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ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6855)

CONNECTED TRANSACTION PROPOSED GRANT OF AWARDS UNDER THE 2021 RSU SCHEME TO INDEPENDENT NON-EXECUTIVE DIRECTORS

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Reference is made to (i) the announcements of Ascentage Pharma Group International (the “**Company**”, together with its subsidiaries, the “**Group**”) dated February 2, 2021 (the “**Adoption Announcement**”), May 21, 2021 and May 26, 2021 (collectively, the “**Announcements**”) in relation to, among other things, the adoption of the 2021 RSU Scheme of the Company and the proposed grant of RSUs to Dr. Sidransky and Mr. Zhu; and (ii) the circular of the Company dated April 9, 2021 (the “**Circular**”) and the poll results announcement of the Company dated May 10, 2021 in relation to, among other things, the proposed remuneration for Directors. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

CONNECTED TRANSACTION — PROPOSED GRANT OF AWARDS UNDER THE 2021 RSU SCHEME TO INDEPENDENT NON-EXECUTIVE DIRECTORS

Background

As disclosed in the announcements of the Company dated May 21, 2021 and May 26, 2021, the Board approved the proposed grant by the Company of (i) an aggregate of 10,641 RSUs under the RSU Scheme, representing 10,641 Shares, to Dr. Sidransky, an independent non-executive Director; and (ii) an aggregate of 55,157 RSUs under the RSU Scheme, representing 55,157 Shares to Mr. Zhu, the chief commercial officer of the Company.

The Board hereby announces that, on July 13, 2021, the Company proposed to, subject to the approval of the Independent Shareholders (as defined below) at the EGM (as defined below), grant an aggregate of 9,418 RSUs, 9,418 RSUs and 9,418 RSUs under the RSU Scheme, representing 9,418 Shares, 9,418 Shares and 9,418 Shares, to Mr. Ye Changqing (“**Mr. Ye**”), Dr. Yin Zheng (“**Dr. Yin**”), Mr. Ren Wei (“**Mr. Ren**”), respectively, each an independent non-executive director of the Company.

The RSUs to be granted to each of Mr. Ye, Dr. Yin and Mr. Ren shall vest in accordance with the vesting criteria, conditions and time schedule as determined by the Board in its sole and absolute discretion with reference to, among other things, the location at which each of Mr. Ye, Dr. Yin and Mr. Ren is based and the commencement date or duration of their employment.

Based on the closing price of HK\$49.50 as quoted on the Stock Exchange on July 13, 2021 (being the date on which the grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren is proposed), the aggregate market value of the underlying Shares in relation to the RSUs to be granted to each of Mr. Ye, Dr. Yin and Mr. Ren amounts to HK\$1,398,573.

The RSUs to be granted to each of Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu would be satisfied upon exercise by the allotment and issuance of Shares to the Trustee to be held by the Trustee for such purpose under the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on May 10, 2021 to allot, issue and deal with up to 20% of the then issued share capital of the Company, being the general mandate currently available to the Company.

The underlying Shares of the RSUs to be granted to each of Mr. Ye, Dr. Yin and Mr. Ren, being 28,254 Shares in aggregate, represent approximately 0.01% of the total issued share capital of the Company as at the date of this announcement, and approximately 0.01% of the enlarged total issued share capital of the Company (assuming there will be no change to the total issued share capital from the date of this announcement up to the exercise of the RSUs granted to each of Mr. Ye, Dr. Yin and Mr. Ren other than the abovementioned allotment and issuance of Shares by the Company to the Trustee).

The new Shares to be allotted and issued by the Company to the Trustee under the proposed grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren will rank *pari passu* in all respects among themselves and with all the Shares in issue from time to time. Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, such new Shares.

Information on the Company

The Company is a China-based, globally focused, clinical-stage biotechnology company engaged in developing novel therapies for cancers, CHB (Chronic hepatitis B), and age-related diseases. On October 28, 2019, the Company became listed on the Main Board of the Stock Exchange with the stock code: 6855.HK.

Reasons for and benefits of the proposed grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren

As disclosed in the Adoption Announcement, the purposes of the 2021 RSU Scheme are to (i) incentivize the existing and incoming directors, senior management and employees for their contributions to the Group; and (ii) attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

As disclosed in the Circular, in light of the continuous expansion of the business scale and continuously rising requirements on regulated corporate governance of the Company over recent years and in order to attract and retain independent non-executive Directors to serve the Company, the proposed grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren is part of the adjustment to their remuneration package under their letters of appointment with the Company (as approved by the shareholders of the Company at the annual general meeting of the Company held on May 10, 2021) which has been determined with reference to, among other things, (a) their duties and responsibilities within the Company; (b) the prevailing market condition; (c) their individual performance and contributions; and (d) the overall performance of the Company.

Furthermore, the dilution effect of the proposed grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren to the interests of the existing public Shareholders is insignificant and there will not be substantial cash outflow by the Company under the proposed grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren.

The Directors consider that the proposed grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren is on normal commercial terms which are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren is an independent non-executive director of the Company, and Mr. Zhu is the chief commercial officer of the Company and thus a chief executive, each of Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu is a connected person of the Company. Although the proposed grant of RSUs to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren forms part of their remuneration package under their letters of appointment with the Company (as disclosed in the Circular and as approved by the shareholders of the Company at the annual general meeting of the Company held on May 10, 2021), such grant involves the issuance of new Shares to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren which does not fall within any of the exemptions as set out under Rule 14A.92 of the Listing Rules. As such, the proposed grant of RSUs to each of Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu constitutes a non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements.

The proposed grant of RSUs to Mr. Zhu has been unanimously approved by all members of the remuneration committee of the Company (the "**Remuneration Committee**"). None of the Directors has a material interest in the proposed grant of RSUs to Mr. Zhu and therefore none of them has abstained from voting on the relevant Board resolution. An independent board committee comprising Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren (the "**Independent Board Committee**"), being all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the proposed grant of RSUs to Mr. Zhu.

The proposed grant of RSUs to Dr. Sidransky has been unanimously approved by all members of the Remuneration Committee. Save for Dr. Sidransky, no other Director has a material interest in the proposed grant of RSUs to Dr. Sidransky and therefore none of them other than Dr. Sidransky abstained from voting on the relevant Board resolution.

The proposed grant of RSUs to Mr. Ye has been unanimously approved by all members of the Remuneration Committee. Save for Mr. Ye, no other Director has a material interest in the proposed grant of RSUs to Mr. Ye and therefore none of them other than Mr. Ye abstained from voting on the relevant Board resolution.

Save for Dr. Yin, being the chairman of the Remuneration Committee, no other member of the Remuneration Committee has a material interest in the proposed grant of RSUs to Dr. Yin and therefore none of them other than Dr. Yin abstained from voting on the relevant resolution of the Remuneration Committee. Save for Dr. Yin, no other Director has a material interest in the proposed grant of RSUs to Dr. Yin and therefore none of them other than Dr. Yin abstained from voting on the relevant Board resolution.

Save for Mr. Ren, being a member of the Remuneration Committee, no other member of the Remuneration Committee has a material interest in the proposed grant of RSUs to Mr. Ren and therefore none of them other than Mr. Ren abstained from voting on the relevant resolution of the Remuneration Committee. Save for Mr. Ren, no other Director has a material interest in the proposed grant of RSUs to Mr. Ren and therefore none of them other than Mr. Ren abstained from voting on the relevant Board resolution.

The following independent board committees (collectively, the “**Independent Board Committees for the Proposed Grant of RSUs to INEDs**”, and together with the Independent Board Committee, the “**Independent Board Committees**”) have been formed in accordance with Chapter 14A of the Listing Rules:

- (i) an independent board committee of the Company comprising Mr. Ye, Dr. Yin and Mr. Ren to advise the Independent Shareholders on the proposed grant of RSUs to Dr. Sidransky;
- (ii) an independent board committee of the Company comprising Dr. Sidransky, Dr. Yin and Mr. Ren to advise the Independent Shareholders on the proposed grant of RSUs to Mr. Ye;
- (iii) an independent board committee of the Company comprising Dr. Sidransky, Mr. Ye and Mr. Ren to advise the Independent Shareholders on the proposed grant of RSUs to Dr. Yin; and
- (iv) an independent board committee of the Company comprising Dr. Sidransky, Mr. Ye and Dr. Yin to advise the Independent Shareholders on the proposed grant of RSUs to Mr. Ren.

Appointment of Independent Financial Adviser

The Board wishes to announce that Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the Independent Financial Adviser to advise (i) the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of RSUs to Mr. Zhu; and (ii) the Independent Board Committees for the Proposed Grant of RSUs to INEDs and the Independent Shareholders in respect of the proposed grant of RSUs to each of Dr. Sidransky, Mr. Ye and Dr. Yin and Mr. Ren.

The Board does not consider that the proposed grant of RSUs to each of Dr. Sidransky, Mr. Ye, Dr. Yin and Mr. Ren would affect or hinder the independence of each of the independent non-executive Directors pursuant to Rule 3.13(1) of the Listing Rules.

EGM

An additional ordinary resolution will be proposed at the EGM for the shareholders of the Company to consider and, if thought fit, approve the proposed grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren. The voting at the EGM will be conducted by poll. To the best knowledge of the Directors, none of the Shareholders has a material interest in the proposed grant of RSUs to each of Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu, and accordingly, no Shareholders will be required to abstain from voting on the relevant resolutions at the EGM.

A circular containing, among other things, (i) further details of the proposed grant of RSUs to each of Dr. Sidransky, Mr. Ye, Dr. Yin, Mr. Ren and Mr. Zhu; (ii) the letters from the Independent Board Committees; (iii) the letter from the Independent Financial Adviser; and (iv) the notice convening the EGM, is expected to be despatched to the shareholders of the Company on or before July 31, 2021.

GENERAL

The RSU Scheme does not involve the grant of options in respect of new shares or other new securities of the Company or any of its subsidiaries, and is therefore not within the scope of, and subject to, Chapter 17 of the Listing Rules.

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

Suzhou, People's Republic of China, July 14, 2021

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Yang Dajun as Chairman and executive Director, Dr. Wang Shaomeng, 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.