are a China-based, globally focused, clinical-stage biotechnology company engaged in developing novel therapies for cancers, CHB (Chronic hepatitis B), 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 core product, Olverembatinib, which is a third generation BCR-ABL inhibitor targeting a broad spectrum of BCR-ABL mutants, including those with the T315I mutation, has received the NDA approval and has entered into commercial stage.

Ascentage Pharma has its own platform for developing therapeutics that inhibit protein-protein interactions to restore apoptosis or programmed cell death. The Company has built a pipeline of eight type I small molecule clinical drug candidates which have entered the clinical development stage, including novel, highly potent Bcl-2, and dual Bcl-2/Bcl-xL inhibitors, as well as candidates aimed at IAP and MDM2-p53 pathways, and next-generation tyrosine kinase inhibitors (TKIs). Ascentage Pharma is also, as at the date of this announcement, the only company in the world with active clinical programs targeting all three known classes of key apoptosis regulators. The Company is conducting more than 50 Phase I/II clinical trials in China, the United States, Australia and Europe.

Product Pipeline

We have a pipeline of eight clinical stage small molecule drug candidates. The following table summarizes our pipeline and the development status of each candidate as at December 31, 2021:



BUSINESS REVIEW

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

Core Product Candidate

HQP1351 (Olverembatinib)

Our Core Product, HQP1351 (Olverembatinib), is a third generation BCR-ABL inhibitor targeting BCR-ABL mutants, including those with the T315I mutation. Olverembatinib is the first marketed third generation BCR-ABL inhibitor in China and is the only one targeted drug approved in treating CML patients with T315I mutation. Olverembatinib also received support from National Major New Drug Discovery and Manufacturing program. Additionally, Olverembatinib is a potentially best-in-class drug globally that fills an important unmet medical need in patients with CML harbouring T315I-mutations and the approval marks a major milestone of Ascentage Pharma being transformed into a commercial-stage company. Previously, Olverembatinib was accepted by CDE under the NMPA with "Priority Review" status and it was also granted a "Breakthrough Therapy Designation" by CDE. It was granted ODD for the treatment of CML, AML, ALL and a Fast-Track Designation for the treatment of CML with certain genetic markers who have failed to respond to treatments with existing TKIs.

The current progress of Olverembatinib in 2021 are as follows:

- In March 2021, Olverembatinib was granted a Breakthrough Therapy Designation by CDE.

- In November 2021, Olverembatinib was approved by the NMPA for the treatment of adult patients with tyrosine kinase inhibitor (TKI)-resistant chronic phase chronic myeloid leukemia (CML-CP) or accelerated-phase CML (CML-AP) harboring the T315I mutation as confirmed by a validated diagnostic test.

- Meanwhile, the European Medicines Agency (EMA) has also granted the Olverembatinib an ODD for the treatment of chronic myeloid leukemia (CML) in November 2021.

- The FDA has also granted Olverembatinib an ODD for the treatment of AML in December 2021. Also, we received another ODD for the treatment of ALL(Acute Lymphocytic Leukemia) in March 2022.

- The positive data from phase I study for patients with long-term follow-up and pivotal phase II clinical studies of Olverembatinib was presented at the 63rd American Society of Hematology (ASH) Annual Meeting in December 2021. This is the fourth consecutive time where Olveremabatinib was selected for oral presentation at the ASH Annual Meetings.

- The third pivotal study in CML patients who are resistant/intolerant to first and second generation TKIs is ongoing. The enrollment of this study has been completed in the first half of 2021. We expect to complete the data analysis about this research and submit a full-approval NDA application for Olverembatinib for CML indication in the end of 2022.

- In addition, a phase Ib clinical trial with Olverembatinib for treatment of patients with CML and Philadelphia Chromosome positive ALL (Ph + ALL) who are TKI resistant is being conducted in the United States. Preliminary data has demonstrated that Olverembatinib is efficacious and well-tolerated in patients with CML who have shown resistance/intolearance to other TKI inhibitors including Ponatinib. We will continue to consult with the FDA on global pivotal phase II registration study.

- In a phase I study for the treatment of patients with GIST in China, HQP1351 (Olverembatinib) demonstrated a favorable safety profile and, in certain subtypes, good efficacy. Part of the clinical data from this study is expected to be reported at an upcoming academic meeting.

Key Product Candidates

APG-2575

APG-2575 is a novel, oral Bcl-2 inhibitor developed to treat a variety of hematologic malignancies and solid tumors by selectively blocking Bcl-2 to restore the normal apoptosis process in cancer cells. APG-2575 is also the first made-in-China Bcl-2 selective inhibitor to enter clinical trials. APG-2575 is also the second Bcl-2 selective inhibitor entering registration clinical trial stage globally. Currently, APG-2575 had received clearances and approvals for 18 phase Ib/II clinical studies in China, the United States, Australia and Europe. Patients enrolled include those suffering from diseases such as chronic lymphocytic leukemia (CLL), non-Hodgkin's lymphoma (NHL), acute myeloid leukemia (AML), multiple myeloma (MM), Waldenstrom macroglobulinemia (WM) and breast cancers. A total of 18 phase I/II clinical studies are being studied or have been completed globally. Over 300 subjects have been treated with single-agent APG-2575 at doses ranging from 20 mg to 1,200 mg. More than 190 patients with relapsed/refractory CLL (r/r CLL) have been treated with APG-2575. Furthermore, the FDA has granted five ODDs to APG-2575 for the treatment of patients with follicular lymphoma (FL), Waldenstrom macroglobulinemia (WM), chronic lymphocytic leukemia (CLL), multiple myeloma (MM), and acute myeloid leukemia (AML).

The current progress of the APG-2575 in 2021 are as follows:

- In December 2021, the phase II pivotal study of the novel Bcl-2 selective inhibitor under the development of APG-2575, for the treatment of relapsed/refractory chronic lymphocytic leukemia/small lymphocytic lymphoma (r/r CLL/SLL) has been approved by the CDE in China. First patient has been dosed in March 2022.

- In June 2021, our IND application was cleared by the FDA for a clinical study of APG-2575 as a single agent or in combination with other antitumor therapies for the treatment of patients with advanced estrogen receptor-positive (ER+) breast cancer or other solid tumors.

- In November 2021, we have entered into a clinical trial collaboration and supply agreement with Pfizer Inc. to develop combination strategies with APG-2575 and Pfizer's IBRANCE® (palbociclib), a CDK4/6 inhibitor, in the treatment of patients with recurrent, locally advanced or metastatic estrogen receptor-positive (ER+), human epidermal growth factor eceptor 2-negative (HER2-) breast cancer. First patient has been dosed.

- The monotherapy part of a phase Ib study for the treatment of patients with AML, MDS has been finished and the combination part is ongoing.

- The monotherapy part of a phase Ib study for the treatment of patients with MM has been finished and the combination part is ongoing.

- All three arms of the phase Ib/II study for the treatment of patients with WM are close to the end of dose escalation.

- In June 2021, the promising data from first-in-human phase I clinical studies of APG-2575 was presented orally at the ASCO Meeting. Preliminary results have shown that an objective response rate (ORR) of 80% has been reached in the evaluable r/r CLL/SLL patients. No dose limited toxicity (DLT) has been reported and the maximum tolerated does (MTD) has not been reached, even in 1,200 mg dose level, which shows that APG-2575 has a much better safety profile in the same class of drugs. Most treatment-related adverse events (TRAEs) were of Grade 1 or 2. Limited cases of neutropenia and thrombocytopenia were reported.

- In December 2021, the promising data from the phase I Study of APG-2575 in China was presented at the ASH Meeting. The preliminary results have showed that 100% objective response rate (ORR) has been reached in all 6 patients with CLL who have received lisaftoclax at doses ≥ 200 mg, including 1 complete response (CR) and 5 partial responses (PRs).

We expect to release the partial data of APG-2575 in combination with the BTK inhibitor Acalabrutinib by the end of 2022. The relevant clinical data of AML is expected to be released in the fourth quarter in 2022 or in the first quarter in 2023. We will consult with FDA on proposed global pivotal phase II registration study and consult with CDE on proposed pivotal phase II registration study. We expect to complete the enrollment for pivotal phase II trial of APG-2575 for the treatment of patients with r/r CLL/SLL in China in the first half of 2023.

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

APG-115

APG-115 is an orally bioavailable, highly selective, small molecule inhibitor of the MDM2-p53 Protein–protein interactions. APG-115 was designed to activate p53 by blocking the MDM2-p53 interaction. It is undergoing multiple clinical studies in China, the United States, and Australia as a single agent or in combination with immunotherapy or chemotherapy in treating solid tumors as well as hematological malignancies. The FDA has granted six ODDs to APG-115 for the treatment of soft tissue sarcoma, gastric cancer (GC), AML, Retinoblastoma, stage IIB-IV melanoma as well Neuroblastoma.

We are currently enrolling patients in several clinical studies of APG-115 in the United States:

- A phase Ib/II study in combination study with pembrolizumab (in collaboration with Merck).

- A phase Ib/II study of APG-115 alone or in combination with azacytidine in AML/MDS/CMML (chronic myelomonocytic leukemia).

- An investigator-initiated monotherapy phase I/II study for treatment of salivary gland cancer.

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

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

- A phase Ib monotherapy study followed by a combination study with azacytidine or cytarabine in R/R MDS or AML.

The current progress of APG-115 in 2021 are as below:

- In September 2021 alrizomadlin (APG-115) has been granted a Fast Track Designation (FTD) by the FDA for the treatment of patients with unresectable or metastatic melanoma, relapsed/refractory to prior immuno-oncologic agent (IO) treatments.

- At the 2021 annual meeting of ASCO, as well as Society of Melanoma Research, we reported the latest results of a phase II clinical study of APG-115 in combination with pembrolizumab. The results demonstrated promising antitumor activity and good tolerability, and specifically in the PD-1/PD-L1 inhibitor-resistant melanoma cohort reported 1 patient with complete response (CR), an objective response rate (ORR) of 24.1%, and a disease control rate (DCR) of 55.2%.

- In May 2021, we initiated a trial of APG-115 in combination with PD-1 Inhibitor in patients with advanced liposarcoma or advanced solid tumors. First patient has been dosed for this trial.

We expect to complete enrollment of the melanoma cohort for the study of APG-115 in combination with pembrolizumab by the end of 2022. In addition, the team will prepare for a discussion with the FDA on pivotal phase II registration study design. Furthermore, clinical results of APG-115 monotherapy and in combination with azacytidine/cytarabine in AML/MDS will be released in 2022.

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APG-1252 (pelcitoclax)

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

A total of 186 patients have been treated with APG-1252 as a monotherapy or in combination with other anti-tumor agents. Three phase I single agent dose-escalation/dose expansion trials in patients with SCLC and other advanced solid tumors were conducted in the United States, Australia and China, respectively. APG-1252 was well tolerated with either weekly or biweekly intermittent dosing schedules. Preliminary anti-tumor activity was observed in heavily pretreated patients.

APG-1252 is currently under investigation 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 study of APG-1252 plus osimertinib in patients with NSCLC in China;

- A phase Ib study of APG-1252 as a monotherapy in neuroendocrine tumors from pancreas or other parts of the gastrointestinal tract; and

- A phase Ib/II study of APG-1252 as a single agent or in combination with other therapeutic agents in patients with relapsed and/or refractory NHL.

The current progress of APG-1252 development in 2021 are as follows:

- The phase Ib data of APG-1252, in combination with osimertinib in patients with epidermal growth factor receptor tyrosine kinase inhibitor (EGFR TKI) resistant NSCLC, was released at a Mini Oral Session at the 2021 World Conference on Lung Cancer (WCLC). The results showed that the combination treatment at RP2D was safe and well tolerated. The preliminary efficacy was observed in osimertinib-resistant NSCLC patients. In osimertinib-naive patients, including the second-line patients with the EGFR T790M mutation or Exon 20 insertion, APG-1252 showed similar efficacy compared with navitoclax when combined with osimertinib.

- In July 2021, Ascentage Pharma entered into a Cooperative Research and Development Agreement (CRADA) with the US National Cancer Institute (NCI), under which we will collaborate on the clinical and non-clinical development of APG-1252 and conduct a series of clinical trials to evaluate the safety and efficacy of APG-1252 in the treatment of solid tumors.

In addition, we plan to release the data for APG-1252 in combination with paclitaxel for the treatment of SCLC patients in the near-term during 2022.

Cautionary Statement required by Rule 18A.05 of the Listing Rules: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET APG-1252 SUCCESSFULLY.

Other Clinical or IND-stage Candidates

APG-1387

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

As of December 31, 2021, a total of 218 patients were enrolled and treated in the whole APG-1387 program. The current progress of APG-1387 in 2021 are as follows:

As for the two HBV studies:

- We have already completed a phase I study for the treatment of patients with CHB.

- The stage 1 safety evaluation of APG-1387 in combination with Entecavir (ETV) for a phase II study has completed. With well-tolerated safety data, the study moved forward to stage 2, efficacy evaluation of APG-1387 in combination with ETV compared to ETV monotherapy.

For other studies:

- A phase I clinical trial in the United States, testing combination of APG-1387 with pembrolizumab, an anti-PD-1 mAb in solid tumors is ongoing. The patient enrollment is expected to be completed in 2022.

- 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 as well. The phase Ib patient enrollment has been completed and the trial has entered into phase II.

- A phase I/II study that aims to investigate the combination of APG-1387 with chemotherapy, Nab-paclitaxel and Gemcitabine for treating advanced pancreatic cancer. First patient has been dosed in March 2021.

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APG-2449

APG-2449 is a novel, orally active, small molecule FAK/ALK/ROS1 triple ligase kinase inhibitor designed and developed by Ascentage Pharma. It is the first third-generation ALK inhibitor being developed in China. Pre-clinical data indicated that it is a third-generation ALK inhibitor, and emerging clinical data demonstrated the efficacy signal in patients who failed 2nd generation ALK TKI treatment. It is a very potential novel anticancer drug targeting FAK-expressing tumors and/or ALK/ROS1 fusion gene-positive non-small cell lung cancer.

Mechanistically, APG-2449 dose-dependently inhibited the expression of phosphorylated ALK protein (P-ALK) and its downstream proteins in Ba/F3 cells harboring ALK WT or EML4-ALK L1196M mutation. It was confirmed that APG-2449 inhibited the proliferation of tumor cells by inhibiting the ALK pathway.

The current clinical development of APG-2449 is as follows:

- Dose Escalation study was completed for phase I study in which patients with NSCLC or other solid tumor were enrolled. Enrollment is ongoing for Dose Expansion Cohorts for efficacy assessment in different patient population. The clinical result of the phase I study will be published in the coming medical conference. Based on the preliminary efficacy result of phase I study, the engagement with CDE for pivotal phase II registration study design is to be kicked off in 2022.

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Lead Pre-clinical Assets

EED inhibitor APG-5918

APG-5918 is a potent, orally available, and selective EED inhibitor with a best-in-class potential. APG-5918 demonstrated substantial activities in biochemical assay. Through on-target inhibition of H3K27me3, APG-5918 exerted potent antiproliferative activity in cancer cell lines and impressive antitumor activity in xenograft tumor models of both hematological malignancies and solid tumors carrying specific mutations. In addition, APG-5918 demonstrated potential for treating beta hemoglobinopathy, including sickle cell disease and β-thalassemia. APG-5918 showed overall favorable DMPK and TOX profiles. The IND filing to the FDA will be completed in the second quarter of 2022.

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 by the Proteolysis-Targeting Chimeras (PROTACs) technology. The clinical candidate APG-265 efficiently degraded MDM2 at a nanomolar concentration and has demonstrated potent antitumor activity in xenograft tumor models. APG-265 is currently in the IND-enabling stage and is developed for treatment of hematological malignancies and solid tumors. It is anticipated that the IND application will be submitted to the FDA in early 2023.

Discovery programs

Bcl-2 selective inhibitor

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

RESEARCH AND DEVELOPMENT

We have a proven track record of researching, developing and commercializing biopharmaceuticals. We plan to continue to diversify and expand our product pipeline through both in-house research and development and through collaboration with biotechnology and pharmaceutical companies, as well as academic institutions. We have an experienced scientific advisory board, chaired by Dr. Wang, 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 years ended December 31, 2020 and 2021, our research and development expenses were RMB564.6 million and RMB766.5 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, 2021, we had 178 issued patents and more than 600 patent applications globally, among of which, about 135 patents had been issued overseas.

COMMERCIALIZATION

We attach great importance to building Ascentage Pharma's commercialization capability, including developing commercialization strategies and effective commercialization structure. So far, we have established a commercialization team of around 100 people and will continue to expand our recruitment. Meanwhile, all the key positions in the commercialization team have been filled. The team includes functions such as sales, marketing, market access, channel management, sales force effectiveness and sales training to ensure the success of Olverembatinib's commercialization.

We have formed a joint promotion team with Innovent to achieve 80% coverage of the Chinese CML potential market upon commercialization, including 800 hospitals. We planned to further increase coverage to 1,200 hospitals after being included in the National Reimbursement Drug List (NRDL).

In 2021, Ascentage Pharma has formed strategic alliance relationships with three major sales distribution pharmaceutical groups including Sinopharma Group, Shanghai Pharmaceuticals Holding Co., Ltd and China Resources Pharmaceutical Group Limited. Leveraging the sales distribution networks of various companies, we delivered the drugs across China as soon as the supply of Olverembatinib was production released.

After entering the market for two months, Olverembatinib was included in the Huimin Commercial Insurance in 10 cities. Among them, South Taihu Health Insurance in Huzhou took the lead and did so in the first month after Olverembatinib was approved. We expect Olverembatinib to enter into Huimin Commercial Insurance projects of more cities in 2022.

BUSINESS DEVELOPMENT

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

In July 2021, we have entered into a multifaceted strategic collaboration with Innovent Biologics, Inc. This collaboration involves (i) the grant by Ascentage Pharma HK and Healthquest Parma to Innovent Suzhou the right to develop and commercialize HQP1351 (Olverembatinib) in the mainland China, Hong Kong, Macau and Taiwan; and (ii) the joint development and conducting of clinical trials between Ascentage Suzhou and Innovent Suzhou of the combination therapy involving our Bcl-2 inhibitor APG-2575 with Innovent Suzhou's anti-CD20 monoclonal antibody HALPRYZA® (rituximab injection) and anti-CD47 monoclonal antibody IBI188 (letaplimab) for the treatment of certain indications. Furthermore, Innovent has subscribed for 8,823,863 Shares at a total consideration of US$50 million (HK$44.0 per Share) (the completion of which took place on July 23, 2021), and will subscribe for 6,787,587 Warrants (conferring the rights to subscribe for an aggregate of 6,787,587 Shares (subject to adjustments), and the Warrants and the Warrant Shares upon the exercise thereof will be issued under the specific mandate which was approved by the the Shareholders at the extraordinary general meeting of the Company held on September 20, 2021. This collaboration is a large-scale multifaceted collaboration between two leading Chinese innovative biopharmaceutical companies.

In July 2021, we have also entered into a Cooperative Research and Development Agreement (CRADA) with the National Cancer Institute (NCI), part of the National Institutes of Health, under which we will collaborate on the non-clinical and clinical development of Ascentage Pharma's drug compound APG-1252.

In July 2021, our global licensee, Unity has reported positive data from a phase I clinical study of UBX1325, an investigational Bcl-xL inhibiting compound, in patients with certain advanced vascular eye diseases, and has already dosed the first patient in the subsequent phase IIa clinical study. According to the terms of the licensing agreement previously entered into between Unity and us, this progress in clinical development qualifies Ascentage Pharma for a milestone payment in the amount of US$2 million, which was paid in Unity common stock in 2021.

In November 2021, we have entered into a clinical trial collaboration and supply agreement with Pfizer Inc. to develop the combination of lisaftoclax (APG-2575), in combination with Pfizer's IBRANCE® (palbociclib), a CDK4/6 inhibitor, in the treatment of patients with recurrent, locally advanced or metastatic estrogen receptor-positive (ER+), human epidermal growth factor receptor 2-negative (HER2-) breast cancer.

In December 2021, we have entered into a clinical collaboration with Clover Biopharmaceuticals (Hong Kong) Co., Limited, a wholly-owned subsidiary of Clover to evaluate Ascentage Pharma's APG-1387, a second mitochondria-derived activator of caspase (SMAC)-mimetic/IAP antagonist, in combination with Clover's SCB-313, a recombinant human TRAIL-trimer fusion protein, in a phase Ib/II study in patients with advanced peritoneal carcinomatosis.

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

The construction area of our Suzhou manufacturing facility is more than 20,000 square meters, and the manufacturing capacity for both oral solid tablets and capsules is up to 250 millions of dosage units per year. We also keep manufacturing capability for injectable drug products including lyophilized formulation at Suzhou manufacturing facility. Currently equipment installation and qualification are ongoing. It is expected that Production Permit can be applied and will be approved by the relevant government authority during the third to the fourth quarter of 2022, and clinical and/or registration batch manufacturing will be initiated afterwards in the future.

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

EXPECTED COVID-19 IMPACT

Due to the scope and duration of the COVID-19 pandemic, the Company expects continued negative impact on its global operations, including clinical trial recruitment and participation, regulatory interactions, drug supply and manufacturing and R&D facility construction.

In addition, because of the prevalence of variants to COVID-19, and as we operate both in China and the rest of the world, we expect restrictions or other measures which cause significant restrictions on domestic and international travel, the re-imposition of quarantine policies and other restrictions on many business and household activities, may have continuing impact on our global operations. The potential economic impact caused by COVID-19 and its variants on both the Chinese and United States economies may be difficult to assess or predict, and its actual effects will depend on various factors beyond our control.

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

We continue to 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 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
REVENUE	*4*	**27,910**	12,450
Cost of sales		**(3,328)**	(1,966)
Gross profit		**24,582**	10,484
Other income and gains	*4*	**168,056**	45,265
Selling and distribution expenses		**(47,748)**	(1,372)
Administrative expenses		**(143,513)**	(128,970)
Research and development expenses		**(766,491)**	(564,571)
Other expenses		**(50,404)**	(30,029)
Finance costs		**(16,731)**	(6,255)
LOSS BEFORE TAX	*5*	**(832,249)**	(675,448)
Income tax credit/(expense)	*6*	**49,825**	(2,158)
LOSS FOR THE YEAR		**(782,424)**	(677,606)
Attributable to:			
Owners of the parent		**(782,424)**	(677,606)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For loss for the year (RMB)	*8*	**(3.07)**	(3.14)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2021

	2021	2020
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(782,424)**	(677,606)
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	**(31,278)**	(63,203)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(31,278)**	(63,203)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(813,702)**	(740,809)
Attributable to:		
Owners of the parent	**(813,702)**	(740,809)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2021

	Notes	**2021**	2020
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**797,029**	434,405
Right-of-use assets		**47,339**	42,596
Goodwill		**24,694**	24,694
Other intangible assets		**60,411**	66,405
Investment in a joint venture		**16,200**	—
Financial assets at fair value through profit or loss ("**FVTPL**")		**11,645**	31,774
Deferred tax assets		**51,648**	—
Other non-current assets		**45,814**	52,121
Total non-current assets		**1,054,780**	651,995
CURRENT ASSETS			
Inventories		**3,930**	—
Trade receivables	*10*	**53,968**	—
Prepayments, other receivables and other assets		**83,561**	54,644
Cash and bank balances		**1,743,821**	1,024,400
Total current assets		**1,885,280**	1,079,044
CURRENT LIABILITIES			
Trade payables	*11*	**70,861**	23,361
Other payables and accruals		**194,183**	188,565
Contract liabilities		**24,358**	43
Interest-bearing bank and other borrowings		**49,451**	50,561
Derivative financial instruments		**22,256**	—
Tax payable		**—**	3,557
Other current liabilities		**—**	10,061
Total current liabilities		**361,109**	276,148
NET CURRENT ASSETS		**1,524,171**	802,896
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,578,951**	1,454,891

	Notes	**2021**	2020
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Contract liabilities		**207,979**	4
Interest-bearing bank and other borrowings		**1,034,839**	479,134
Deferred tax liabilities		**13,753**	15,355
Long-term payables		**52,343**	73,574
Deferred income		**35,300**	40,203
Total non-current liabilities		**1,344,214**	608,270
Net assets		**1,234,737**	846,621
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**178**	154
Treasury shares		**(3)**	(4)
Capital and reserves		**1,234,562**	846,471
Total equity		**1,234,737**	846,621

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

2.1 BASIS OF PREPARATION

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond June 30, 2021 (early adopted)*

The nature and the impact of the revised IFRSs are described below:

(a) 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 risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities 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 did not have any significant impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical

expedient are met. The amendment is effective retrospectively for annual periods beginning on or after April 1, 2021 with any cumulative effect of initially applying the amendment recognized as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on January 1, 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

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*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contract*[2, 4]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after January 1, 2022

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

3 No mandatory effective date yet determined but available for adoption

4 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 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is 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 *Classification of Liabilities as Current or Non-current* 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 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

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

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

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.

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 and sales 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.

Geographical information

(a) Revenue from external customers

	2021	2020
	RMB'000	*RMB'000*
United States	**12,945**	10,739
Mainland China	**14,965**	1,711
	27,910	12,450

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

(b) Non-current assets

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**990,266**	617,368
United States	**965**	2,486
Others	**256**	367
	991,487	620,221

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

Information about major customers

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

	2021	2020
	RMB'000	*RMB'000*
Customer A	**12,945**	10,739
Customer B	**9,522**	—
	22,467	10,739

4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

Revenue from contracts with customers

Disaggregated revenue information

	2021	2020
	RMB'000	*RMB'000*
Types of goods or services		
Sales of pharmaceutical products	**5,443**	—
Research and development service fee income	**—**	2,574
License fee income	**22,467**	9,876
	27,910	12,450
Timing of revenue recognition		
At a point in time		
Sales of pharmaceutical products	**5,443**	—
Patented IP license fee income	**12,902**	9,830
Over time		
Research and development service fee income	**—**	2,574
Compounds Library license fee income	**43**	46
Commercialization license fee income	**9,522**	—
	27,910	12,450

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

	2021	2020
	RMB'000	*RMB'000*
Type of service		
Compounds Library license fee income	**43**	46

Other income and gains

	2021	2020
	RMB'000	*RMB'000*
Government grants related to income	**63,335**	20,488
Gain on disposal of financial assets at FVTPL	**5,972**	2,360
Fair value gain on derivative financial instruments	**81,597**	—
Foreign exchange gain, net	**9,912**	17,089
Bank interest income	**7,106**	5,218
Others	**134**	110
	168,056	45,265

5. LOSS BEFORE TAX

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

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold	**747**	—
Cost of services provided	**2,581**	1,966
Depreciation of property, plant and equipment	**10,775**	10,556
Depreciation of right-of-use assets	**10,343**	9,524
Amortization of intangible assets	**7,208**	7,342
Research and development costs	**766,491**	564,571
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**339,988**	258,855
Equity-settled share-based payments	**46,971**	74,027
Pension scheme contributions (defined contribution scheme)*	**21,933**	9,726
	408,892	342,608
Fair value (gains)/losses, net:		
Long-term payables	**17,916**	22,326
Derivative financial instruments	**(81,597)**	—
Financial assets at FVTPL	**26,859**	6,105
Loss on disposal of items of property, plant and equipment	**34**	2
Lease payments not included in the measurement of lease liabilities	**251**	303
Auditors' remuneration	**2,580**	2,450
Foreign exchange gain, net	**(9,912)**	(17,089)

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

6. INCOME TAX CREDIT/(EXPENSE)

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,	
	2021	2020
	RMB'000	*RMB'000*
Current	**3,425**	3,760
Deferred	**(53,250)**	(1,602)
Total income tax (credit)/expense for the year	**(49,825)**	2,158

7. DIVIDENDS

The board of directors resolved not to declare any final dividend for the year ended December 31, 2021 (2020: 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 254,615,322 (2020: 215,909,150) 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, 2021 and 2020 in respect of a dilution as the impact of the options and warrants outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(782,424)**	(677,606)

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**254,615,322**	215,909,150

9. PROPERTY, PLANT AND EQUIPMENT

At December 31, 2021, the buildings with a net carrying amount of approximately RMB406,945,000 (2020:Nil) and the construction in progress with a net carrying amount of approximately RMB362,859,000 (2020: RMB406,560,000) were pledged to secure general banking loans of the Group. The amount of borrowing costs capitalized at December 31, 2021 was approximately RMB20,903,000 (2020: RMB5,227,000). The amount of borrowing costs eligible for capitalization is determined by the interest rate of a specific borrowing, which fell in the range from 4.8% to 5% for the year ended December 31, 2021.

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 45 days, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

For the trade receivables generated from the sales of pharmaceutical products, to which the customers have similar loss patterns, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due, and the calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. As at December 31, 2021, trade receivables generated from the sales of pharmaceutical products were expected to be recovered on time.

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

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
Within 1 month	**53,968**	—

11. TRADE PAYABLES

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

	As at December 31,	
	2021	2020
	RMB'000	*RMB'000*
Within 1 month	**44,273**	19,104
1 to 3 months	**6,159**	700
3 to 6 months	**16,757**	3,557
6 to 12 months	**3,672**	—
	70,861	23,361

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

12. SHARE CAPITAL

In connection with the 2021 Placing (as defined below), 26,500,000 placing shares of the Company were issued and allotted at a price of HK$44.20 per share on February 11, 2021.

Pursuant to the board meeting's resolution passed on July 13, 2021, a total of 8,823,863 shares have been successfully allotted and issued by the Company to Innovent Biologics, Inc. at the price of HK$44.00 per share on July 23, 2021.

During the year ended December 31, 2021, the Company issued ordinary shares with respect to the share options under the pre-IPO share option scheme exercised by certain grantees of the Company before December 31, 2021 to such grantees. In connection with the exercised share options, 2,588,201 new shares of the Company were issued with weighted average exercise price of HK$0.01, an amount of RMB1,664 was credited as share capital.

On July 23, 2021, the Company issued ordinary shares with respect to the restricted shares under the 2021 RSU Scheme exercised by certain selected persons of the Company before December 31, 2021 to selected persons. Pursuant to which 68,208 new shares of the Company were issued, an amount of RMB44 was credited as share capital.

In November 2021, the Company repurchased 1,141,700 shares of the Company pursuant to the general mandate to repurchase shares granted by the shareholders of the Company to the Board at the annual general meeting of the Company held on May 10, 2021.

FINANCIAL REVIEW

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Revenue	**27,910**	12,450
Other income and gains	**168,056**	45,265
Selling and distribution expenses	**(47,748)**	(1,372)
Research and development expenses	**(766,491)**	(564,571)
Administrative expenses	**(143,513)**	(128,970)
Finance costs	**(16,731)**	(6,255)
Other expenses	**(50,404)**	(30,029)
Loss for the year	**(782,424)**	(677,606)
Total comprehensive loss for the year	**(813,702)**	(740,809)

1. Overview

For the year ended December 31, 2021, the Group recorded revenue of RMB27.9 million, as compared with RMB12.5 million for the year ended December 31, 2020, and the total comprehensive loss of RMB813.7 million, as compared with RMB740.8 million for the year ended December 31, 2020. The loss of the Group was RMB782.4 million for the year ended December 31, 2021, as compared with RMB677.6 million for the year ended December 31, 2020, the increase in which was primarily due to the increase of research and development expenses. The selling and distribution expenses of the Group was RMB47.7 million for the year ended December 31, 2021, as compared with RMB1.4 million for the year ended December 31, 2020, the significant increase is attributable to the commencement of the commercialization of HQP1351 by the Group in 2021. The research and development expenses of the Group was RMB766.5 million for the year ended December 31, 2021, as compared with RMB564.6 million for the year ended December 31, 2020. The administrative expenses of the Group was RMB143.5 million for the year ended December 31, 2021 as compared with RMB129.0 million for the year ended December 31, 2020.

2. Revenue

For the year ended December 31, 2021, the Group generated revenue of RMB27.9 million from the sales of pharmaceutical products, commercialization license fee income from Innovent Suzhou and patented IP license fee income from Unity, as compared to RMB12.5 million for the year ended December 31, 2020, representing an increase of RMB15.4 million, or 123.2%, since we have commercialized our core product Olverembatinib. We also entered into the strategic collaboration with Innovent and the license fee income from Innovent will be amortized over the co-commercialization period.

3. Other Income and Gains

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

For the year ended December 31, 2021, other income and gains of the Group increased by RMB122.8 million, or 271.1% to RMB168.1 million, from RMB45.3 million for the year ended December 31, 2020, primarily due to (i) the increase in government grants related to income to RMB63.3 million for the year ended December 31, 2021, as compared with RMB20.5 million for the year ended December 31, 2020; (ii) the increase in fair value gain on derivative financial instruments to RMB81.6 million for the year ended December 31, 2021, which arose from the Warrants subscribed by Innovent on July 14, 2021, as compared with no fair value gain for the year ended December 31, 2020; (iii) the increase in gain on disposal of financial assets at FVTPL of the Group to RMB6.0 million for the year ended December 31, 2021, as compared with RMB2.4 million for the year ended December 31, 2020; (iv) the increase in interest income on term deposit at banks of the Group to RMB7.1 million for the year ended December 31, 2021, as compared with RMB5.2 million for the year ended December 31, 2020; (v) partially offset by the decrease in foreign exchange gain to RMB9.9 million for the year ended December 31, 2021, as compared to the foreign exchange gain of RMB17.1 million for the year ended December 31, 2020.

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, 2021, the selling and distribution expenses of the Group increased significantly by RMB46.3 million to RMB47.7 million, as compared to RMB1.4 million for the year ended December 31, 2020. The increase was attributable to the increase in selling and distribution expenses incurred by the sales team in the commercialization of HQP1351.

5. Research and Development Expenses

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

For the year ended December 31, 2021, the research and development expenses of the Group increased by RMB201.9 million, or 35.8% to RMB766.5 million from RMB564.6 million for the year ended December 31, 2020. The increase was primarily attributable to additional clinical trials of the Company's drug candidates, material costs and increased research and development headcount.

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

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Internal research and development expenses	**174,134**	97,599
External research and development expenses	**107,635**	93,843
Staff costs	**290,347**	233,579
IP expenses	**15,265**	16,757
Materials	**91,523**	35,954
Depreciation and amortization	**14,633**	15,719
Share option and RSU expenses of R&D staff	**33,790**	48,480
Others	**39,164**	22,640
Total	**766,491**	564,571

6. Administrative Expenses

For the year ended December 31, 2021, the administrative expenses of the Group increased by RMB14.5 million, or 11.2% to RMB143.5 million from RMB129.0 million for the year ended December 31, 2020. The increase was primarily attributable to the increase in other administrative expenses as a result of the increased expenses of business travel and meeting caused by increased number of employees, along with the increased expenses of consulting and other professional services. The following table sets forth the components of our administrative expenses for the periods indicated.

	Year ended December 31,	
	2021	2020
	RMB'000	*RMB'000*
Share option and RSU expenses	**12,120**	25,547
Staff costs	**67,887**	54,581
Depreciation and amortization	**13,365**	11,703
Others	**50,141**	37,139
Total	**143,513**	128,970

7. Finance Costs

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

For the year ended December 31, 2021, the finance costs of the Group increased by RMB10.4 million, or 165.1% to RMB16.7 million from RMB6.3 million for the year ended December 31, 2020. The increase was primarily attributable to additional interest incurred in relation to bank borrowings.

8. Other Expenses

The Group's other expenses mainly consisted of (i) fair value loss on financial assets at FVTPL; (ii) fair value loss on long-term payables in relation to our acquisition of Healthquest Pharma in December 2016; and (iii) donations.

For the year ended December 31, 2021, the Group reported other expenses of RMB50.4 million, as compared to other expenses of RMB30.0 million for the year ended December 31, 2020, which represented an increase of RMB20.4 million, or 68.0%. The increase was primarily attributable to: (i) the increase of fair value loss on financial assets at FVTPL from RMB6.1 million for the year ended December 31, 2020 to RMB26.9 million for the year ended December 31, 2021; (ii) the increase of donations from RMB1.0 million for the year ended December 31, 2020 to RMB5.2 million for the year ended December 31, 2021; and (iii) partially offset by the decrease of fair value loss on long-term payables from RMB22.3 million for the year ended December 31, 2020 to RMB17.9 million for the year ended December 31, 2021.

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

The loss on fair value of the long-term payables was a non-cash adjustment that represented the change in fair value of contingent consideration payable in relation to the acquisition of Healthquest Pharma in December 2016. The measurement of long-term payables changed from fair value to amortized cost since HQP1351 has been approved for commercialization by the China National Medical Products Administration.

9. Loss for the Reporting Period

As a result of the above factors, the loss of the Company increased by RM104.8 million, or 15.5%, to RMB782.4 million for the year ended December 31, 2021 from RMB677.6 million for the year ended December 31, 2020.

10. Cash Flows

For the year ended December 31, 2021, net cash outflows used in operating activities of the Group amounted to RMB604.7 million, as compared to that of RMB610.0 million for the year ended December 31, 2020, mainly due to the expansion of our research and development activities, partially offset by the license fee cash inflow from Innovent.

For the year ended December 31, 2021, net cash outflows used in investing activities of the Group amounted to RMB466.5 million, which mainly consisted of (i) the net increase in property, plant and equipment and other intangible assets of RMB436.3 million, (ii) payment of contingent consideration in relation to our acquisition of Healthquest Pharma in December 2016 of RMB20.0 million and investment in joint venture of RMB16.2 million (which is not material with respect to the Group). For the year ended December 31, 2020, net cash outflow from investing activities amounted to RMB107.4 million, which mainly consisted of (i) purchase of items of property, plant and equipment and other intangible assets of RMB251.5 million; and (ii) increase in time deposits of RMB139.5 million.

For the year ended December 31, 2021, net cash inflows from financing activities of the Group amounted to RMB1,781.4 million, which mainly consisted of net proceeds of RMB961.1 million* from issuance of shares through the 2021 Placing, net proceeds of RMB323.5 million from the subscription of Shares by Innovent and net borrowings of RMB548.5 million from banks. For the year ended December 31, 2020, net cash inflows from financing activities amounted to RMB1,040.0 million, which mainly consisted of net proceeds of RMB622.9 million* from the issuance of shares through the Global Offering and net borrowings of RMB432.8 million from banks.

* representing proceeds from issue of shares minus cash payment of share issue expenses recorded as a deduction of share premium for the years ended December 31, 2021 and December 31, 2020.

11. Key Financial Ratios

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

	As at December 31,	
	2021	2020
Current ratio[(1)]	**5.2**	3.9
Quick ratio[(2)]	**5.2**	3.9
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, 2020 and 2021, the Group's cash and bank balances exceeded the interest-bearing borrowings. As such, no gearing ratio as at December 31, 2020 and 2021 was presented.

12. Significant Investments

The Group subscribed for certain financial products (the "**Financial Products**") with an aim to effectively manage the net proceeds of the Company's 2021 Placing, the completion of which took place on February 11, 2021. As at December 31, 2021, all of the Financial Products have been redeemed and none of such net proceeds have been utilized. The Financial Products provide a reasonable and effective way to manage the unutilized net proceeds which are currently idle funds before the Company subsequently utilizes the same in accordance with the previously disclosed intended purposes as and when the clinical development or trials of the relevant product candidates progress over the course of 2022. As the Financial Products are principal protected in nature and are short-term, the risk exposure in connection with the expected return of the Financial Products is low, and the Group can enjoy a higher return on the unutilized net proceeds when compared with placing such idle funds in commercial banks as fixed term deposits prior to the actual planned utilization. For the avoidance of doubt, there is no change in the intended use of the net proceeds from the 2021 Placing as previously disclosed in the relevant announcement of the Company dated February 3, 2021 and the Company will gradually utilize the remaining amount of the net proceeds from the 2021 Placing in accordance with such intended purposes depending on actual business needs.

The Financial Products are part of the Group's financial assets at fair value through profit or loss, and as at December 31, 2021, the Group does not hold any Financial Products.

For further details of the Financial Products, please refer to the relevant announcement of the Company dated September 10, 2021.

Save as disclosed in this announcement, during the Reporting Period, there were no other significant investments held by the Group.

13. Foreign Exchange Risk

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

14. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures for the year ended December 31, 2021.

15. Bank Loans and Other Borrowings

As at December 31, 2021, we had bank loans of RMB1,066.4 million denominated in RMB and lease liabilities of RMB17.9 million.

As at December 31, 2021, RMB222.9 million of the Group's borrowings was at fixed interest rates.

	Effective interest rate per annum (%)	**Maturity**	**As at December 31, 2021** ***RMB'000***
Current			
Current portion of long term bank loans — unsecured	4.35–4.75	2022	16,950
Current portion of long term bank loans — unsecured	1 year LPR+0.55 to 0.9	2022	22,850
Lease liabilities	4.00–4.35	2022	9,651
			49,451
Non-current			
Bank loans — unsecured	4.35–4.75	2023–2026	205,900
Bank loans — unsecured	1 year LPR+0.55 to 0.9	2023–2025	422,900
Bank loans — secured*	5 year LPR+0.15	2023–2030	397,792
Lease liabilities	4.00–4.35	2023–2024	8,247
			1,034,839
			1,084,290

Note: LPR represents the Loan Prime Rate.

* The bank loans amounting to RMB397.8 million were secured by the pledge of the Group's right-of-use assets with a carrying amount of approximately RMB29.9 million, construction in progress with a carrying amount of approximately RMB362.9 million and buildings with a net carrying amount of approximately RMB406.9 million as at December 31, 2021. Such loans were also guaranteed by one of the Group's subsidiaries.

The unsecured bank loans amounting to RMB78.3 million (2020: RMB10.0 million) were guaranteed by one of the Group's subsidiary as at December 31, 2021.

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

	2021	2020
	RMB'000	*RMB'000*
Analysed into:		
Within one year	**49,451**	50,561
In the second year	**328,674**	24,025
In the third to fifth years, inclusive	**568,373**	297,054
Beyond five years	**137,793**	158,055
	1,084,291	529,695

16. Charges on Group Assets

As at December 31, 2021, the Group had pledged the Group's right-of-use assets with a carrying amount of approximately RMB29.9 million, the construction in progress with a carrying amount of approximately RMB362.9 million and the buildings with a carrying amount of approximately RMB406.9 million to bank facilities.

17. Contingent Liabilities

As at December 31, 2021, 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, 2021, the Group's cash and bank balances increased to RMB1,743.8 million from RMB1,024.4 million as at December 31, 2020. The increase primarily resulted from issuance of shares through the 2021 Placing, proceeds from the subscription of Shares by Innovent and borrowings from banks; partially offset by the expenditures incurred in the construction of our Suzhou facility.

As at December 31, 2021, the Group's cash and bank balances were held mainly in U.S. dollars, Hong Kong dollars and RMB.

As at December 31, 2021, the Group had not used any financial instruments for hedging purposes.

As at December 31, 2021, the current assets of the Group were RMB1,885.3 million, including cash and bank balances of RMB1,743.8 million, inventory balances of RMB3.9 million, trade receivable balances of RMB54.0 million and other current assets of RMB83.6 million. As at December 31, 2021, the current liabilities of the Group were RMB361.1 million, including trade payables of RMB70.9 million, other payables and accrued expenses of RMB194.0 million, derivative financial instruments of RMB22.3 million, borrowings of RMB49.5 million and contract liabilities of RMB24.4 million. As at December 31, 2021, the non-current liabilities of the Group were RMB1,344.2 million, including long term borrowings of RMB1,034.8 million, contract liabilities of RMB208.0 million, other long term payables and deferred income of RMB87.6 million and deferred tax liability of RMB13.8 million.

19. Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as at December 31, 2021 by function:

Function	**Number**	**%**
Research and Development	456	74.4
Commercial	78	12.7
Administrative and others	79	12.9
Total	**613**	**100.0**

As at December 31, 2021, we had 613 full-time employees, including a total of 88 employees with M.D. or Ph.D. degrees. Of these, 456 are engaged in full-time research and development and laboratory operations and 157 are engaged in full-time general and administrative and commercial functions, and business development function. Our research and development personnel includes 85 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, 2021, we had 225 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, 2020 and 2021, employee benefit expense amounted to RMB332.9 million and RMB388.2 million, respectively.

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

On May 17, 2021, the Company granted 374,692 RSUs under the 2021 RSU Scheme, representing 374,692 Shares to 32 selected persons, who are the employees of the Group. On September 20, 2021, the independent Shareholders of the Company at the extraordinary general meeting considered and approved the grant of an aggregate of 10,641 RSUs, 8,964 RSUs, 8,964 RSUs, 8,964 RSUs and 55,157 RSUs under the 2021 RSU Scheme, to certain selected persons who are connected persons of the Company under Chapter 14A of the Listing Rules, being Dr. David Sidransky (an independent non-executive Director), Mr. Ye Changqing (an independent non-executive Director), Dr. Yin Zheng (an independent non-executive Director), Mr. Ren Wei (an independent non-executive Director) and Mr. Zhu Gang (the chief commercial officer of the Company) respectively.

For further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the 2018 RSU Scheme, please refer to the section headed "Statutory and General Information — D. Employee Incentive Schemes" in Appendix IV to the Prospectus. For further details of the 2021 RSU Scheme and the grant of RSUs thereunder, please refer to the relevant announcements of the Company dated February 2, 2021, May 21, 2021, June 18, 2021, June 25, 2021, July 14, 2021 and July 23, 2021, as well as the circular of the Company dated August 31, 2021.

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 at December 31, 2021, we had 178 issued patents and more than 600 patent applications globally, among which, about 135 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 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 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

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

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

Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, the Company completed the 2021 Placing and the subscription of Shares by Innovent. For further details, please refer to the sections headed "Use of Net Proceeds — Use of Net Proceeds from the 2021 Placing" and "Use of Net Proceeds — Use of Net Proceeds From the Subscription of Shares by Innovent".

During the Reporting Period, the Company exercised its powers under the general mandate to repurchase the Shares granted by the Shareholders of the Company to the Board at the AGM held on May 10, 2021, which shall expire at the conclusion of the next AGM, and repurchased a total of 1,141,700 Shares on the Stock Exchange at an aggregate consideration of HK$31,519,344.42. As at the date of this announcement, all the Shares repurchased by the Company during the Reporting Period were subsequently cancelled.

Trading Date	Number of Shares Repurchased	Highest Price Paid (HK$)	Lowest Price Paid (HK$)	Total Paid (HK$)
November 4, 2021	380,000	28.10	27.10	10,491,959.35
November 5, 2021	178,000	28.35	26.95	4,925,089.05
November 8, 2021	180,000	27.05	26.20	4,804,562.04
November 9, 2021	178,400	27.80	27.00	4,903,018.86
November 10, 2021	148,500	29.00	27.60	4,219,841.49
November 11, 2021	76,800	28.50	28.10	2,174,873.63
Total	**1,141,700**			**31,519,344.42**

Save as disclosed above, 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

With the Shares of the Company listed on the Stock Exchange on October 28, 2019, the net proceeds from the Global Offering (including shares issued as a result of the full exercise of the over-allotment option) were approximately HK$369.8 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and as at December 31, 2021, the Company has fully utilized the net proceeds in accordance with such intended purposes.

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

Use of proceeds		**Planned allocation of Net Proceeds** *(HKD million)*	**Planned allocation of Net Proceeds** *(RMB million)*	**Utilized amount (as at the date of this announcement)** *(RMB million)*
Research and development to bring our Core Product, HQP1351, to commercialization	42%	155.2	138.2	138.2
Ongoing and planned clinical trials of APG-1252	13%	48.1	42.8	42.8
Ongoing and planned clinical trials of APG-2575	19%	70.3	62.5	62.5
Ongoing and planned clinical trials of APG-115	19%	70.3	62.5	62.5
Ongoing and planned clinical trials for the rest of the clinical programs of the Company, 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 RMB for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the Global Offering.

Use of Net Proceeds From the 2020 Placing

The closing of the 2020 Placing of 15,000,000 Shares took place on July 15, 2020. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2020 Placing were approximately HK$689.5 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 8, 2020 and as at December 31, 2021, the Company has fully utilized the net proceeds in accordance with such intended purposes.

The table below sets out the planned applications of the net proceeds from the 2020 Placing and the actual usage up to December 31, 2021.

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at December 31, 2021)** *(RMB million)*
Clinical development for other pipeline products, such as APG-2575, APG-115, APG-1387 and APG-1252	60%	413.5	345.0	345.0
Registration, trial production and marketing of the Core Product, HQP1351	20%	138.0	115.0	115.0
Ongoing and planned clinical trials of APG-2575	20%	138.0	115.0	115.0
Total	100%	689.5	575.0	575.0

Notes:

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

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

Use of Net Proceeds From the 2021 Placing

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

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

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at December 31, 2021)** *(RMB million)*	**Expected timeline for utilizing the remaining balance of net proceeds from the 2021 Placing**
Clinical development of the key product candidate, APG-2575	50%	576.8	480.06	245.0	June 30, 2022
Registrational trials for full approval and the commercialization of the Core Product, HQP1351	20%	230.7	192.2	100.0	June 30, 2022

Use of proceeds		Planned allocation of net proceeds *(HK$ million)*	Planned allocation of net proceeds *(RMB million)*	Utilized amount (as at December 31, 2021) *(RMB million)*	Expected timeline for utilizing the remaining balance of net proceeds from the 2021 Placing
Clinical development for other pipeline products such as APG-115 (MDM2-p53 inhibitors currently in Phase Ib/II clinical trial), APG-1387 (pan-IAP inhibitor currently in Phase Ib/II clinical trial) and APG-1252 (Bcl-2/Bcl-xL dual inhibitor currently in Phase I clinical trial)	20%	230.7	192.2	95.0	June 30, 2022
General corporate purposes	10%	115.4	96.1	45.0	June 30, 2022
Total	100%	1,153.6	961.1	485.0	

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

Use of Net Proceeds From the Subscription of Shares by Innovent

Innovent has subscribed for 8,823,863 Shares at a total consideration of HK$388.25 million (being approximately US$50 million) and at the subscription price of HK$44.0 per Share. The completion of the subscription of Shares by Innovent took place on July 23, 2021. The net proceeds (after the deduction of all applicable costs and expenses) raised from the subscription of Shares by Innovent were approximately HK$388.06 million (being approximately US$49.98 million). The Company has not yet started to utilize the net proceeds and there was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 14, 2021. The Company will gradually utilize the net proceeds in accordance with such intended purposes depending on actual business needs.

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

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at December 31, 2021)** *(RMB million)*	**Expected timeline for utilizing the remaining balance of net proceeds from the subscription of Shares by Innovent**
Development and commercialization of the Company's Core Product, HQP1351	30%	116.42	97.10	0.00	June 30, 2023
Development of the Company's key product candidate, APG-2575	70%	271.64	226.40	0.00	June 30, 2023
Total	100%	388.06	323.50	0.00	

Notes:

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

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

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

2021 WARRANTS

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

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

Audit Committee

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

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit Committee has also reviewed and considered that the annual financial results for the year ended December 31, 2021 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, 2021 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

Future Plans for Material Investments and Capital Assets

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

EVENTS AFTER THE REPORTING PERIOD

Subsequent to year ended December 31, 2021 and to the date of this announcement, no important events affecting the Company has taken place that is required to be disclosed.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2021.

ANNUAL GENERAL MEETING

The AGM is scheduled to be held on May 19, 2022. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from May 16, 2022 to May 19, 2022, 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 13, 2022.

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, 2021 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.

CHANGE OF REGISTERED OFFICE AND ADDRESS OF PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

With effect from 1 February 2021, the registered office and the address of the principal share registrar and transfer office of the Company in the Cayman Islands has been changed to:

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

APPRECIATION

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

DEFINITIONS

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

"2018 RSU Scheme"	the restricted share unit scheme approved by the Board on July 6, 2018 (as amended from time to time)
"2020 Placing"	the placing of 15,000,000 Shares at a price of HK$46.80 each pursuant to the terms and conditions of the 2020 Placing Agreement

"2020 Placing Agreement"	the placing agreement entered into among the Company, Citigroup Global Markets Limited and J.P. Morgan Securities (Asia Pacific) Limited dated July 8, 2020 in relation to the 2020 Placing
"2021 Placing"	the placing and subscription of 26,500,000 Shares at a price of HK$44.20 each pursuant to the terms and conditions of the 2021 Placing Agreement
"2021 Placing Agreement"	the placing and subscription agreement entered into among the Company, the Founders SPV, J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited dated February 3, 2021 in relation to the 2021 Placing
"2021 RSU Scheme"	the restricted share unit scheme approved by the Board on February 2, 2021 (as amended from time to time)
"Acerta Pharma"	Acerta Pharma, B.V.
"AGM"	annual general meeting of the Company
"ALK"	anaplastic lymphoma kinase
"ALL (Ph + ALL)"	acute lymphoblastic leukemia; a type of cancer of the lymphoid line of blood cells characterized by the development of large numbers of immature lymphocytes (Philadelphia positive acute lymphoblastic leukemia)
"APG-115"	our novel, orally active small molecule MDM2-p53 inhibitor
"APG-1252"	our novel, highly potent, small molecule drug designed to restore apoptosis, or programmed cell death, through selective inhibition of the Bcl-2/Bcl-xL proteins
"APG-1387"	our novel, small molecule inhibitor of the IAP
"APG-2449"	our third-generation inhibitor of the FAK, ROS1 and ALK kinases
"APG-2575"	our novel, orally administered Bcl-2 inhibitor
"APG-265"	a MDM2 protein degrader

"APG-5918"	our potent, orally available, and selective EED inhibitor
"Ascentage Pharma HK"	Ascentage Pharma Group Corp Limited (亞盛醫藥集團(香港)有限公司), a company incorporated in Hong Kong with limited liability on May 22, 2009, our wholly-owned subsidiary
"Ascentage Suzhou"	Suzhou Ascentage Pharma Co., Ltd. (蘇州亞盛藥業有限公司), a limited liability company incorporated in the PRC, our indirectly wholly-owned subsidiary
"ASCO"	American Society of Clinical Oncology
"AstraZeneca"	AstraZeneca PLC, a UK-Swedish multinational pharmaceutical and biopharmaceutical company headquartered in the United Kingdom, an Independent Third Party
"Bcl-2"	B-cell lymphoma 2
"Bcl-2/Bcl-xL"	B-cell lymphoma 2/B-cell lymphoma extra-large; a member of the Bcl-2 family proteins, and acts as an anti-apoptotic protein by preventing the release of mitochondrial contents such as cytochrome c, which leads to caspase activation and ultimately, programmed cell death
"BCR-ABL"	a fusion gene formed by the ABL gene from chromosome 9 joining to the BCR gene on chromosome 22, which is found in most patients with chronic myelogenous leukemia (CML), and in some patients with acute lymphoblastic leukemia (ALL) or acute myelogenous leukemia (AML)
"Board"	the board of directors of the Company
"BTK"	Bruton's tyrosine kinase inhibitor
"BVI"	the British Virgin Islands
"CD20 Antibody"	Innovent Suzhou's proprietary therapeutic antibody HALPRYZA® (rituximab injection) targeting B Cell lymphoma
"CD47 Antibody"	Innovent Suzhou's proprietary therapeutic antibody IBI188 (letaplimab) targeting MDS and AML
"CDE"	the center of drug evaluation of China

"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"Citi Financial Products"	collectively, the commercial paper and the structured financial products as defined in the relevant announcement of the Company dated September 10, 2021
"CLL"	chronic lymphocytic leukemia; a slowly progressing, liquid form of tumor that causes an excess of white blood cells in the bone marrow, blood, liver, and spleen
"Clover"	Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2197)
"CML"	chronic myeloid/myelogenous leukemia; a type of cancer that affects the blood and bone marrow
"CMML"	chronic myelomonocytic leukemia
"Company" or "Ascentage Pharma"	Ascentage Pharma Group International (亞盛醫藥集團), an exempted company incorporated in the Cayman Islands with limited liability on November 17, 2017
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules
"Directors"	the director(s) of the Company, including all executive, non-executive and independent non-executive directors
"DMPK"	Drug Metabolism and Pharmacokinetics
"Dr. Guo"	Dr. Guo Edward Ming, our chief operating officer and controlling shareholder
"Dr. Wang"	Dr. Wang Shaomeng, our non-executive director and controlling shareholder
"Dr. Yang"	Dr. Yang Dajun, our chairman, chief executive officer, controlling shareholder, and spouse of Dr. Zhai

"Dr. Zhai"	Dr. Zhai Yifan, our chief medical officer, controlling shareholder, and spouse of Dr. Yang
"EC"	the European Commission
"EED"	Embryonic Ectoderm Development
"ETV"	Entecavir
"FAK"	focal adhesion kinase; an enzyme involved in cellular adhesion (how cells stick to each other and their surroundings) and spreading processes (how cells move around)
"FDA"	U.S. Food and Drug Administration
"Founders SPV"	Ascentage Limited, a company incorporated in BVI with limited liability which is owned by Dr. Yang (for himself and as settlor of the Yang Family Trust) as to 45.53%, Dr. Guo (for himself and as settlor of the Guo Family Trust) as to 27.69% and Dr. Wang (for himself and as settlor of the Wang Family Trust) as to 26.78%, a Substantial Shareholder
"FVTPL"	fair value through profit or loss
"General Mandate"	the mandate granted to the Directors by the Shareholders at the AGM held on May 10, 2021 to allot, issue and deal with up to 20% of the then issued share capital of the Company
"Global Offering"	The Hong Kong public offering and the international offering as defined in the Prospectus
"Group", "we", "our" or "us"	the Company and its subsidiaries from time to time
"HBV"	hepatitis B virus
"Healthquest Pharma"	Guangzhou Healthquest Pharma Co., Ltd. (廣州順健生物醫藥科技有限公司), a limited liability company incorporated in the PRC on July 3, 2012, our indirectly wholly-owned subsidiary
"HK$" or "Hong Kong dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HQP1351"	formerly known as D824, or GZD824; our third-generation BCR-ABL inhibitor, which was designed to overcome drug resistance caused by BCR-ABL kinase mutants such as T315I mutants
"IAP"	inhibitors of apoptosis protein
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug, an application and approval process required before drug candidates may commence clinical trials
"Innovent"	Innovent Biologics, Inc. (信達生物製藥), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1801)
"Innovent Suzhou"	Innovent Biologics (Suzhou) Co., Ltd. (信達生物製藥(蘇州)有限公司), a company with limited liability established under the laws of the PRC and controlled by Innovent
"IP"	intellectual property
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"MDM2"	Murine Double Minute 2
"MDS"	myelodysplastic syndrome; group of cancers in which immature blood cells in the bone marrow do not mature and therefore do not become healthy blood cells
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules

"Merck Sharp and Dohme"	Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc., a multinational pharmaceutical company headquartered in the United States
"NDA"	New Drug Application
"NMPA"	National Medical Products Administration of the PRC, formerly known as the China National Drug Administration, or CNDA, and the China Food and Drug Administration, or CFDA
"NPC"	nasopharyngeal carcinoma
"NSCLC"	non-small cell lung cancer
"ODD"	Orphan Drug Designations
"PD-1"	Programmed cell death protein 1, a cell surface receptor that belongs to the immunoglobulin superfamily and is expressed on T cells and pro-B cells
"PD-1/PD-L1"	Programmed cell death protein 1, a cell surface receptor that belongs to the immunoglobulin superfamily and is expressed on T cells and pro-B cells/programmed death-ligand 1
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved by the Board on September 28, 2019 as amended from time to time
"PPIs"	protein-protein interaction
"PRC" or "China" or "Mainland China"	the People's Republic of China and for the purposes of this announcement only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved by the Board on July 13, 2018 as amended from time to time
"Prospectus"	the prospectus of the Company dated October 16, 2019
"R&D"	research and development

"relapse/refractory" or "r/r"	disease or condition which become progressive after treatment (relapsed) or does not respond to the initial treatment (refractory)
"Reporting Period"	the one-year period from January 1, 2021 to December 31, 2021
"RMB"	Renminbi, the lawful currency of the PRC
"ROS1"	receptor tyrosine kinase with structural similarity to the ALK protein
"RP2D"	recommended Phase II dose
"RSU(s)"	restricted share unit(s)
"Shareholders"	holder(s) of the Share(s)
"Shares"	ordinary share(s) of US$0.0001 par value each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"T315I "	a type of mutation that sometimes results in the failure of tyrosine kinase inhibitor (TKI) treatment
"TKIs"	tyrosine kinase inhibitor; a type of pharmaceutical drug that inhibits tyrosine kinases
"TOX"	Toxicology
"TRAIL"	tumor necrosis factor-related apoptosis-inducing ligand
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unity"	Unity Biotechnology, Inc., a company listed on NASDAQ
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Warrant Share(s)"	up to initially 6,787,587 new Shares (subject to adjustment) to be allotted and issued upon exercise of the subscription rights attaching to the Warrants

"Warrants"	the 6,787,587 unlisted warrants, each conferring to Innovent the right to subscribe for one (1) new Share at the Warrant Exercise Price during the period commencing on the date of issuance of the Warrants and ending on the date that is 24 months after the date of issuance of the Warrants, in accordance with the terms and conditions of the warrant subscription deed entered into between the Company and Innovent on July 14, 2021
"%"	per cent

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

Suzhou, the PRC, March 21, 2022

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.