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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)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **Placing Agents**

*(in alphabetical order)*



**J.P.Morgan**

The Board is pleased to announce that on July 8, 2020 (before trading hours), the Company entered into the Placing Agreement with the Placing Agents, pursuant to which the Company agreed to issue, under the General Mandate, and the Placing Agents agreed, severally and not jointly or jointly and severally, as agents of the Company, to procure on a best efforts basis the Placees to subscribe for a total of 15,000,000 Placing Shares at the Placing Price of HK\$46.80 per Placing Share subject to the terms and conditions of the Placing Agreement.

The number of Placing Shares represents approximately 7.18% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.70% of the enlarged issued share capital of the Company immediately following the Closing (assuming all the Placing Shares are subscribed for in full and there is no change in the issued share capital of the Company between the date of this announcement and the Closing).

The Placing Price of HK\$46.80 per Placing Share represents (i) a discount of approximately 7.0% to the closing price of HK\$50.30 per Share as quoted on the Stock Exchange on July 7, 2020, being the last trading day immediately prior to the date of the Placing Agreement; and (ii) a discount of approximately 2.9% to the average closing price of HK\$48.22 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares are to be issued under the General Mandate. As such, the allotment and issue of the Placing Shares is not subject to additional Shareholders' approval.

Assuming all the 15,000,000 Placing Shares are subscribed for in full, upon Closing, the gross proceeds to be raised from the Placing will be approximately HK\$702.0 million and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) arising from the Placing are estimated to be approximately HK\$689.5 million. On this basis, the net price per Placing Share will be approximately HK\$45.96.

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

**As closing of the Placing is subject to the satisfaction or, if applicable, waiver of the Conditions Precedent, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## THE PLACING AGREEMENT

The Board is pleased to announce that on July 8, 2020 (before trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Company agreed to issue, under the General Mandate, and the Placing Agents agreed, severally and not jointly or jointly and severally, as agents of the Company, to procure on a best efforts basis the Placees to subscribe for a total of 15,000,000 Placing Shares at the Placing Price of HK\$46.80 per Placing Share subject to the terms and conditions of the Placing Agreement. The principal terms of the Placing Agreement are set out below.

## **Date**

July 8, 2020 (before trading hours)

## **Parties**

Issuer: The Company

Placing Agents: (1) Citigroup Global Markets Limited; and  
(*in alphabetical order*)

(2) J.P. Morgan Securities (Asia Pacific) Limited

## **The Placing Shares**

The number of Placing Shares represents approximately 7.18% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.70% of the enlarged issued share capital of the Company immediately following the Closing (assuming all the Placing Shares are subscribed for in full and there is no change in the issued share capital of the Company between the date of this announcement and the Closing). The aggregate nominal value of the Placing Shares is US\$1,500.

The Placing Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of Closing including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment.

## **The Placing Agents**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agents and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## **The Placees**

The Placing Agents will place the Placing Shares to investors that are third parties independent of the Company and its connected persons. It is expected that the Placing Shares will be placed to not less than six Placees who shall be professional, institutional, or other investors that are, together with their respective ultimate beneficial owners, third parties independent of the Company and its connected person.

## **Placing Price**

The Placing Price of HK\$46.80 per Placing Share represents:

- (i) a discount of approximately 7.0% to the closing price of HK\$50.30 per Share as quoted on the Stock Exchange on July 7, 2020, being the last trading day immediately prior to the date of the Placing Agreement; and
- (ii) a discount of approximately 2.9% to the average closing price of HK\$48.22 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined on arm's length basis among the Company and the Placing Agents and with reference to the prevailing market price of the Shares, the recent trading volume of the Shares and the prospects of the Group. The Board (including the independent non-executive Directors) considers that the Placing Price and the terms of the Placing Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

## **Conditions Precedent**

Closing of the Placing shall be subject to the satisfaction or, if applicable, waiver of the Conditions Precedent which include:

- (i) the representations and warranties made by the Company pursuant to the Placing Agreement being true and accurate and not misleading as at the date of the Placing Agreement and the Closing Date;
- (ii) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Closing Date; and

- (iii) the Listing Committee granting approval for the listing of and permission to deal in the Placing Shares and such approval and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares pursuant to the Placing Agreement.

Pursuant to the Placing Agreement, the Placing Agents in their sole discretion may waive any of the Conditions Precedent.

## **Closing**

Closing of the Placing shall take place on the business day upon which the last of the Conditions Precedent is satisfied, provided that it shall take place on a date no later than five business days after July 8, 2020, being the date of the Placing Agreement, or such other time and/or date as the Company and the Placing Agents may agree in writing and in compliance with the Listing Rules.

## **Termination**

In the event that, among other things, (i) the Company does not deliver the Placing Shares on the Closing Date; or (ii) any of the Conditions Precedent has not been satisfied or waived in writing pursuant to the Placing Agreement, the Placing Agents may elect, in their sole discretion, to terminate the Placing Agreement forthwith.

## **Lock-up arrangements of the Company**

Pursuant to the Placing Agreement, during the Lock-up Period, being the period beginning on the date of the Placing Agreement and ending on the date which is 90 days after the Closing Date, save for (i) the issue of the Placing Shares under the Placing Agreement; (ii) the issuance of any Shares upon the exercise of the share options granted under the pre-IPO share option scheme approved by the Board on July 13, 2018 provided that such issuance is in compliance with the Listing Rules and the lock-up undertakings given by the Controlling Shareholders pursuant to the Listing Rules; or (iii) any actions that may be approved by the Placing Agents in writing during the Lock-up Period, the Company shall not, without the written consent of the Placing Agents:

- (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company;

- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in paragraphs (i) or (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) publicly announce an intention to effect any such transaction.

## **GENERAL MANDATE**

The Placing Shares will be allotted and issued under the General Mandate.

As at the date of this announcement, the number of new Shares that can be issued by the Company under the General Mandate is 41,780,345 Shares. Up to the date of this announcement, no Share has been issued by the Company pursuant to the General Mandate. The allotment and issue of the Placing Shares will utilize approximately 35.9% of the General Mandate. As such, the allotment and issue of the Placing Shares is not subject to the additional approval of the Shareholders.

## **APPLICATION FOR LISTING**

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is a globally-focused, clinical-stage biotechnology company engaged in developing novel therapies for cancers, hepatitis B virus, or HBV, and age-related diseases.

The Directors consider that the Placing represents an opportunity to raise capital for the Company while broadening its Shareholder base. The Directors are of the view that the Placing would strengthen the financial position of the Group and provide working capital to the Group.

Assuming all the 15,000,000 Placing Shares are subscribed for in full, upon Closing, the gross proceeds to be raised from the Placing will be approximately HK\$702.0 million and the net proceeds (after deducting all applicable costs and expenses, including commission and levies) arising from the Placing are estimated to be approximately HK\$689.5 million. On this basis, the net price per Placing Share will be approximately HK\$45.96.

The net proceeds from the Placing will be used for (i) the registration, trial production and marketing of the Core Product, HQP1351 (third generation BCR-ABL/KIT multi-kinase inhibitor) that we have submitted New Drug Application (NDA) in June 2020; (ii) clinical development for other pipeline products such as APG-2575 (Bcl-2 selective inhibitor currently in Phase Ib/II clinical trial, APG-115 (MDM2-p53 inhibitors currently in Phase Ib/II clinical trial), APG-1387 (pan-IAP inhibitor currently in Phase Ib/II clinical trial) and APG-1252 (Bcl-2/Bcl-xL dual inhibitor currently in Phase I clinical trial); and (iii) general corporate use, as appropriate.

**Cautionary Statement required by Rule 18A.05 of the Listing Rules:** The Company cannot guarantee that it will be able to develop, or ultimately market, any of the products in its pipeline successfully. Shareholders and potential investors are should exercise due care when dealing in the securities of the Company.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Closing (assuming all the Placing Shares are subscribed for in full and there is no change in the issued share capital of the Company between the date of this announcement and the Closing) are set out below.

Shareholder	As at the date of this announcement		Immediately following the Closing	
	<i>Number of Shares held</i>	<i>Approximate percentage of total Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate percentage of total Shares in issue<sup>(4)</sup></i>
<b>Controlling Shareholders</b>				
— Founders SPV <sup>(1)(3)</sup>	67,204,967	32.17%	67,204,967	30.02%
— Dr. Zhai SPV <sup>(2)(3)</sup>	67,204,967	32.17%	67,204,967	30.02%
— Dr. Yang <sup>(1)(3)</sup>	67,204,967	32.17%	67,204,967	30.02%
— Dr. Wang <sup>(1)(3)</sup>	67,204,967	32.17%	67,204,967	30.02%
— Dr. Guo <sup>(1)(3)</sup>	67,204,967	32.17%	67,204,967	30.02%
— Dr. Zhai <sup>(2)(3)</sup>	67,204,967	32.17%	67,204,967	30.02%
<b>The Places</b>	—	—	15,000,000	6.70%
<b>Other Shareholders</b>	141,696,760	67.83%	141,696,760	63.29%
<b>Total</b>	<u>208,901,727</u>	<u>100.00%</u>	<u>223,901,727</u>	<u>100.00%</u>



*Notes:*

- (1) Founders SPV is beneficially owned by (i) Dr. Yang as to 0.84%; (ii) Dr. Wang as to 13.39%; (iii) Dr. Guo as to 4.20%; (iv) Dajun Yang Dynasty Trust as to 44.69%; (v) Shaomeng Wang Dynasty Trust as to 13.39%; and (vi) Ming Edward Guo Dynasty Trust as to 23.49%. Dajun Yang Dynasty Trust, Shaomeng Wang Dynasty Trust and Ming Edward Guo Dynasty Trust are discretionary family trusts respectively established by Dr. Yang, Dr. Wang and Dr. Guo as settlor for the benefits of their respective family members.
- (2) Dr. Zhai SPV is beneficially owned by (i) Dr. Zhai as to 3%; and (ii) Yifan Zhai Dynasty Trust as to 97%. Yifan Zhai Dynasty Trust is a discretionary family trust established by Dr. Zhai as settlor for the benefits of her family members.
- (3) Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, Founders SPV and Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been and will be actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of the Group since December 5, 2016 and will continue to act in concert after Listing. Accordingly, each of them is deemed to be interested in an aggregate of approximately 32.17% shareholding interest in the Company as at the date of this announcement and an aggregate of approximately 30.02% shareholding interest in the Company immediately following the Closing.
- (4) The percentage of total Shares in issue may not add up to 100% due to rounding.

## **FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

The Shares of the Company were listed on the Stock Exchange on October 28, 2019 with a total of 14,008,000 offer shares (including shares issued as a result of the full exercise of the over-allotment option) issued and the net proceeds raised from the Global Offering were approximately HK\$369.8 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.



The table below sets out the planned applications of the net proceeds from the Global Offering and the actual usage up to June 30, 2020.

Use of proceeds		Planned allocation of net proceeds (HK\$ million)	Planned allocation of net proceeds (RMB million)	Utilized amount (as at June 30, 2020) (RMB million)	Expected timeline
					for utilizing the remaining balance of net proceeds from the Global Offering
Research and development to bring the Core Product, HQP1351, to commercialization	42%	155.2	138.2	82.9	December 31, 2021
Ongoing and planned clinical trials of APG-1252	13%	48.1	42.8	21.4	March 31, 2021
Ongoing and planned clinical trials of APG-2575	19%	70.3	62.5	37.5	March 31, 2021
Ongoing and planned clinical trials of APG-115	19%	70.3	62.5	31.2	March 31, 2021
Ongoing and planned clinical trials for the rest of the clinical programs of the Company, APG-1387 and APG-2449	6%	22.2	19.7	12.0	March 31, 2021
Working capital and general corporate purposes	1%	3.7	3.3	2.0	March 31, 2021
<b>Total</b>	<b>100.0%</b>	<b>369.8</b>	<b>329.1</b>	<b>187.0</b>	

Notes:

- (1) The sum of the data may not add up to the total due to rounding.
- (2) The expected timeline for utilizing the remaining balance of net proceeds is based on the best estimation of the market conditions made by the Group and it is subject to the research and development progress of the Group which may be affected by COVID-19.
- (3) Net proceeds from the Global Offering were received in Hong Kong dollars and translated to Renminbi for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the Global Offering.

Save as disclosed above, the Company has not conducted any fund raising activities in the 12 months immediately preceding the date of this announcement.

**As closing of the Placing is subject to the satisfaction or, if applicable, waiver of the Conditions Precedent, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless otherwise defined, the following terms used herein have the following meanings:

“APG-2575”	the Company’s novel, orally administered Bcl-2 inhibitor
“APG-115”	the Company’s novel, orally active small molecule MDM2-p53 inhibitor
“APG-1252	the Company’s novel, highly potent, small molecule drug designed to restore apoptosis, or programmed cell death, through selective inhibition of the Bcl-2/Bcl-xL proteins
“APG-1387”	the Company’s novel, small molecule inhibitor of the inhibitor of apoptosis protein (IAP)
“APG-2449”	the Company’s third-generation inhibitor of the FAK, ROS1 and ALK kinases
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Closing”	closing of the Placing pursuant to the Placing Agreement
“Closing Date”	the business day upon which the last of the Conditions Precedent is satisfied, and no later than five business days after July 8, 2020, being the date of the Placing Agreement, or such other time and/or date as the Company and the Placing Agents may agree in writing and in compliance with the Listing Rules

“Company”	Ascentage Pharma Group International (亞盛醫藥集團), an exempted company incorporated in the Cayman Islands with limited liability on November 17, 2017 and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6855)
“Concert Party Confirmation Deed”	the concert party confirmation deed dated August 11, 2018 executed by Dr. Yang, Dr. Wang, Dr. Guo, Dr. Zhai, Founders SPV and Dr. Zhai SPV, to confirm, agree and acknowledge, among other things, that they are parties acting in concert in relation to our Group since December 5, 2016 and will continue to act in concert after the Listing
“Conditions Precedent”	the conditions precedent to the Closing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires refers to Dr. Yang, Dr. Wang, Dr. Guo, Dr. Zhai, Founders SPV and Dr. Zhai SPV
“Core Product”	has the meaning ascribed to it under Chapter 18A of the Listing Rules. For the purpose of this announcement, our Core Product is HQP1351
“COVID-19”	novel coronavirus pneumonia COVID-19
“Directors”	the directors of the Company
“Dr. Guo”	Dr. Guo Edward Ming, the chief operating officer of the Company and a Controlling Shareholder
“Dr. Wang”	Dr. Wang Shaomeng, a non-executive Director and a Controlling Shareholder
“Dr. Yang”	Dr. Yang Dajun, the chairman of the Board, the chief executive officer of the Company, the executive Director, a Controlling Shareholder, and spouse of Dr. Zhai
“Dr. Zhai”	Dr. Zhai Yifan, the chief medical officer of the Company, a Controlling Shareholder, and spouse of Dr. Yang

“Dr. Zhai SPV”	HealthQuest Pharma Limited, a company incorporated in BVI with limited liability and wholly owned by Dr. Zhai (for herself and as settlor of the Yifan Zhai Dynasty Trust), and a Controlling Shareholder
“Founders SPV”	Ascentage Limited, a company incorporated in BVI with limited liability which is owned by Dr. Yang (for himself and as settlor of the Dajung Yang Dynasty Trust) as to 45.53%, Dr. Guo (for himself and as settlor of the Ming Edward Guo Dynasty Trust) as to 27.69% and Dr. Wang (for himself and as settlor of the Shaomeng Wang Dynasty Trust) as to 26.78%, and a Controlling Shareholder
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on June 19, 2020 to allot, issue and deal with up to 20% of the then issued share capital of the Company
“Global Offering”	the Hong Kong public offering and the international offering as described in the Prospectus
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HQP1351”	formerly known as D824, or GZD824; our third-generation BCR-ABL inhibitor, which was designed to overcome drug resistance caused by BCR-ABL kinase mutants such as T315I mutants, and our Core Product
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on October 28, 2019
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Lock-up Period”	the period beginning on the date of the Placing Agreement and ending on the date which is 90 days after the Closing Date
“Placee(s)”	any investor(s) procured by the Placing Agents or their respective agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing Agents”	collectively, Citigroup Global Markets Limited and J.P. Morgan Securities (Asia Pacific) Limited
“Placing Agreement”	the placing agreement entered into among the Company and the Placing Agents dated July 8, 2020 in relation to the Placing
“Placing”	the placing of 15,000,000 Placing Shares to the Placees at the Placing Price pursuant to the terms and conditions of the Placing Agreement
“Placing Price”	HK\$46.80 per Placing Share
“Placing Shares”	15,000,000 new Shares to be issued by the Company under the General Mandate and to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated October 16, 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Agent”	Citigroup Global Markets Limited
“Share(s)”	ordinary share(s) in the issued share capital of the Company with a nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“United States”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Suzhou, the PRC, July 8, 2020

*As at the date of this announcement, the Board 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.*