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, 2019

The board of directors (the "**Board**") of Ascentage Pharma Group International (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the year ended December 31, 2019 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2018. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the prospectus of the Company dated October 16, 2019 (the "**Prospectus**").

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2019 increased to RMB14.5 million, as compared to RMB6.8 million for the year ended December 31, 2018, representing an increase of 113.2%. For the year ended December 31, 2019, the revenue was generated from the non-recurring research and development services provided to the customers and an IP license fee income from a customer.

- Other income and gains decreased by RMB11.5 million from RMB60.6 million for the year ended December 31, 2018 to RMB49.1 million for the year ended December 31, 2019, primarily attributable to (i) the decrease of unrealized gain arisen from our investment in Unity for the year ended December 31, 2018, as compared to an unrealized loss for the year ended December 31, 2019, (ii) fair value gain on convertible redeemable preferred shares for the year ended December 31, 2018, as compared to a fair value loss for the year ended December 31, 2019; and (iii) partially offset by the increase in government grants related to income and bank interest income.

- Research and development expenses increased by RMB214.3 million to RMB463.9 million for the year ended 31 December 2019, as compared to RMB249.6 million for the year ended December 31, 2018, primarily due to additional clinical trials of our drug candidates and the expansion of our research and development headcount, as well as the increase of expenses for the Pre-IPO Share Option Scheme.

- Administrative expenses increased by RMB71.9 million to RMB161.6 million for the year ended 31 December 2019, as compared to RMB89.7 million for the year ended December 31, 2018, primarily due to the increase of our management and administrative headcount and the increase of expenses for the Pre-IPO Share Option Scheme.

- Net loss for the year ended December 31, 2019 increased to RMB1,480.7 million, as compared to RMB345.3 million for the year ended December 31, 2018, primarily attributable to the losses of RMB836.7 million in fair value change of the Company's convertible redeemable preferred shares, which was a non-cash and non-recurring adjustment upon the Listing as required under the International Financial Reporting Standard (the "**IFRS**").

BUSINESS HIGHLIGHTS

On October 28, 2019 (the "**Listing Date**"), the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). We have made significant progress with respect to our product pipeline:

- We have built a robust pipeline of eight clinical stage small molecule drug candidates. Our pipeline consists of novel small molecule drug candidates that disrupt complex and difficult-to-target protein-protein interactions("**PPIs**"), and next generation tyrosine kinase inhibitors **("TKIs")**. As of December 31, 2019, we are conducting more than 30 Phase I or II clinical trials in the United States, Australia and China.

- Our core product candidate, HQP1351, is a third generation BCR-ABL/KIT inhibitor targeting BCR-ABL mutants, including those with the T315I mutation. Two pivotal Phase II clinical trials of HQP1351 for both AP-CML and CP-CML are ongoing in China. As of December 31, 2019, we have completed the enrollment for these two studies. We plan to submit NDA in China in 2020. HQP1351 has also entered into Phase Ib clinical trial for CML in the United States. Our report on clinical trial of HQP1351 was orally presented and nominated the "Best of ASH" at the 2019 American Society of Hematology Annual Meeting in December 2019.

- Our key product candidate, APG-2575, is a novel, orally administered Bcl-2 selective inhibitor developed for the treatment of hematologic malignancies with Bcl-2 overexpression. As of December 31, 2019, a phase I trial of APG-2575 is ongoing in the United States and Australia. In February 2020, we have obtained approval from the U.S. FDA to start phase Ib/II clinical trials in CLL/SLL and WM patients.

- We continued to develop a global intellectual property portfolio with exclusive licenses to issued patents or patent applications worldwide with respect to our product candidates. As of December 31, 2019, we have 80 issued patents and more than 200 patent applications globally, among of which, about 67 patents have been issued overseas.

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

Our PPI drug candidates are intended to treat cancer and other diseases by restoring the normal function of key intrinsic apoptotic pathways, including the Bcl-2/Bcl-xL, MDM2-p53 and IAP pathways, which play a pivotal role in regulating apoptosis. We are also developing several next generation TKIs to treat diseases with high unmet medical needs. Our compounds are being developed for use as a single agent or in combination with other therapies. As of December 31, 2019, we are conducting more than 30 Phase I or II clinical trials to evaluate our eight drug candidates in the United States, Australia and China. In addition, we are developing and implementing biomarker strategies in our drug discovery with the goal of improving the success rates of our clinical trials.

Product Pipeline

We have a pipeline of eight clinical stage small molecule drug candidates. The following table summarizes our pipeline and the development status of each candidate as at February 29, 2020:

Candidate	Mechanism	Lead Indications	Preclinical	Ph I	Ph II	Countries
HQP1351	BCR-ABL mutant	Resistant CML			pivotal phase II	China
	KIT	GIST				China
APG-2575	Bcl-2 Selective	CLL/SLL				China, U.S. & Australia
		WM				U.S. & Australia
		AML				China
APG-1252	Bcl-2/Bcl-xL	SCLC/NSCLC				China, U.S. & Australia
		NSCLC (Combo)				China
APG-115	MDM2-p53	Solid tumors(IO combo)				China & U.S.
		AML				China & U.S.
APG-1387	IAP Dimer	Solid tumors(IO combo)				China & U.S.
		Hepatitis B				China
AT-101	Bcl-2/Bcl-xL/Mcl-1	CLL				China & U.S.
APG-2449	FAK/ALK/ROS1	NSCLC				China
HQP8361	c-Met selective	Cancer (c-Met+)				China
Bcl-2 related	Strategic relationship with Unity to develop senolytic drugs.					U.S.

BUSINESS REVIEW

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

Core Product Candidate

HQP1351

Our core product, HQP1351, is a third generation BCR-ABL/KIT inhibitor targeting BCR-ABL mutants, including those with the T315I mutation.

With the "one-time umbrella approval" of HQP1351 in China, we are currently developing HQP1351 as monotherapy for the treatment of patients with TKI resistant CML or with the T315I mutation; and for the treatment of patients with TKI resistant/refractory GIST. Two pivotal Phase II clinical trials in CP-CML and AP-CML patients with T315I mutation are ongoing. We have completed the enrollment for these two studies. We plan to submit NDA in China in 2020. The third pivotal study in resistant/intolerant to 1st and 2nd generation TKIs is ongoing and is active in enrollment.

In addition, the FDA confirmed that we may proceed with an IND for a Phase Ib clinical trial in the United States for the treatment of patients with T315I mutations or TKI resistant CML in July 2019. The first patient has been dosed in January 2020.

We reported topline tolerability and efficacy data of the Phase I trial of HQP1351 at the annual meeting of the American Society of Hematology ("**ASH**") in December 2019 and was nominated as "Best of ASH" research. The results of preliminary Phase 1 study have been presented orally at the 2018 ASH annual meeting for the first time.

Data from the clinical trial showed that HQP1351 has achieved significant antitumor activity in drug resistant CML patients with favorable safety profile.

Cautionary Statement required by Rule 18A.05 of the Listing Rules: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET HQP1351 SUCCESSFULLY.

Key Product Candidates

APG-2575

APG-2575 is a novel, orally administered Bcl-2 selective inhibitor developed for the treatment of hematologic malignancies with Bcl-2 overexpression, including leukemia, lymphoma and multiple myeloma, or MM. The initial indications we plan to seek approval for are CLL and AML.

In addition to our planned Phase I trial of APG-2575 monotherapy in patients with various hematologic malignancies, we also intend to explore the combination of APG-2575 with other therapeutic agents, such as BTK inhibitors and anti-CD20 mAbs in clinically relevant indications, including NHL, AML and MM.

We have initiated open-label, multi-center Phase I trial of APG-2575 as a single agent for the treatment of patients with hematologic malignancies in the United States and Australia. As of February 2020, we have completed six dose levels, from 20mg to 600mg. The most recent data analysis showed that two CLL/SLL patients had PR. Six CLL/SLL patients completed the daily dose ramp-up without TLS. The absolute lymphocyte counts of 4 CLL patients have recovered to normal range within the first cycle. APG-2575 was well-tolerated in all 6 dose cohorts tested, no DLT has been reported and the MTD has not been reached. For APG-2575 phase I clinical trial in China, as of February 2020, the third dose level is ongoing.

In addition to these two Phase I trials in which APG-2575 is administrated as a single agent, we have obtained approval from the FDA to start a phase Ib/II clinical trial of APG-2575, single agent and in combination with other agents in CLL/SLL and WM patients. We also obtained approval in China to commence Phase Ib/II clinical trial in AML. In 2020 we plan to initiate several clinical trials in blood cancers, including MM and NHL.

APG-1252

APG-1252 is a novel, highly potent, small molecule drug designed to restore apoptosis through selective inhibition of the Bcl-2 and Bcl-xL proteins for the treatment of SCLC, lymphoma and other solid tumors.

We are currently conducting two Phase I dose-escalation trials in patients with advanced cancers in the United States and Australia. In parallel, APG-1252 is being tested in a Phase I dose-escalation/expansion trial as a monotherapy in patients with SCLC in China.

As of December 31, 2019, 65 patients have been treated with APG-1252 in 8 dose cohorts. APG-1252 has been well-tolerated up to the 320mg dose cohort. Pending Phase I results, we are planning a Phase II trial in relapsed/refractory SCLC, or r/r SCLC, in the United States and China.

As of December 31, 2019, the most recent data analysis showed that of 29 evaluable SCLC patients who have had at least one tumor assessment post-treatment, one patient with relapsed progressive SCLC has achieved confirmed partial response, or PR. 4 patients from China had SD and SD was maintained for 2 of these patients for more than 4 treatment cycles. In addition, 5 SDs were observed in the clinical trial in Australia in other tumor types. APG-1252 was found to be well-tolerated across all dose levels tested. The MTD has not yet been reached.

APG-115

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

We are currently conducting two Phase I clinical trials of APG-115 as a monotherapy in the United States and China for patients with advanced solid tumors or lymphoma. A clinical trial of APG-115 plus pembrolizumab is also on-going in the United States. The Phase I tolerability trial showed that APG-115 was well tolerated and had manageable AEs across all dose levels tested.

We made an oral presentation on the preliminary results at the International Congress on Targeted Anticancer Therapies by European Society for Medical Oncology in February 2019. Preliminary data suggested that APG-115 has shown promising anti-tumor activity in treatment of patients with MDM2-amplification and TP53-WT liposarcoma. Safety profile and PD effect were consistent with other MDM2 inhibitors.

In addition, our IND for a Phase Ib/II clinical trial for APG-115 in combination with chemotherapeutic or other targeted agents for the treatment of patients with hematologic malignancies was approved by the NMPA in China in July 2019. We also submitted an Orphan Drug Designation Application to the Office of Orphan Products Development of the FDA in February 2019. We plan to submit additional INDs for combination trials in China and the United States in 2020.

Other Clinical or IND-stage Candidates

APG-1387

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

APG-1387 is the first IAP-targeting drug to enter clinical trials in China and has completed the Phase I clinical trials as a single agent in solid tumors in Australia and China. We are currently conducting a Phase I clinical trial in the United States, testing combination of APG-1387 with pembrolizumab ("**Keytruda**"), an anti-PD-1 mAb in solid tumors. In addition, a Phase I trial of single agent APG-1387 in treatment of naive Chronic Hepatitis B (CHB) patients have completed the enrollment in China. With the positive preliminary result, a phase II clinical trial of APG-1387 combo with nucleic acids will be initiated.

As of December 31, 2019, a total of 103 patients were enrolled in the studies. As of the Latest Practicable Date, APG-1387 has been shown to be good safety and well-tolerated. One APG-1387 related Grade 2 facial nerve disorder was reported as SAE due to the hospitalization of the patient. The patient recovered without serious health consequences. No cytokine release syndrome, or CRS, has been reported. The preliminary data have demonstrated the immune modulatory, anti-tumor and antiviral activities in monotherapy and combination settings.

In February 2020, the Company obtained approval to commence Phase Ib/II clinical trial in combination with the nab-paclitaxel plus gemcitabine doublet chemotherapy in advanced pancreatic cancer. In addition, two Phase Ib/II clinical trials of APG-1387 combined with immuno-checkpoint inhibitor or chemotherapy in advance solid tumors have been approved by Center for Drug Evaluation (CDE) to be conducted in China.

Lead Pre-clinical Assets

AS00491 and APG-3526

In preclinical studies of our Mcl-1 inhibitors, we observed impressive antitumor activity in xenograft tumor models. Mcl-1 is a member of the Bcl-2 family proteins that regulate apoptosis. Mcl-1 is in one of the top 10 most frequently amplified gene regions for cancer. Overexpression of Mcl-1 contributes to the evasion of apoptosis and is one of the major resistance mechanisms for many types of chemotherapy, including venetoclax. Mcl-1 mediates its effects primarily through interactions with pro-apoptotic BH3-containing proteins, and traditionally it has been a difficult target for drug development in the PPI field. Currently, there are only three Mcl-1 inhibitors that have entered into Phase I clinical development.

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

RESEARCH AND DEVELOPMENT

We have a proven track record of researching, developing and commercializing biopharmaceuticals. We plan to continue to diversify and expand our product pipeline through both in-house research and development and through collaboration with biotechnology and pharmaceutical companies, as well as academic institutions. We have an experienced scientific advisory board, chaired by Dr. Wang Shaomeng, our co-founder. 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, 2018 and 2019, our research and development expenses were RMB249.6 million and RMB463.9 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 of December 31, 2019, we have 80 issued patents and more than 200 patent applications globally, among of which, about 67 patents have been issued overseas.

Two patent applications in China for APG-115 and APG-2575 were issued in January 2020 and four combination applications for APG-2575, one combination application for each of APG-1252, APG-115 and APG-1387 were published in February 2020.

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 April 2019, we entered into a clinical collaboration agreement with Junshi Biosciences to explore the synergies of our IAP inhibitor, APG-1387, and Junshi Biosciences' anti-PD-1 therapy, toripalimab, in clinical trials in solid and hematological tumors in China. Approval to commence the clinical studies has been obtained.

In November 2019, we entered into a strategic collaboration with Shanghai Henlius Biotech, Inc., to conduct clinical trials of the combination therapy between APG-2575, our novel, orally administered Bcl-2 selective inhibitor and 漢利康® (Rituximab Injection) for the treatment of chronic lymphocytic leukemia (CLL) in the PRC.

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

MANUFACTURING

We lease an approximately 4,480 square meter facility for research and development and manufacturing in China Medical City, Taizhou, Jiangsu Province, PRC, where we produce and supply preclinical test articles and clinical trial materials for some of our drug candidates. In addition, we expect to build an approximately 10,000 square meter facility in Suzhou, Jiangsu Province, PRC for R&D and manufacturing (the "**Suzhou Facility**").

In November 2019, the groundbreaking ceremony for the Suzhou Facility was held at the Suzhou Industrial Park. At the Suzhou Facility, we intend to produce drug product for clinical or, in the future, commercial use. The Suzhou Facility is expected to consist of two oral-solid-dosage production lines, for both tablet and capsule formulations, and two parenteral liquid/lyophilization powder-for-injection production lines.

EXPECTED COVID-19 IMPACT

The Company expects that the COVID-19 pandemic will have a negative impact on its global operations, including clinical trial recruitment and participation, regulatory interactions, drug supply and manufacturing and R&D facility construction, particularly in the first half of 2020 and beyond depending on the scope and duration of the pandemic.

In addition, it is not certain if the jurisdictions where we operate will further extend any of the current restrictions or if further measures will be put into place. Because of the spread of the COVID-19 virus to countries outside of China, there has been significant restrictions on travel among and within countries. Businesses and governments have put in place quarantine policies. The potential economic impact caused by the COVID-19 virus spread, both in general and in particular, in 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.

The Company is closely monitoring the COVID-19 impact and will operate our clinical trials in compliance with applicable regulatory guidelines on clinical trials during the COVID-19 pandemic to minimize delays and disruptions to deliver its our clinical and regulatory goals in 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended December 31, 2019 RMB'000	2018 RMB'000
REVENUE	*4*	**14,513**	6,807
Cost of sales		**(2,096)**	—
Gross profit		**12,417**	6,807
Other income and gains	*4*	**49,116**	60,630
Administrative expenses		**(161,643)**	(89,717)
Research and development expenses		**(463,883)**	(249,565)
Other expenses		**(914,049)**	(38,145)
Finance costs		**(4,274)**	(36,919)
LOSS BEFORE TAX	*5*	**(1,482,316)**	(346,909)
Income tax credit	*6*	**1,602**	1,602
LOSS FOR THE YEAR		**(1,480,714)**	(345,307)
Attributable to:			
Owners of the parent		**(1,480,714)**	(345,307)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For loss for the year (RMB)	*8*	**(12.69)**	(4.16)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(1,480,714)**	(345,307)
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	**(98,799)**	(23,777)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(98,799)**	(23,777)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(1,579,513)**	(369,084)
Attributable to:		
Owners of the parent	**(1,579,513)**	(369,084)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at December 31, 2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**93,787**	26,853
Right-of-use assets		**48,500**	40,387
Goodwill		**24,694**	24,694
Other intangible assets		**72,192**	75,280
A financial asset at fair value through profit or loss ("**FVTPL**")		**32,191**	59,518
Other non-current asset		**24,581**	12,425
Total non-current assets		**295,945**	239,157
CURRENT ASSETS			
Prepayments, other receivables and other assets		**26,648**	18,732
Other financial assets		**—**	14,399
Cash and bank balances		**882,457**	957,088
Total current assets		**909,105**	990,219
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**92,194**	37,587
Trade payables	*9*	**13,084**	5,081
Other payables and accruals		**96,738**	62,556
Contract liabilities		**46**	45
Total current liabilities		**202,062**	105,269
NET CURRENT ASSETS		**707,043**	884,950
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,002,988**	1,124,107

	As at December 31,	
	2019	2018
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**9,211**	4,457
Deferred tax liabilities	**16,957**	18,559
Long-term payables measured at FVTPL	**51,248**	10,034
Contract liabilities	**50**	94
Deferred income	**35,047**	26,938
Convertible redeemable preferred shares	**—**	2,075,611
Total non-current liabilities	**112,513**	2,135,693
Net assets/(liabilities)	**890,475**	(1,011,586)
DEFICIT IN EQUITY		
Equity attributable to owners of the parent		
Share capital	**142**	63
Treasury shares	**(4)**	(4)
Capital and reserves	**890,337**	(1,011,645)
Total equity/(deficit)	**890,475**	(1,011,586)

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on November 17, 2017. The registered office of the Company is located at the office of Walkers Corporate Limited, with the registered address of Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1–9008, Cayman Islands.

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

On October 28, 2019, the shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange (the "**Stock Exchange**"). In connection with the Listing, 12,180,900 new shares of the Company were issued and allotted at the offer price of HK$34.2 per share. On November 25, 2019, an aggregate of 1,827,100 over-allotment shares were further issued and allotted by the Company at HK$34.2 per share.

In the opinion of the Directors, the ultimate controlling shareholders of the Company are Dr. Yang Dajun, Dr. Guo Edward Ming, Dr. Wang Shaomeng, Dr. Zhai Yifan, the Founders SPV and Dr. Zhai SPV.

2.1 BASIS OF PREPARATION

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

These financial statements have been prepared under the historical cost convention, except for financial assets at FVTPL, other financial assets, long-term payables measured at FVTPL and convertible redeemable preferred shares which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

All IFRSs effective for the accounting period commencing from January 1, 2019 set below had been early adopted by the Group in the preparation of the consolidated financial statements for each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019 in connection with the listing of the Company's shares on the Stock Exchange. Thus, the effectiveness of the below accounting policies and disclosures have no impact to the Group's financial statements for the year end December 31, 2019.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

3. OPERATING SEGMENT INFORMATION

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

4. REVENUE, OTHER INCOME AND GAINS

Revenue

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Research and development service fee income	**3,990**	6,764
IP license fee income	**10,523**	43
	14,513	6,807

Other income and gains

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Government grants related to income	**30,424**	8,631
Gain on other financial assets	**5,208**	5,875
Fair value gain on financial asset at FVTPL	**—**	26,673
Foreign exchange gain, net	**430**	—
Fair value gain on convertible redeemable preferred shares	**—**	12,148
Bank interest income	**12,906**	7,060
Others	**148**	243
	49,116	60,630

5. LOSS BEFORE TAX

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

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Cost of sales	**2,096**	—
Depreciation of property, plant and equipment	**10,442**	7,640
Depreciation of right-of-use assets	**8,943**	4,098
Amortization of intangible assets	**7,048**	6,724
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**213,139**	107,650
Share option expenses	**70,822**	27,575
Pension scheme contributions (defined contribution scheme)	**12,071**	5,363
	296,032	140,588
Fair value loss on long-term payables measured at FVTPL	**41,214**	4,108
Series C Shares issue expenses	**—**	18,643
Lease payments not included in the measurement of lease liabilities	**276**	496
Fair value loss/(gain) on convertible redeemable preferred shares	**836,738**	(12,148)
Auditors' remuneration	**1,500**	269
Listing expenses	**35,393**	26,830
Foreign exchange (gain)/loss, net	**(430)**	12,325
Fair value loss/(gain) on financial asset at FVTPL	**35,897**	(26,673)

6. INCOME TAX CREDIT

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

The provision for income tax of Ascentage Pharma Group Inc. incorporated in the United States is based on a rate of 21% (2018: 21%).

	Year ended December 31,	
	2019	2018
	RMB'000	*RMB'000*
Current	**—**	—
Deferred	**(1,602)**	(1,602)
Total tax credit for the year	**(1,602)**	(1,602)

7. DIVIDENDS

The board of directors resolved not to declare any final dividend for the year ended December 31, 2019 (2018: 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 profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 116,727,377 (2018: 83,067,399) 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, 2019 and 2018 in respect of a dilution as the impact of the options and convertible bonds 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,	
	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:	**(1,480,714)**	(345,307)

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**116,727,377**	83,067,399

9. TRADE PAYABLES

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

	As at December 31,	
	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**12,296**	3,977
1 to 3 months	**—**	619
3 to 6 months	**788**	485
	13,084	5,081

The trade payables are non-interest-bearing and are normally settled in less than six months. The carrying amounts of trade payables approximate to their fair values.

FINANCIAL REVIEW

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

	Year ended December 31,	
	2019	2018
	RMB '000	*RMB '000*
Revenue	**14,513**	6,807
Other income*	**48,538**	21,566
Other gains and losses (net)*	**(913,471)**	919
Research and development expenses	**(463,883)**	(249,565)
Administrative expenses**	**(126,250)**	(62,887)
Listing expenses	**(35,393)**	(26,830)
Finance costs	**(4,274)**	(36,919)
Loss for the year	**(1,480,714)**	(345,307)
Total comprehensive loss for the year	**(1,579,513)**	(369,084)

*: "Other income" and "other gains and losses (net)" here were presented differently from the "other income and gains" and "other expenses" in the consolidated statement of profit or loss for management review purpose.

**: exclusive of listing expenses recognized in profit or loss.

1. Overview

For the year ended December 31, 2019, the Group recorded revenue of RMB14.5 million, as compared with RMB6.8 million for the year ended December 31,2018, and the total comprehensive loss of RMB1,579.5 million, as compared with RMB369.1 million for the year ended December 31, 2018. The loss of the Group was RMB1,480.7 million for the year ended December 31, 2019, as compared with RMB345.3 million for the year ended December 31, 2018, primarily due to the losses of RMB836.7 million in fair value change of the Company's convertible redeemable preferred shares. The research and development expenses of the Group was RMB463.9 million for the year ended December 31, 2019, as compared with RMB249.6 million for the year ended December 31, 2018. The administrative expenses (exclusive of listing expenses) were RMB126.3 million for the year ended December 31, 2019 as compared with RMB62.9 million for the year ended December 31, 2018.

2. Revenue

For the year ended December 31, 2019, the Group generated revenue of RMB14.5 million from the non-recurring research and development services provided to the customers and an IP license fee income from Unity, as compared to RMB6.8 million for the year ended December 31, 2018. We have not commercialized any of our product candidates and therefore did not generate any revenue from sales of drug products.

3. Other Income

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

For the year ended December 31, 2019, other income of the Group increased to RMB48.5 million, from RMB21.6 million for the year ended December 31, 2018, primarily attributable to the increase of government grants resulting from increased research and development activities of the Group and bank interest income earned from the proceeds from the Listing.

4. Other Gains and Losses

The Group's other gains and losses consist of (i) fair value gains or losses on financial assets or liabilities; (ii) foreign exchange gains or losses and (iii) fair value loss on contingent consideration in relation to our acquisition of Healthquest Pharma.

For the year ended December 31, 2019, the Group reported net other losses of RMB913.5 million, as compared to net other gains of RMB0.9 million, primarily attribute to: (i) fair value loss on convertible redeemable preferred shares of RMB836.7 million for the year ended December 31, 2019, as compared to a fair value gain of RMB12.1 million for the year ended December 31, 2018; (ii) fair value loss on financial assets at FVTPL of RMB35.9 million for the year ended December 31, 2019, as compared to an fair value gain of RMB26.7 million for the year ended December 31, 2018 and (iii) the increase of fair value loss on long-term payables measured at FVTPL from RMB4.1 million for the year ended December 31, 2018 to RMB41.2 million for the year ended December 31, 2019; partially offset by: (i) the decrease of an one-off loss of RMB18.6 million in relation to the issuance of Series C Shares in the year ended December 31, 2018 and (ii) the foreign exchange gain of RMB0.4 million for the year ended December 31, 2019, as compared to the foreign exchange loss of RMB12.3 million for the year ended December 31, 2018.

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

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

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

5. Research and Development Expenses

The Group's research and development expenses primarily consist of clinical trial expenses, staff costs, experiment and other third-party contracting expenses, materials, patent related and research costs, depreciation and amortization and share option expenses.

For the year ended December 31, 2019, the research and development expenses of the Group increased by 85.9% to RMB463.9 million from RMB249.6 million for the year ended December 31, 2018. The increase was primarily attributable to additional clinical trials of the Company's drug candidates, increased research and development headcount, and increased expenses in relation to the Pre-IPO Share Option Scheme.

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

	Year ended December 31,	
	2019	2018
	RMB '000	*RMB '000*
Clinical trial expenses	**57,128**	34,252
Staff costs	**178,110**	93,077
Experiment and other third party contracting expenses	**97,975**	36,127
Materials	**35,918**	31,760
Depreciation and amortization	**14,406**	12,393
Share option expenses	**50,580**	22,077
Others	**29,766**	19,879
Total	**463,883**	249,565

6. Administrative Expenses

For the year ended December 31, 2019, the administrative expense of the Group increased 80.2% to RMB161.6 million from RMB89.7 million for the year ended December 31, 2018. The increase was primarily attributable to increased management and administrative headcount and increased expenses in relation to the Pre-IPO Share Option Scheme.

7. Finance Costs

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

For the year ended December 31, 2019, the finance costs of the Group decreased to RMB4.3 million from RMB36.9 million for the year ended December 31, 2018. The Group designated Series A-1 Financing, Series A-2 Financing and Series B Financing (previously recognized as other non-current liabilities measured at amortized cost) as financial liabilities measured at FVTPL with change in fair value recorded as other income and gains or other expenses after the completion of Series C Financing in July 2018.

8. Loss for the Reporting Period

As a result of the above factors, the loss of the Company increased to RMB1,480.7 million for the year ended December 31, 2019 from RMB345.3 million for the year ended December 31, 2018.

9. Liquidity, Source of Funding and Borrowing

As at December 31, 2019, the Group's cash and bank balances decreased to RMB882.5 million from RMB957.1 million as at December 31, 2018. The decrease primarily resulted from the payment of the Group's research and development expenses and partially offset by the cash inflow of proceeds from the Listing.

As at December 31, 2019, the Group's cash and bank balances were held mainly in US$ and RMB.

As at December 31, 2019, the current assets of the Group were RMB909.1 million, including cash and bank balances of RMB882.5 million and other current assets of RMB26.6 million. As at December 31, 2019, the current liabilities of the Group were RMB202.1 million, including trade payables of RMB13.1 million, other payables and accrued expenses of RMB96.7 million and borrowings of RMB92.2 million.

10. Cash Flows

For the year ended December 31, 2019, net cash flows used in operating activities of the Group amounted to RMB460.3 million, as compared to that of RMB237.7 million for the year ended December 31, 2018, mainly due to the expansion of our research and development activities.

For the year ended December 31, 2019, net cash flows used in investing activities of the Group amounted to RMB201.3 million, which mainly consisted of (i) purchase of items of property, plant and equipment and other intangible assets of RMB81.4 million and (ii) increase in time deposits of RMB139.5 million, partially offset by the net proceeds from redemption of other financial assets of RMB19.6 million. For the year ended December 31, 2018, net cash flow from investing activities amounted to of RMB292.8 million, which mainly consisted of (i) the net proceeds from redemption of other financial assets of RMB375.6 million, partially offset by a prepayment of land lease payment of RMB33.9 million and a cash consideration of RMB33.4 million paid in connection with the acquisition of Healthquest Pharma.

For the year ended December 31, 2019, net cash flows from financing activities of the Group amounted to RMB442.4 million, which mainly consisted of net proceeds of RMB404.3 million* from issuance of shares through public offering and net borrowing of RMB50.0 million from banks. For the year ended December 31, 2018, net cash flows from financing activities amounted to RMB860.2 million, which mainly consisted of net proceeds of RMB910.6 million from issuance of preferred shares and net borrowing of RMB35.0 million from banks, partially offset by the capital repurchase of RMB75.6 million.

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

11. Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as at December 31, 2019 by function:

Function	**Number**	**%**
Research and Development	327	79.8
Administrative	83	20.2
Total	**410**	**100.0**

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 employees.

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

12. Key Financial Ratios

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

	As at December 31,	
	2019	2018
Current ratio[(1)]	**4.5**	9.4
Quick ratio[(2)]	**4.5**	9.4
Gearing ratio[(3)]	**N/A**	N/A[(4)]

Notes:

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

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

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

(4) As at December 31, 2018 and 2019, the Group's cash and bank balances exceeded the financial liabilities (excluding other non-current liabilities and convertible redeemable preferred shares). As such, no gearing ratio as at December 31, 2018 and 2019 is presented.

13. Material Investments

The Group did not make any material investments during the year ended December 31, 2019.

14. 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 fair value through profit or loss 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.

15. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended December 31, 2019.

16. Bank Loans and Other Borrowings

As of December 31, 2019, we had bank loans of RMB85.0 million with fixed interest rate and denominated in RMB and lease liabilities of RMB16.4 million.

17. Contingent Liabilities

As at December 31, 2019, the Group did not have any material contingent liabilities.

FUTURE AND OUTLOOK

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

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

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

Additionally, we expect to expand our intellectual property portfolio by actively seeking patent rights for our product candidates. For each of our clinical programs, we seek to extend the coverage to additional indications and obtain new method of new use patent for our drug candidates, as appropriate. As of December 31, 2019, we have 80 issued patents and more than 200 patent applications globally, among of which, about 67 patents are 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.

HUMAN RESOURCES

As of December 31, 2019, we had 410 full-time employees, including a total of 115 employees with M.D. or Ph.D. degrees. Of these, 327 are engaged in full-time research and development and laboratory operations and 83 are engaged in full-time general and administrative functions. Our research and development personnel includes 98 employees with M.D. or Ph.D. degrees and more than 103 holders of master's 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 instrumental in driving the success of our business. As of December 31, 2019, we had 26 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 our employees over the past 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has applied the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules. During the period from the Listing Date to the date of this announcement, the Board is of the opinion that the Company has complied with all the code provisions apart from the deviation below.

Pursuant to code provision A.2.1 of the Corporate Governance 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. We do not have a separate chairman and chief executive officer, and Dr. Yang Dajun currently performs these two roles. The Board believes that such arrangement will not impair the balance of power and authority between the Board and the management of the Company, because (a) decision to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises three independent non-executive Directors out of nine Directors, which represents one-third of the Board composition and satisfies the Listing Rules requirement, 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 our 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 our 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 our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Model Code for Securities Transactions by Directors of Listed Issuers

We have also adopted our own code of conduct regarding securities transactions, namely the policy on management of securities transactions by directors (the "**Securities Transactions Code**"), which applies to all Directors on terms not less exacting than the required standard indicated by the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**").

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities throughout the period from the Listing Date to the date of this announcement.

Use of Net Proceeds

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, which will be utilized for the purposes as set out in our Prospectus.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") has three members (two of whom are independent non-executive Directors while the remaining one is a non-executive Director), being Mr. Ye Changqing (chairman), Dr. Lu Simon Dazhong, and Dr. Yin Zheng with terms of reference in compliance with the Listing Rules.

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, 2019 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Auditor

The financial figures in respect of the Group's, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended December 31, 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on this preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

In February 2020, the Group entered into a fixed asset loan facility agreement amounting up to RMB1,050 million at a floating interest rate. The Group intends to utilize the loan facility for the construction of the Suzhou Facility.

For the clinical development of our drug candidates subsequent to the year ended December 31, 2019, please refer to the above section headed "Business Review".

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

FINAL DIVIDEND

The Board does not recommend payment of a dividend for the year ended December 31, 2019.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on June 19, 2020 (the "**AGM**"). 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 June 16, 2020 to June 19, 2020, 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 June 15, 2020.

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, 2019 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, March 29, 2020

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, Mr. Zhao Qun, Dr. Lu Simon Dazhong and Mr. Liu Qian as non-executive Directors, and Mr. Ye Changqing, Dr. Yin Zheng and Mr. Ren Wei as independent non-executive Directors.