Abbisko Cayman Limited
和譽開曼有限責任公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2256)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board of directors (the "**Board**") of Abbisko Cayman Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**" or "**us**") for the six months ended June 30, 2023 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2022.

BUSINESS HIGHLIGHTS

We have made significant progresses in every aspect during 2023 year-to-date:

FURTHER ADVANCED OUR CLINICAL-STAGE ASSETS

Pimicotinib (ABSK021)

We are conducting a global Phase III clinical trial of tenosynovial giant cell tumor ("**TGCT**") for Pimicotinib in China and the U.S. concurrently. Approximately 100 participants are scheduled to be enrolled in approximately 50 centers worldwide, including 30 centers in China. Pimicotinib has been granted the breakthrough therapy designation from both China National Products Administration ("**NMPA**") on July 20, 2022 and the U.S. Food and Drug Administration ("**FDA**") on January 30, 2023 for the treatment of TGCT patients who are not amenable to surgery.

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

In January 2023, Pimicotinib was granted the Breakthrough Therapy Designation ("**BTD**") from FDA for the treatment of TGCT patients that are not amenable to surgery. This BTD approval was based on results from the Phase Ib clinical trial of TGCT cohort for Pimicotinib.

In March 2023, Pimicotinib was approved by FDA for a randomized, double-blind, placebo-controlled, multicenter Phase III clinical study in patients with giant cell tumor of the tendon sheath.

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

In May 2023, we announced that the updated results of Phase Ib study of CSF-1R inhibitor Pimicotinib in treating patients with advanced TGCT and were presented at the 2023 American Society of Clinical Oncology ("**ASCO**"). The data demonstrates the excellent antitumor efficacy and safety profile of Pimicotinib in the treatment of patients with advanced TGCT and was presented with the title of "EFFICACY AND SAFETY PROFILE OF Pimicotinib (ABSK021) IN TENOSYNOVIAL GIANT CELL TUMOR (TGCT): PHASE 1B UPDATE" in a poster presentation with the poster Bd# of "493". Pimicotinib demonstrated significant antitumor activity with the objective response rate ("**ORR**") of 77.4% in 50 mg QD cohort by Independent Review Committee ("**IRC**") based on RECIST1.1, and a favorable safety profile with no apparent hepatotoxicity. Pimicotinib has a favorable safety profile, 89.8% of patients remained on treatment. Median treatment duration were 9.3 months, and the longest treatment duration was 12.5 months in 50mg QD cohort.

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

In June 2023, Pimicotinib was approved by NMPA to conduct a Phase II multicenter clinical trial for the first-line treatment of advanced pancreatic cancer. This is another indication for Pimicotinib after its approval for the treatment of advanced TGCT and cGvHD, and it aims to evaluate the safety and efficacy of Pimicotinib in combination with standard chemotherapy (albumin-bound paclitaxel and gemcitabine) with or without immunotherapy (atezolizumab) for the first-line treatment of advanced pancreatic cancer.

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

In July 2023, the first patient was dosed in "A Phase III, Randomized, Double-blind, Placebo-Controlled, Multicenter Study of ABSK021 to Assess the Efficacy and Safety in Patients with Tenosynovial Giant Cell Tumor" in the U.S..

Irpagratinib (ABSK011)

In July 2023, Irpagratinib's Phase II clinical trial application has been accepted. This is a combination therapy clinical trial that will be conducted after the excellent initial results of Irpagratinib in monotherapy for second-line treatment of liver cancer were demonstrated.

In July 2023, FGFR4 inhibitor Irpagratinib was presented updated Phase 1b data for advanced hepatocellular carcinoma patients at the European Society for Medical Oncology ("**ESMO**"). The Irpagratinib Phase 1b data, since the first announcement at the end of 2022, included further updates after enrolling more patients.

ABSK012

In April 2023, our next-generation FGFR4 mutant inhibitor ABSK012 was granted the orphan drug designation by FDA for the treatment of Soft Tissue Sarcoma.

ABSK121

In February 2023, we obtained clinical trial approval from NMPA for ABSK121, and will launch the Phase I clinical trial of the treatment of patients with advanced solid tumors in China.

ABSK112

In July 2023, ABSK112 received the clinical trial approval by FDA, and we will start the first-in-human Phase I clinical trial for the treatment of non-small cell lung cancer ("**NSCLC**").

ABSK043

ABSK043 is a novel, orally administered small molecule PD-L1 inhibitor. We are conducting dose escalation study in Phase I smoothly. Preliminary efficacy data will be disclosed at the ESMO conference in October 2023.

REACHED AN EXCLUSIVE OUT-LICENSE AGREEMENT WITH ALLIST

In March 2023, we entered into an out-license agreement with Shanghai Allist Pharmaceuticals Co., Ltd ("**Allist**").

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

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

- We will receive upfront, development, and sales milestone payments up to US$187.90 million in total, plus tiered royalty payments based on the net sales. Futhermore, our upfront payment is amounted to around US$3 million.

CONTINUED TO MOVE FORWARD PRE-CLINICAL CANDIDATES

We have taken various measures to minimize the impact on our pre-clinical programs and expect to file INDs for the below programs in IND-enabling stage:

ABSK051 – a small molecule CD73 inhibitor which could be applied for the treatment of various tumor types including lung cancer, pancreatic cancer and other cancers;

ABSK012 – a next-generation small molecule FGFR4 inhibitor with strong potency against both wild-type and mutant FGFR4; and

ABSK112 – a next-generation EGFR-exon 20 inhibitor with improved selectivity over wild-type EGFR and strong brain-penetrating ability.

FINANCIAL HIGHLIGHTS

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") MEASURES:

Cash and bank balances. Cash and bank balances as at June 30, 2023 were RMB2,102.4 million (approximately US$291.0 million), a decrease by RMB156.4 million from RMB2,258.8 million for the year ended December 31, 2022, primarily attributable to increase by spending on research and development activities as well as business operations, partially offset by impact from increase in income and foreign exchange volatility.

Revenue. Revenue increased from nil for the six months ended June 30, 2022 to RMB19.1 million for the six months ended June 30, 2023, primarily attributable to the license fee income that we received from Allist as upfront payment.

Other income and gains. Other income and gains increased by RMB26.0 million from RMB11.7 million for the six months ended June 30, 2022 to RMB37.7 million for the six months ended June 30, 2023, primarily attributable to the increases in bank interest income and in government grants.

Research and development expenses. Our research and development expenses primarily consisted of research and development expenses in connection with exploratory research, pre-clinical research and clinical research, as well as reagent costs, employee costs, share-based payments and depreciation. Research and development expenses increased by RMB45.6 million from RMB159.0 million for the six months ended June 30, 2022 to RMB204.6 million for the six months ended June 30, 2023, primarily attributable to advancement of our pipeline programs and continuous expansion of functions related to R&D.

Administrative expenses. Administrative expenses decreased by RMB10.1 million from RMB55.8 million for the six months ended June 30, 2022 to RMB45.7 million for the six months ended June 30, 2023, primarily attributable to the decrease of share-based payment expenses resulting in decreased employee cost charged to adminstrative expenses.

Finance costs. Finance costs decreased by RMB0.2 million from RMB1.4 million for the six months ended June 30, 2022, to RMB1.2 million for the six months ended June 30, 2023, mainly due to the decrease of interest expenses on lease liabilities.

Other expenses. Other expenses decreased by RMB3.3 million from RMB17.1 million for the six months ended June 30, 2022 to RMB13.8 million for the six months ended June 30, 2023, primarily attributable to the fluctuation of foreign exchange differences.

Loss for the period. Loss for the period decreased by RMB13.0 million from RMB221.6 million for six months ended June 30, 2022 to RMB208.6 million for the six months ended June 30, 2023, primarily attributable to the combination of impacts from increase in research and development expenses and increase in revenue.

NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS ("NON-IFRS") MEASURES:

Research and development expenses excluding share-based compensation cost increased by RMB64.6 million from RMB124.4 million for six months ended June 30, 2022 to RMB189.0 million for the six months ended June 30, 2023, primarily attributable to advancement of our pipeline programs, as well as the continuous expansion of functions related to research and development.

Administrative expenses excluding share-based compensation cost increased by RMB2.8 million from RMB32.9 million for the six months ended June 30, 2022 to RMB35.7 million for the six months ended June 30, 2023, primarily attributable to an increase in the employee benefits resulting from the expansion of workforce in non-R&D related functions.

Loss for the period excluding the effect of the share-based compensation cost increased by RMB18.9 million from RMB164.0 million for the six months ended June 30, 2022 to RMB182.9 million for the six months ended June 30, 2023, primarily attributable to the combination of impacts: 1) an increase in R&D expenses; 2) an increase in revenue; 3) an increase in other income and gains resulted from increase in bank interest income; and 4) a decrease in administrative expenses.

1. FINANCIAL INFORMATION

The Board announces the unaudited condensed consolidated results of the Group for the six months ended June 30, 2023, with comparative figures for the corresponding period in the previous year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2023

	Notes	**2023 (Unaudited) *RMB'000***	2022 (Unaudited) *RMB'000*
Revenue	*4*	**19,060**	–
Cost of sales		**–**	–
Gross profit		**19,060**	–
Other income and gains	*5*	**37,702**	11,740
Research and development expenses		**(204,649)**	(159,007)
Administrative expenses		**(45,729)**	(55,848)
Other expenses	*7*	**(13,816)**	(17,090)
Finance costs	*6*	**(1,160)**	(1,400)
LOSS BEFORE TAX	*8*	**(208,592)**	(221,605)
Income tax expenses	*9*	**–**	–
LOSS FOR THE PERIOD		**(208,592)**	(221,605)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**765**	1,315
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		**67,694**	112,305
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**68,459**	113,620
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(140,133)**	(107,985)
Loss attributable to:			
Owners of the parent		**(140,133)**	(107,985)
Total comprehensive loss attributable to:			
Owners of the parent		**(140,133)**	(107,985)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted for loss for the period		**RMB(0.32)**	RMB(0.32)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Notes	**June 30, 2023 (Unaudited) *RMB'000***	December 31, 2022 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**34,191**	32,364
Right-of-use assets		**40,086**	44,936
Intangible assets		**4,536**	4,505
Other non-current assets		**2,453**	27
Total non-current assets		**81,266**	81,832
CURRENT ASSETS			
Prepayments and other receivables	*14*	**66,036**	55,094
Financial assets at fair value through profit or loss	*13*	**98,114**	93,796
Cash and bank balances		**2,102,413**	2,258,827
Total current assets		**2,266,563**	2,407,717
CURRENT LIABILITIES			
Other payables and accruals	*15*	**75,088**	97,585
Lease liabilities		**10,231**	9,968
Total current liabilities		**85,319**	107,553
NET CURRENT ASSETS		**2,181,244**	2,300,164
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,262,510**	2,381,996
NON-CURRENT LIABILITIES			
Lease liabilities		**30,545**	35,607
Total non-current liabilities		**30,545**	35,607
Net assets		**2,231,965**	2,346,389
EQUITY			
Equity attributable to owners of the parent			
Share capital		**46**	46
Treasury shares		**(3)**	(3)
Other reserves		**2,231,922**	2,346,346
Total equity		**2,231,965**	2,346,389

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on March 28, 2018. The registered address of the Company is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were involved in the research and development of pharmaceutical products.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") effective from October 13, 2021.

In the opinion of the Company's directors (the "**Directors**"), the holding company and the ultimate holding company of the Company is Yao Chang Family Holding Limited, which was incorporated in the Cayman Islands on April 20, 2021. Yao Chang Family Holding Limited is ultimately controlled by Dr. XU Yao-Chang, the chairman and the chief executive officer of the Company.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2022.

This interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendment to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The adoption of the revised standards have no significant financial effect on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

Operating segment information

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

Geographical information

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

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**19,060**	–

Disaggregated revenue information

For the six months ended June 30, 2023

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

During the six months ended June 30, 2023, the Group recorded one-time license fee income of RMB19,060,000, which was generated from an exclusive licensing agreement with Shanghai Allist Pharmaceuticals Co., Ltd.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**27,016**	6,173
Other gains		
Government grants*	**9,914**	5,567
Fair value gains on financial assets at fair value through profit or loss	**772**	–
	10,686	5,567
	37,702	11,740

* The government grants mainly represent subsidies received from the local governments for the purpose of supporting on research and clinical trial activities.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on lease liabilities	**1,160**	1,400

7. OTHER EXPENSES

An analysis of other expenses is as follows:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other expenses		
Foreign exchange loss, net	**13,771**	17,047
Others	**45**	43
	13,816	17,090

8. LOSS BEFORE TAX

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of items of property, plant and equipment	**2,880**	2,348
Depreciation of right-of-use assets	**4,850**	4,754
Amortisation of intangible assets	**1,313**	708
Research and development expenses excluding depreciation and amortisation	**198,023**	152,769
Lease payments not included in the measurement of lease liabilities	**318**	123
Auditor's remuneration	**500**	500
Foreign exchange differences, net	**13,771**	17,047
Fair value gains on financial assets at fair value through profit or loss	**(772)**	–
Employee benefit expense:		
Wages and salaries	**76,452**	58,163
Pension scheme contributions (defined contribution scheme)	**11,869**	8,200
Equity-settled share option expense	**25,709**	57,566
	114,030	123,929

9. INCOME TAX

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

Cayman Islands

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

Hong Kong

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

Mainland China

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

Australia

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

Deferred taxation had not been recognized on the unused tax losses and deductible temporary differences since it is not probable that the taxable profits will be available against which the tax losses and deductible temporary differences can be utilized in the foreseeable future.

10. DIVIDENDS

No dividend was paid or declared by the Company during the six months ended June 30, 2023 (June 30, 2022: Nil).

11. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 647,438,532 (June 30, 2022: 701,974,626) in issue during the period, as adjusted to reflect the rights issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended June 30, 2023 and 2022 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(208,592)**	(221,605)

	Numbers of shares	
	For the six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**647,438,532**	701,974,626

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2023, the Group acquired assets at a cost of RMB4,861,000 (June 30, 2022: RMB5,016,000).

The Group did not dispose of any asset during the six months ended June 30, 2023 (June 30, 2022: Nil).

No impairment losses were recognised during the six months ended June 30, 2023 and 2022.

As at June 30, 2023, there were no pledged property, plant and equipment (December 31, 2022: Nil).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Wealth management products	**98,114**	93,796

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

14. PREPAYMENTS AND OTHER RECEIVABLES

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Prepayments to suppliers	**20,878**	11,249
Amounts due from related parties	**–**	7,741
Loans to employees*	**9,554**	10,058
Deposits and other receivables	**35,604**	26,046
	66,036	55,094

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

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at June 30, 2023 and December 31, 2022, the loss allowance was assessed to be minimal.

15. OTHER PAYABLES AND ACCRUALS

	June 30, 2023 ***RMB'000*** **(Unaudited)**	December 31, 2022 *RMB'000* (Audited)
Payroll payable	**17,746**	23,196
Payables of construction and purchase of equipment	**724**	1,346
Other tax payables	**3,830**	24,051
Share issue expenses payables	**127**	127
Amounts due to related parties	**389**	–
Other payables	**52,272**	48,865
	75,088	97,585

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

MANAGEMENT DISCUSSION AND ANALYSIS

I BUSINESS REVIEW

Our vision

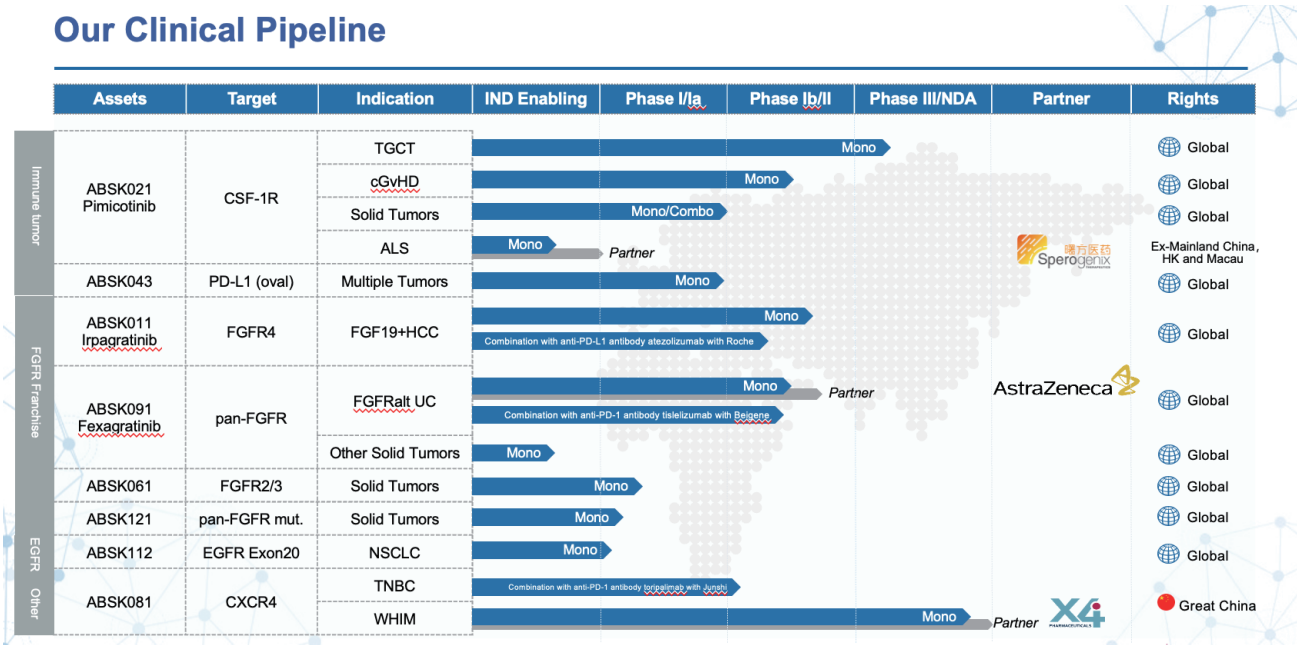
Our vision is to discover and develop novel, differentiated therapies in oncology and beyond to address critical unmet medical needs for patients in China and worldwide.

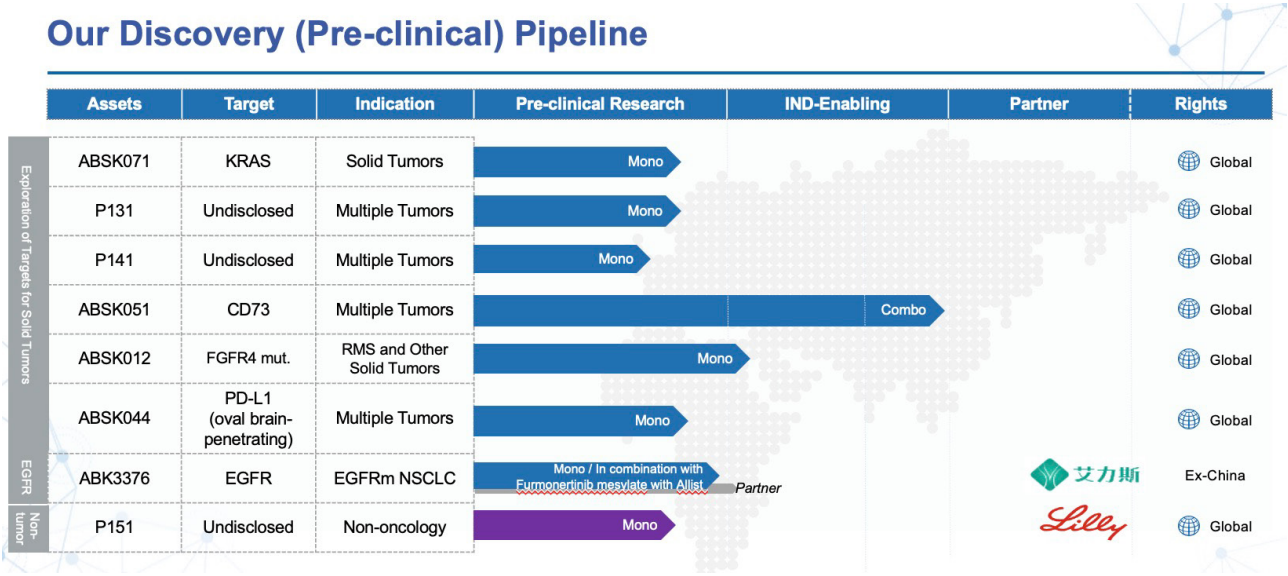
Company overview

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

Product pipeline

We have a pipeline of 16 drug candidates ranging from pre-clinical stage to clinical stage programs. The following charts summarizes our pipeline and the development status of each candidate as of June 30, 2023.





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

Notes:

(i) Represents Phase Ib/II clinical trial
(ii) In combination with anti-PD-L1 antibody atezolizumab with Roche
(iii) In combination with anti-PD-1 antibody toripalimab with Junshi
(iv) In combination with anti-PD-1 antibody tislelizumab with Beigene
(v) In combination with Furmonertinib mesylate with Allist

Clinical candidates

Pimicotinib (ABSK021)

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

Current status

We are conducting a global Phase III clinical trial of TGCT for Pimicotinib in China and the U.S. concurrently. Approximately 100 participants are scheduled to be enrolled in approximately 50 centers worldwide, including 30 centers in China. Pimicotinib was granted the BTD from both NMPA on July 20, 2022 and FDA on January 30, 2023 for the treatment of TGCT patients who are not amenable to surgery.

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

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

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

In May 2023, we announced that the updated results of Phase Ib study of Pimicotinib in treating patients with advanced TGCT and was presented at the 2023 ASCO. The data demonstrated the excellent antitumor efficacy and safety profile of Pimicotinib in the treatment of patients with advanced TGCT and was presented with the title of "EFFICACY AND SAFETY PROFILE OF Pimicotinib (ABSK021) IN TENOSYNOVIAL GIANT CELL TUMOR (TGCT): PHASE 1B UPDATE" in a poster presentation with the poster Bd# of "493". Pimicotinib demonstrated significant antitumor activity with the ORR of 77.4% in 50 mg QD cohort by IRC based on RECIST1. 1, and a favorable safety profile with no apparent hepatotoxicity. Pimicotinib has a favorable safety profile, 89.8% of patients remained on treatment. Median treatment duration were 9.3 months, and the longest treatment duration was 12.5 months in 50mg QD cohort.

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

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

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

Irpagratinib (ABSK011)

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

Current status

We are conducting a Phase Ib trial for patients in second-line HCC with FGF19 overexpression. We have completed patient enrollment for the 180mg QD cohort. Given the superior safety and quality PK/PD profiles of Irpagratinib from the Phase Ia trial, we are further exploring higher doses and different dose regimen. We have started patient enrollment of 320mg QD and 160mg BID for dose escalation. We may continue to explore additional dose levels in order to identity the optimal dosage for dose expansion.

We are also conducting a Phase II trial of Irpagratinib in combination with the anti-PD-L1 antibody atezolizumab from F. Hoffmann-La Roche Ltd. and Roche China Holding Ltd. in late stage HCC patients with FGF19 overexpression in mainland China. The first patient was dosed in January 2022 and patient enrollment is ongoing.

We announced the preliminary Phase I efficacy and safety results of Irpagratinib, in the treatment of second-line HCC with FGF19 overexpression. The preliminary proof-of-concept data showed promising efficacy in FGF19+ HCC patients, with 22% ORR (4/18) in patients with high FGF19 expression and 33.3% ORR (2/6) in the 160mg BID FGF19 IHC+ cohort. Irpagratinib was well tolerated across all cohorts. Patient group with high expression of FGF19 was observed in 67% of the FGF19 IHC+ HCC patients. From safety perspective, no drug related adverse effects of grade 4 or above were reported.

In July 2023, Irpagratinib's Phase II clinical trial application was accepted. This is a combination therapy clinical trial that will be conducted after the excellent initial results of Irpagratinib in monotherapy for second-line treatment of liver cancer were demonstrated.

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

Fexagratinib (ABSK091, AZD4547)

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

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

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

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

Current status

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

In 2022, we announced the preliminary Phase II efficacy and safety results of Fexagratinib in patients with urothelial carcinoma harboring FGFR2 or FGFR3 alterations in mainland China.

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

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

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

ABSK043

ABSK043 is an orally bioavailable, highly selective small molecule PD-L1 inhibitor being developed for the treatment of various cancers and potentially non-oncology indications. While anti-PD-1/anti-PD-L1 antibodies have revolutionized cancer treatment, the antibody-based immunotherapies carry a number of disadvantages such as high cost, lack of oral bioavailability, and immunogenicity, which could likely be improved with small molecule inhibitors. Pre-clinical data have demonstrated strong inhibition of PD-1/PDL1 interaction by ABSK043, and rescue of PD-L1-mediated inhibition of T-cell activation. ABSK043 has also demonstrated strong anti-tumor efficacy and excellent safety profile in several pre-clinical models.

Current status

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

In 2022, we received the IND approval for a Phase I trial of ABSK043 in the treatment of patients with malignant tumor in mainland China. In September 2022, we completed the dosing of the first patient in China. This trial (ABSK043-101) is the first clinical study of ABSK043 in China.

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

ABSK061

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

Current status

We have received IND approval in both mainland China and the U.S. to conduct Phase I clinical trials for ABSK061 in patients with solid tumors. During the Reporting Period, the Phase I clinical trial of ABSK061 was being conducted simultaneously in China and the U.S..

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

ABSK121

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

Current status

In February 2023, we obtained clinical trial approval from NMPA for ABSK121, and will launch the Phase I clinical trial of the treatment of patients with advanced solid tumors in China.

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

ABSK112

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

Current status

In July 2023, ABSK112 received the clinical trial approval by FDA, and it will start the first-in-human Phase I clinical trial for the treatment of NSCLC.

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

ABSK081

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

Current status

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

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

IND-enabling candidates

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

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

Business development activities

We have established a dedicated business development team to source and evaluate potential opportunities for licensing deals opportunities as well as strategic partnerships of various forms. Through business development activities, we aim to not only maximize the commercial value of our pipeline globally, but also expand the potential of our in-house drug discovery engine.

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

Research and development

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

As at June 30, 2023, our R&D team consisted of approximately 199 employees and have extensive clinical development experience, with a particular focus on oncology. Among our R&D team members, over 71% have obtained at least post-graduate degrees, and approximately 23% hold Ph.D. degrees. Among our pre-clinical R&D team members, approximately 82% have obtained at least postgraduate degrees, and approximately 35% hold Ph.D. degrees.

Drug discovery and pre-clinical development

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

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

Clinical development

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

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

With the vision to address unmet medical needs of global patients, we have always been aiming for the global markets. We believe such going-global approach will maximize the commercial value of our assets, for which we own global rights. We have received 18 INDs or clinical trial approvals in four countries and regions. Trials outside mainland China include a Phase III trial ongoing in the U.S. for Pimicotinib, a Phase I trial ongoing in Australia for ABSK043, a Phase I trial ongoing in the U.S. for ABSK061, and two completed trials in Taiwan for Irpagratinib Phase Ib and Fexagratinib Phase II respectively.

Events after the Reporting Period

Subsequent to June 30, 2023, the significant events that took place are listed below:

The first patient has been dosed in "A Phase III, Randomized, Double-blind, Placebo – Controlled, Multicenter Study of ABSK021 to Assess the Efficacy and Safety in Patients with TGCT" in the U.S..

Irpagratinib will be presented updated Phase 1b data for advanced hepatocellular carcinoma patients at the ESMO. The Irpagratinib Phase 1b data, since the first announcement at the end of 2022, includes further updates after enrolling more patients.

Preliminary efficacy data of ABSK043 will be disclosed at the ESMO conference in October 2023.

Future and Outlook

Looking forward into the second half of 2023, we will continue to advance our clinical and preclinical programs as planned and expect to release the next wave of proof-of-concept data during 2023. We also expect to submit IND applications for several pre-clinical assets.

Looking beyond 2023, as a company focused on discovery and development of differentiated therapies in cancer and targeted to treat critical unmet needs for patients in China and globally, we will continue to strive for our initial goals, which mainly comprise the following:

- We will continue to advance our clinical-stage compounds with quality and speed, and push forward the development of pre-clinical candidates.

- We will continue to expand our pipeline with innovative programs primarily focusing on first-in-class or best-in-class therapies, to address critical unmet medical needs for patients in China and globally, as always advocated in our mission statement.

- We will also continue to explore, evaluate and identify suitable business development opportunities so as to maximize the commercial value of our pipeline candidates.

II FINANCIAL REVIEW

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**19,060**	–
Cost of sales	**–**	–
Gross profit	**19,060**	–
Other income and gains	**37,702**	11,740
Research and development expenses	**(204,649)**	(159,007)
Administrative expenses	**(45,729)**	(55,348)
Other expenses	**(13,816)**	(17,090)
Finance costs	**(1,160)**	(1,400)
LOSS BEFORE TAX	**(208,592)**	(221,605)
Income tax expenses	**–**	–
LOSS FOR THE PERIOD	**(208,592)**	(221,605)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**765**	1,315
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**67,694**	112,305
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD,NET OF TAX	**68,459**	113,620
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(140,133)**	(107,985)
Loss attributable to:		
Owners of the parent	**(140,133)**	(107,985)
Total comprehensive loss attributable to:		
Owners of the parent	**(140,133)**	(107,985)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic and diluted		
for loss for the period	**RMB0.32**	RMB0.32

Revenue. Revenue increased from nil for the six months ended June 30, 2022 to RMB19.1 million for the six months ended June 30, 2023, primarily attributable to the license fee income that we received from Allist as upfront payment.

Other income and gains. Other income and gains increased by RMB26.0 million from RMB11.7 million for the six months ended June 30, 2022 to RMB37.7 million for the six months ended June 30, 2023, primarily attributable to: 1) an increase in bank interest income by RMB20.8 million, resulting from the increase in time deposits purchased and increase in interest rate; and 2) an increase in government subsidies by RMB4.3 million.

	Six months ended June 30,	
	2023	2022
	(RMB'000)	(RMB'000)
Bank interest income	**27,016**	6,173
Government subsidies	**9,914**	5,567
Fair value gains on financial assets at fair value through profit or loss	**772**	–
	37,702	11,740

Research and development expenses. Research and development expenses increased by RMB45.6 million from RMB159.0 million for the six months ended June 30, 2022 to RMB204.6 million for the six months ended June 30, 2023, primarily attributable to an increase in third party contracting cost by RMB38.8 million as we advanced our clinical trials to later stage while expanding early discovery and research activities at the same time.

	Six months ended June 30,	
	2023	2022
	(RMB'000)	(RMB'000)
Employee cost	**81,918**	80,202
Third party contracting cost	**106,962**	68,197
Others	**15,769**	10,608
	204,649	159,007

Administrative expenses. Administrative expenses decreased by RMB10.1 million from RMB55.8 million for the six months ended June 30, 2022 to RMB45.7 million for the six months ended June 30, 2023, primarily attributable to an decrease in employee cost by RMB11.0 million due to a decrease in employee cost resulted from decreased share-based payments charged to administrative expenses.

	Six months ended June 30,	
	2023	2022
	(RMB'000)	(RMB'000)
Employee cost	**32,112**	43,096
Third party advisory service cost	**9,313**	9,430
Others	**4,304**	3,322
	45,729	55,848

Finance costs. Finance costs decreased by RMB0.2 million from RMB1.4 million for the six months ended June 30, 2022 to RMB1.2 million for the six months ended June 30, 2023. The nature of the finance costs is the interest expense incurred on lease liabilities. Decrease in finance costs for the six months ended June 30, 2023 is mainly due to the decrease of interest on lease liabilities.

Other expenses. Other expenses decreased by RMB3.3 million from RMB17.1 million for the six months ended June 30, 2022 to RMB13.8 million for the six months ended June 30, 2023, primarily due to the fluctuation of foreign exchange differences.

NON-IFRS MEASURE

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

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

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

	Six months ended June 30,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Loss for the period	**(208,592)**	(221,605)
Added:		
Share -based compensation cost	**25,709**	57,566
Adjusted loss for the period	**(182,883)**	(164,039)

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

	Six months ended June 30,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Research and development expenses for the year	**(204,649)**	(159,007)
Added:		
Share-based compensation cost	**15,662**	34,601
Adjusted research and development expenses for the period	**(188,987)**	(124,406)

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

	Six months ended June 30,	
	2023	2022
	(RMB'000)	*(RMB'000)*
Administrative expenses for the year	**(45,729)**	(55,848)
Added:		
Share-based compensation cost	**10,047**	22,965
Adjusted administrative expenses for the period	**(35,682)**	(32,883)

Liquidity

Liquidity and Financial Resources

The Group's cash and bank balances as at June 30, 2023 were RMB2,102.4 million (approximately US$291.0 million), representing a decrease of RMB156.4 million compared to RMB2,258.8 million as at December 31, 2022, primarily attributable to increase by spending on research and development activities as well as business operations, partially offset by impact from increase in income and foreign exchange volatility.

As at June 30, 2023, the current assets of the Group were RMB2,266.6 million, including cash and bank balances of RMB2,102.4 million and other current assets of RMB164.2 million. As at June 30, 2023, the current liabilities of the Group were RMB85.3 million, including other payables and accruals of RMB75.1 million and other current liabilities of RMB10.2 million.

Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at June 30, 2023, our gearing ratio was 4.93% (as at December 31, 2022: 5.75%).

Other Financial Information

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

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

Future Plans for Material Investments or Capital Assets

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

Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain of our financial assets measured at fair value through profit or loss and other payables are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Bank Loans and Other Borrowings

As at June 30, 2023, we did not have any bank loans or other forms of borrowings.

Contingent Liabilities

The Group had no material contingent liability as at June 30, 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company is committed to maintain high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). During the Reporting Period, the Board is of the opinion that the Company has complied with all the code provisions apart from the deviation below.

Code provision C.2.1 of the CG Code provides that the roles of the chairman of the Board (the "**Chairman**") and chief executive officer (the "**CEO**") should be separated and should not be performed by the same individual. The roles of the Chairman and the CEO of the Company are currently held by Dr. Xu Yao-Chang.

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

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

The Board will continue to review and consider splitting the roles of the Chairman and the CEO at the time when it is appropriate by taking into account the circumstances of the Group as a whole. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period.

Use of Proceeds from the Global Offering

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

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

Planned usage	**% of use of proceeds** *(Approximately)*	**Net proceeds from the IPO** *(HK$ million)*	**Amount of unutilized net proceeds as at January 1, 2023** *(HK$ million)*	**Actual usage during the Reporting Period** *(HK$ million)*	**Unutilized net proceeds as of June 30, 2023** *(HK$ million)*	**Expected timeline for application of the unutilized net proceeds**
Fund the ongoing and future R&D including planned clinical trials, preparation of registration fillings, and future commercialization of our Core Product Candidate Irpagratinib (ABSK011)	19.7%	329.78	308.90	22.66	286.24	Expected to be fully utilized by December 31, 2024
Fund the ongoing and future R&D including planned clinical trials, preparation of registration filings and future commercialization of our Core Product candidate Fexagratinib (ABSK091, AZD4547)	32.6%	545.72	517.38	34.78	482.60	Expected to be fully utilized by December 31, 2024
Fund our other clinical stage products and product candidates in our pipeline	28.0%	468.72	402.45	109.01	293.44	Expected to be fully utilized by December 31, 2024
Fund our pre-clinical research and studies, including continued development of our R&D platform and research and development of new pre-clinical candidates	8.4%	140.62	77.60	49.32	28.28	Expected to be fully utilized by December 31, 2024
Fund the construction of manufacturing facility in Shanghai	6.3%	105.46	85.21	12.84	72.37	Expected to be fully utilized by December 31, 2024
Working capital and general corporate purposes	5.0%	83.70	62.76	43.13	19.63	Expected to be fully utilized by December 31, 2024
Total	100%	1,674.00	1,454.30	271.74	1,182.56	

Note:

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

Significant Investments Held

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended June 30, 2023.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended June 30, 2023 (June 30, 2022: Nil).

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has considered and reviewed the unaudited interim results of the Group for the six months ended June 30, 2023 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the unaudited interim results of the Group for the six months ended June 30, 2023 are in compliance with the relevant accounting standards, laws and regulations.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

The Company's interim report for the six months ended June 30, 2023 containing all relevant information required under the Listing Rules will be published on the aforementioned websites and dispatched to the shareholders of the Company in due course.

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

Shanghai, August 15, 2023

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