ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6855)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

The board (the "**Board**") of directors (the "**Directors**") of Ascentage Pharma Group International (the "**Company**" or "**Ascentage Pharma**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**" or "**us**") for the six months ended June 30, 2020 (the "**Reporting Period**"), together with the comparative figures for the six months ended June 30, 2019. 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 six months ended June 30, 2020 increased slightly by 13.0% to RMB2.6 million, as compared to RMB2.3 million for the six months ended June 30, 2019. For the six months ended June 30, 2020, the revenue was generated from non-recurring research and development services provided to the customers.

- Other income and gains increased by RMB5.1 million or approximately 37.5% from RMB13.6 million for the six months ended June 30, 2019 to RMB18.7 million for the six months ended June 30, 2020, primarily attributable to (i) the increase of unrealized gain which arose from our investment in Unity for the six months ended June 30, 2020, as compared to an unrealized loss for the six months ended June 30, 2019; and (ii) the increase of recognized government grants related to income and gain on financial assets which was partially offset by the decrease of bank interest income.

- Research and development expenses increased by 26.4% from RMB199.0 million for the six months ended June 30, 2019 to RMB251.5 million for the six months ended June 30, 2020, primarily due to additional clinical trials of our drug candidates and the increase in our research and development headcount.

- Administrative expenses decreased slightly to RMB61.7 million for the six months ended June 30, 2020, as compared to that of RMB61.8 million for the six months ended June 30, 2019, primarily due to the decrease of costs relating to our Initial Public Offering in 2019, which was partially offset by the increase of our management and administrative headcount and the increase of expenses for the Pre-IPO Share Option Scheme.

- Net loss for the six months ended June 30, 2020 decreased by 49.6% to RMB319.2 million, as compared to that of RMB633.3 million for the six months ended June 30, 2019, primarily attributable to the decrease of a loss of RMB342.3 million which arose from the fair value change of the Group's convertible redeemable preferred shares, which was recognized as a non-cash and non-recurring adjustment upon the Listing as required under the International Financial Reporting Standard (the "**IFRS**").

BUSINESS HIGHLIGHTS

- During the six months ended June 30, 2020, we continued to make significant progress with respect to our product pipeline, including the following milestones and achievements: 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 June 30, 2020, we are conducting more than 40 Phase 1 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 and its mutants, including those with the T315I mutation. As of June 30, 2020, two pivotal Phase II clinical trials in chronic phase chronic myeloid leukemia (CP-CML) and accelerated phase CML (AP-CML) patients with T315I mutation were completed. Based on results from the two pivotal clinical studies, we have submitted the New Drug Application (NDA) to the Center for Drug Evaluation (CDE) of China National Medical Products Administration (NMPA) for HQP1351, for the treatment of patients with T3151-mutant CP-CML and AP-CML in June, 2020. Furthermore, the US Food and Drug Administration (FDA) has granted HQP1351 an Orphan Drug Designation (ODD) for the treatment of CML and a Fast Track Designation (FTD) for the treatment of CML with certain genetic markers who have failed to respond to treatments with existing TKIs in April 2020.

- 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 June 30, 2020, a Phase I trial of APG-2575 is ongoing in the United States, Australia and China. In addition, we have obtained approval from the FDA to start a Phase Ib/II clinical trial of APG-2575, single agent or in combination with other agents in relapsed/refractory chronic lymphocytic leukemia (r/r CLL) or small lymphocytic lymphoma (r/r SLL) and Waldenström macroglobulinemia (WM) patients. We also obtained approval in China to commence Phase Ib/II clinical trial in relapsed/refractory acute myeloid leukemia (r/r AML) and r/r CLL/SLL. Furthermore, FDA has granted APG-2575 an Orphan Drug Designation for the treatment of WM in July 2020.

- 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 June 30, 2020, we have 96 issued patents and more than 300 patent applications globally, among which, about 80 patents have been issued overseas.

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

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

We are a 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 June 30, 2020, we are conducting more than 40 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 in clinical development. The following table summarizes our pipeline and the development status of our current pipeline as of June 30, 2020:

Candidate	Mechanism	Lead Indications	Preclinical	Ph I	Ph II	NDA	Countries
HQP1351	BCR-ABL mutant	Resistant CML					China
							U.S.
	KIT	GIST					China
APG-2575	Bcl-2 Selective	CLL/SLL					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)					U.S. & Australia
		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. & Australia
APG-2449	FAK/ALK/ROS1	NSCLC					China
HQP8361	c-Met selective	Cancer (c-Met+)					China
AS00491	Mcl-1	Oncology					China & U.S.
APG-3526	Mcl-1	Oncology					China & U.S.
APG-5918	EED Selective	Oncology					China & U.S.
AS1266	BCR-ABL	CML					China & U.S.
UBX1967/1325	Bcl-2	Ophthalmology					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. Two pivotal Phase II clinical trials in CP-CML and AP-CML patients with T315I mutation were completed. Based on results from the two pivotal registered clinical studies, we had submitted the NDA to NMPA in China in June 2020. If the application is approved, HQP1351 is in the hopes of becoming the first marketed third generation BCR-ABL inhibitor in China. The third pivotal study in resistant/intolerant to 1st and 2nd generation TKIs is ongoing and is active in enrollment. Besides, the clinical trial for the treatment of patients with TKI resistant/refractory gastrointestinal stromal tumors (GIST) is ongoing.

In addition, the Phase Ib clinical trial in the United States for the treatment of patients with T315I mutations or TKI resistant CML is ongoing. The first patient has been dosed in January 2020. Furthermore, FDA has granted HQP1351 an Orphan Drug Designation for the treatment of CML and a Fast Track Designation for the treatment of CML with certain genetic markers who have failed to respond to treatments with existing TKIs in April 2020.

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 to treat a variety of hematologic malignancies by selectively blocking Bcl-2 to restore the normal apoptosis process in cancer cells. Since March 2020, APG-2575 has received approvals and clearances for several Phase Ib/II studies in China and the United States.

FDA has approved two clinical trials including one Phase Ib/II studies as a single agent or in combination with rituximab/acalabrutinib for the treatment of r/r CLL/SLL; and one Phase Ib/II trial of APG-2575 as a single agent or in combination with ibrutinib/rituximab for the treatment of WM. The first patient in Ib/II clinical trial for the treatment of r/r CLL/SLL has been dosed in the United States in March 2020.

Furthermore, the company is poised to initiate a Phase Ib trial of APG-2575 as a single agent or in combination for the treatment of r/r AML in China following the recent approval from the CDE of NMPA. APG-2575 received approval for one Phase Ib/II trial of APG-2575 as a single agent or in combination therapies for the treatment of patients with r/r CLL/SLL in China.

In addition, we entered into a global clinical collaboration with Acerta Pharma, the hematology research and development center of excellence of AstraZeneca to evaluate the combination of APG-2575 with acalabrutinib, a BTK inhibitor in patients with r/r CLL/SLL in June 2020. Furthermore, FDA has granted APG-2575 an Orphan Drug Designation for the treatment of WM in July 2020.

The multi-center Phase I trial of APG-2575 as a single agent for the treatment of patients with hematologic malignancies is ongoing in the United States, Australia and China. APG-2575 is also the first China-made Bcl-2 selective inhibitor to enter clinical trials in China. APG-2575 shows potential favorable safety profile. As of June 30, 2020, we have completed seven dose levels, from 20mg to 800mg. The most recent data analysis showed that five CLL/SLL patients had partial response (PR). Eight CLL/SLL patients completed the daily dose ramp-up without tumor lysis syndrome(TLS). APG-2575 was well-tolerated in all 7 dose cohorts tested, no DLT (dose limited toxicity) has been reported and the maximum tolerated does (MTD) has not been reached. For APG-2575 Phase I clinical trial in China, as of February 29, 2020, the third dose level is ongoing.

In the second half of 2020, we plan to initiate several clinical trials in blood cancers, including multiple myeloma, MM and non-Hodgkin's lymphoma (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 small cell lung cancer (SCLC), non-small cell lung cancer (NSCLC) and myelofibrosis.

We are currently conducting three Phase I dose-escalation/expansion trials in patients with advanced cancers in China, United States and Australia. APG-1252 is also being tested in a variety of combination trials in specific indications, which include a Phase Ib/II study of APG-1252 plus paclitaxel in patients with SCLC in the United States, a Phase Ib/II study of APG-1252 plus ruxolitinib in patients with myelofibrosis in the United States, and a Phase Ib study of APG-1252 plus osimertinib in patients with NSCLC in China.

As of June 30, 2020, 114 patients have been treated with APG-1252 as a monotherapy or in combination. APG-1252 has been well tolerated up to the 240mg dose as a monotherapy. The recommended Phase II dose is determined to be 240 mg once weekly.

The most recent interim analysis of the Phase I monotherapy study in the United States (cut-off date: December 21, 2019) was presented at American Society of Clinical Oncology (ASCO) annual meeting in May 2020. 3 out of 36 evaluable patients who have had at least one tumor assessment post-treatment achieved partial response (1cPR and 2 uPR). The duration of the confirmed PR response lasted for >18 cycles. In addition, 7 patients achieved stable disease (SD). The overall response rate (ORR) and disease control rate (DCR) are 8.3% and 27.8%, respectively.

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.

APG-115 is the first MDM2-p53 inhibitor entering clinical stage in China, with multiple ongoing clinical studies in treating solid tumors in China and the United States. At present, APG-115 is simultaneously advancing its clinical development in a range of hematologic malignancies globally. We are currently enrolling three clinical trials of APG-115 in the United States, a Phase I study as single agent, a Phase Ib/II study in combination with pembrolizumab for treatment of metastatic melanoma and other advanced solid tumors, and a Phase I/II study as a single agent or in combination with chemotherapy for treatment of salivary gland cancer. APG-115 is the first MDM2-p53 inhibitor to enter clinical stage in China with 2 studies: a Phase I study as a single agent, and a Phase Ib study as a single agent or in combination with chemotherapy for treatment of AML or MDS (myelodysplastic syndrome). Furthermore, we completed dosing of the first patient with hematologic malignancies in Phase Ib study in China in July 2020.

Results of the Phase Ib study was published at the ASCO annual meeting in May 2020 and demonstrated that APG-115 in combination with pembrolizumab is well-tolerated, with encouraging anti-tumor effects. 19 subjects were treated with APG-115 in 4 dose escalation cohorts to date. No DLTs were reported, and no MTD has been reached. Among 18 efficacy evaluable subjects, 1 patient with a confirmed complete response (CR) lasting for 28 cycles. 2 patients had confirmed PR for and were on treatment for up to 9 months: 1 patient with NSCLC who progressed on nivolumab therapy and the other had immunotherapy-naive appendiceal cancer; 7 patients had SD as best overall response.

Furthermore, we entered into a clinical collaboration with MSD to evaluate the combination of APG-115 and pembrolizumab for the treatment of patients with advanced solid tumors in July 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 and the preliminary result was released in ASCO meeting in May 2020. Meanwhile, in China, a Phase Ib/II clinical trial testing the combination of APG-1387 with Toripalimab (拓益), another anti-PD-1 mAb in solid tumors is ongoing. A Phase Ib/II clinical trial of APG-1387 in combination with the nab-paclitaxel plus gemcitabine in advanced pancreatic cancer is in initiation.

In addition, 2 clinical trials of APG-1387 in Hepatitis B disease area are ongoing. The Phase I trial of single agent APG-1387 in treatment naive Chronic Hepatitis B (CHB) patients has completed the treatment and follow-up in the monotherapy regimen. With the positive preliminary result, the extension of the Phase I study with APG-1387 sequentially combo with NAs in treatment naive CHB patients is ongoing. A Phase II clinical trial of APG-1387 concurrently combo with nucleic acids in CHB patients is ongoing as well. This Phase II clinical trial is being planned to conduct IND submission in the United States in 2020.

As of June 30, 2020, a total of 149 patients were enrolled and treated in the studies. As of June 30, 2020, 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 (CRS) has been reported. The preliminary data have demonstrated the immune modulatory, anti-tumor and antiviral activities in monotherapy and combination settings.

Lead Pre-clinical Assets

AS00491 and APG-3526

Pre-clinical studies demonstrated impressive antitumor activity of our Mcl-1 inhibitors in xenograft tumor models. Mcl-1 is another important 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 and targeted therapy, 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 two Mcl-1 inhibitors in active clinical trials.

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 exerted 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. 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 (Bcl-2-like protein 11) complex thus freeing BIM to initiate the apoptotic cascade.

EED inhibitor APG-5918

APG-5918 has been nominated as the clinical candidate targeting EED in April 2020. marking the entrance of the program into the IND-enabling stage. APG-5918 is a potent, orally available, and selective EED inhibitor with the best-in-class potential. APG-5918 demonstrated substantial activities in both biochemical and cell-based assays, as well as impressive antitumor activity in xenograft tumor models in mice. In addition, APG-5918 showed overall favorable DMPK, TOX and physicochemical properties.

Discovery programs

Allosteric BCR-ABL inhibitor AS1266

After the 3rd generation BCR-ABL inhibitor HQP1351 targeting T315I mutation, the company developed AS1266, a fourth generation BCR-ABL inhibitor. AS1266 binds to an allosteric pocket unique to BCR-ABL fusion protein. AS1266 is highly a selective, unique inhibitor, leading to enhanced activity and offering the potential for overcoming acquired drug resistance conferred by additional mutations. Indeed, AS1266 in combination with classical TKIs including HQP1351 shows synergic effect in cells expressing various drug resistant mutations.

In addition, several programs targeting a sizable market or with the potential to further strengthen our core businesses have been established, including small molecule inhibitors targeting KRAS and Bcl-2 mutants.

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 six months ended June 30, 2019 and 2020, our research and development expenses were approximately RMB199.0 million and RMB251.5 million, respectively.

INTELLECTUAL PROPERTIES

Intellectual property rights are fundamental to our business. Through our robust research and development, we have strategically developed a global intellectual property portfolio with exclusive licenses to issued patents or patent applications worldwide with respect to our product candidates. As of June 30, 2020, we have 96 issued patents and more than 300 patent applications globally, among of which, about 80 patents had been issued overseas.

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 June 2020, we have entered into a global clinical collaboration with Acerta Pharma, the hematology research and development center of excellence of AstraZeneca (LSE/STO/NYSE: AZN). We will sponsor a clinical trial to study the combination of APG-2575, and Acerta Pharma's CALQUENCE® (acalabrutinib), a BTK inhibitor, evaluating the efficacy and safety of this combination therapy in patients with r/r CLL/SLL.

In July 2020, we entered into a global clinical collaboration with MSD to evaluate the combination of APG-115 and Keytruda for the treatment of patients with advanced solid tumors. We have commenced three clinical trials of APG-115 in the United States, including a Phase I study as single agent, a Phase Ib/II study in combination with pembrolizumab for treatment of metastatic melanoma and other advanced solid tumors, and a Phase I/II study as a single agent or in combination with chemotherapy for treatment of salivary gland cancer.

Furthermore, we signed a strategic cooperation agreement with China National Clinical Research Center for Hematological Diseases on the joint construction of the "National Hematological Diseases Clinical Medical Research Center" to promote the research and clinical development in this field in July 2020.

In addition, Ascentage Pharma was selected as one of the "First Batch of Potential Landmark Companies in the Biomedical Industry" at the Suzhou Biomedical Industry Development Conference in April 2020. In June 2020, Ascentage Pharma was selected as "2019 Suzhou Unicorn Cultivation Enterprise" by the Science & Technology Bureau of Suzhou.

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 pre-clinical test articles and clinical trial materials for some of our drug candidates. In addition, we expect to construct an approximately 100,000 square meter facility in Suzhou, Jiangsu Province, PRC for R&D and manufacturing (the "**Suzhou Facility**").

In November 2019, the groundbreaking ceremony for the new 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 novel coronavirus pneumonia ("**COVID-19**") pandemic will continue to 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, 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 to countries outside of China, there has been significant restrictions on domestic and international travel. Businesses and governments have imposed quarantine policies. The potential economic impact caused by the COVID-19, 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 impact of COVID-19 and will operate our clinical trials in compliance with applicable regulatory guidelines during the COVID-19 pandemic to minimize delays and disruptions which may have an impact on our ability to deliver our clinical and regulatory goals in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended June 30, 2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
REVENUE	4	**2,613**	2,317
Gross profit		**2,613**	2,317
Other income and gains	4	**18,741**	13,610
Administrative expenses		**(61,699)**	(61,790)
Research and development expenses		**(251,455)**	(198,982)
Other expenses		**(26,350)**	(387,258)
Finance costs		**(1,828)**	(2,013)
LOSS BEFORE TAX	5	**(319,978)**	(634,116)
Income tax credit	6	**801**	801
LOSS FOR THE PERIOD		**(319,177)**	(633,315)
Attributable to:			
Owners of the parent		**(319,177)**	(633,315)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
— For loss for the period *(RMB)*		**(1.53)**	(6.51)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
LOSS FOR THE PERIOD	**(319,177)**	(633,315)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**7,497**	(8,763)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**7,497**	(8,763)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(311,680)**	(642,078)
Attributable to:		
Owners of the parent	**(311,680)**	(642,078)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**June 30, 2020** ***RMB'000*** **(Unaudited)**	December 31, 2019 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**213,882**	93,787
Right-of-use assets		**44,774**	48,500
Goodwill		**24,694**	24,694
Other intangible assets		**69,983**	72,192
A financial asset at fair value through profit or loss ("**FVTPL**")		**39,328**	32,191
Other non-current asset		**38,099**	24,581
Total non-current assets		**430,760**	295,945
CURRENT ASSETS			
Prepayments, other receivables and other assets		**27,140**	26,648
Financial assets at FVTPL		**216,989**	–
Cash and bank balances		**430,651**	882,457
Total current assets		**674,780**	909,105
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*9*	**68,466**	92,194
Trade payables	*10*	**11,397**	13,084
Other payables and accruals		**56,778**	96,738
Contract liabilities		**46**	46
Total current liabilities		**136,687**	202,062
NET CURRENT ASSETS		**538,093**	707,043
TOTAL ASSETS LESS CURRENT LIABILITIES		**968,853**	1,002,988
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*9*	**219,615**	9,211
Deferred tax liabilities		**16,156**	16,957
Long-term payables measured at FVTPL		**71,533**	51,248
Contract liabilities		**27**	50
Deferred income		**38,393**	35,047
Other non-current liabilities		**10,916**	–
Total non-current liabilities		**356,640**	112,513
Net assets		**612,213**	890,475
EQUITY			
Equity attributable to owners of the parent			
Share capital		**142**	142
Treasury shares		**(4)**	(4)
Capital and reserves		**612,075**	890,337
Total equity		**612,213**	890,475

NOTES TO THE CONDENSED CONSOLIDATED 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 reorganization in July 2018. The Group was principally engaged in developing novel small-scale therapies for cancers, hepatitis B virus, or HBV, and certain age-related diseases.

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended June 30, 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2019.

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for financial assets at FVTPL and long-term payables measured at FVTPL which have been measured at fair value. The interim condensed consolidated 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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

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

An analysis of revenue is as follows:

Revenue from contracts with customers

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Compounds library license fee income	**23**	22
Research and development service fee income	**2,590**	2,295
	2,613	2,317

Other income and gains

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Government grants related to income	**7,398**	2,838
Gain on financial assets	**1,143**	398
Fair value gain on a financial asset at FVTPL	**6,616**	—
Foreign exchange gain, net	**—**	1,014
Bank interest income	**3,511**	9,294
Others	**73**	66
	18,741	13,610

5. LOSS BEFORE TAX

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

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Depreciation of property, plant and equipment	**5,419**	4,760
Depreciation of right-of-use assets	**4,670**	4,197
Amortization of intangible assets	**3,644**	3,479
Research and development costs	**251,455**	198,982
Fair value loss on long-term payables measured at FVTPL	**20,285**	20,416
Fair value loss on convertible redeemable preferred shares	**—**	342,301
Listing expenses	**—**	8,779
Foreign exchange loss/(gain), net	**5,072**	(1,014)
Fair value (gain)/loss on a financial asset at FVTPL	**(6,616)**	24,447

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%.

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current	**—**	—
Deferred	**(801)**	(801)
Total tax credit for the period	**(801)**	(801)

7. DIVIDENDS

The board of directors resolved not to declare any interim dividend for the six months ended June 30, 2020 (six months ended June 30, 2019: Nil).

No dividends were paid during the six months ended June 30, 2020 (six months ended June 30, 2019: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the six months ended June 30, 2020 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 208,901,727 (six months ended June 30, 2019: 97,298,807) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended June 30, 2020 and 2019 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:

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(319,177)**	(633,315)

	Number of shares	
	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Audited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**208,901,727**	97,298,807

9. INTEREST-BEARING BANK AND OTHER BORROWINGS

June 30, 2020

	Effective interest rate per annum (%)	*Maturity*	*RMB'000*
Current			
Bank loans — unsecured	4.05–4.35	2020–2021	60,000
Current portion of long-term bank loans — unsecured	4.75	2021	2,000
Lease liabilities	4.00–4.35	2020–2021	6,466
			68,466
Non-current			
Bank loans — unsecured	1-year – LPR+0.9	2023	98,000
Bank loans — unsecured	4.75	2023	20,000
Bank loans — secured*	5-year – LPR+0.15	2030	94,862
Lease liabilities	4.00–4.35	2021–2023	6,753
			219,615
			288,081

Note: LPR stands for the Loan Prime Rate.

* The bank loans amounting to RMB94,862,000 was secured by the pledge of the Group's right-of-use assets with a carrying amount of RMB31,552,000 and the construction in process with a carrying amount of RMB184,725,000 as at June 30, 2020.

December 31, 2019

	Effective interest rate per annum (%)	*Maturity*	*RMB'000*
Current			
Bank loans — unsecured	4.35	2020	85,000
Lease liabilities	4.00–4.35	2020	7,194
			92,194
Non-current			
Lease liabilities	4.00–4.35	2021–2023	9,211
			101,405

10. TRADE PAYABLES

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

	June 30, 2020 ***RMB'000*** **(Unaudited)**	December 31, 2019 *RMB'000* (Audited)
Within 1 month	**7,125**	12,296
1 to 3 months	**798**	—
3 to 6 months	**3,474**	788
	11,397	13,084

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

	Six months ended June 30,	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**2,613**	2,317
Other income*	**12,052**	12,530
Other gains and losses (net)*	**(19,661)**	(386,178)
Research and development expenses	**(251,455)**	(198,982)
Administrative expenses**	**(61,699)**	(53,011)
Listing expenses	**—**	(8,779)
Finance costs	**(1,828)**	(2,013)
Loss for the period	**(319,177)**	(633,315)
Total comprehensive loss for the period	**(311,680)**	(642,078)

*: "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 six months ended June 30, 2020, the Group recorded revenue of RMB2.6 million, as compared with RMB2.3 million for the six months ended June 30, 2019, representing an increase of 13.0%, and the total comprehensive loss of RMB311.7 million, as compared with RMB642.1 million for the six months ended June 30, 2019, representing a decrease of 51.5%. The net loss of the Group was RMB319.2 million for the six months ended June 30, 2020, as compared with RMB633.3 million for the six months ended June 30, 2019, representing a decrease of 49.6%, primarily due to the decrease of a loss of RMB342.3 million which arose from the fair value change of the Group's convertible redeemable preferred shares. The research and development expenses of the Group was RMB251.5 million for the six months ended June 30, 2020, as compared with RMB199.0 million for the six months ended June 30, 2019, representing an increase of 26.4%. The administrative expenses (exclusive of listing expenses) were RMB61.7 million for the six months ended June 30, 2020 as compared with RMB53.0 million for the six months ended June 30, 2019, representing an increase of 16.4%.

2. Revenue

For the six months ended June 30, 2020, we generated revenue of RMB2.6 million from the non-recurring research and development services provided to the customers, as compared to RMB2.3 million for the six months ended June 30, 2019. We had 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, and (iii) realized and unrealized gain from 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 six months ended June 30, 2020, other income of the Group decreased slightly to RMB12.1 million, from RMB12.5 million for the six months ended June 30, 2019, primarily attributable to the decrease of bank interest income which was partially offset by the increase of government grants related to income and gain on financial assets.

4. Other Gains and Loses

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 six months ended June 30, 2020, the Group reported net other losses of RMB19.7 million, as compared to net other losses of RMB386.2 million for the six months ended June 30, 2019, representing a decrease of 94.9%, primarily attribute to (i) the decrease of a loss of RMB342.3 million arisen from the fair value change of the Group's convertible redeemable preferred shares; and (ii) an unrealized gain on our investment in Unity of RMB6.6 million for the six months ended June 30, 2020, as compared to a fair value loss of RMB24.4 million for the six months ended June 30, 2019 which was partially offset by the exchange loss of RMB5.1 million for the six months ended June 30, 2020, as compared to a foreign exchange gain of RMB1.0 million for the six months ended June 30, 2019.

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 six months ended June 30, 2020, the research and development expenses of the Group increased by 26.4% to RMB251.5 million from RMB199.0 million for the six months ended June 30, 2019. The increase was primarily attributable to additional clinical trials of the Company's drug candidates and increased research and development headcount.

6. Administrative Expenses

For the six months ended June 30, 2020, the administrative expense (exclusive of listing expenses) of the Group increased by 16.4% to RMB61.7 million from RMB53.0 million for the six months ended June 30, 2019. The increase was primarily attributable to the increase of our management and administrative headcount and the increase of expenses for the Pre-IPO Share Option Scheme.

7. Finance Costs

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

For the six months ended June 30, 2020, the finance costs of the Group decreased slightly to RMB1.8 million from RMB2.0 million for the six months ended June 30, 2019.

8. Net Loss for the Reporting Period

As a result of the above factors, the net loss of the Company decreased by 49.6% to RMB319.2 million for the six months ended June 30, 2020 from RMB633.3 million for the six months ended June 30, 2019, primarily attributable to the decrease of a loss of RMB342.3 million which arose from the fair value change of the Group's convertible redeemable preferred shares, which was recognized as a non-cash and non-recurring adjustment upon the Listing as required under the IFRS.

9. Liquidity and Financial Resources

As at June 30, 2020, the Group's cash and bank balances decreased by 51.2% to RMB430.7 million from RMB882.5 million as at December 31, 2019. The decrease primarily resulted from (i) the cash payment for our research and development activities and construction of Suzhou Facility; and (ii) the subscription of financial products for cash management purpose which was partially offset by the cash inflow from bank borrowings.

As at June 30, 2020, the Group's cash and bank balances were held mainly in RMB and US$.

As at June 30, 2020, the current assets of the Group were RMB674.8 million, including cash and bank balances of RMB430.7 million, financial assets at FVTPL of RMB217.0 million and other current assets of RMB27.1 million. As at June 30, 2020, the current liabilities of the Group were RMB136.7 million, including trade payables of RMB11.4 million, other payables and accrued expenses of RMB56.8 million and borrowings of RMB68.5 million.

As at June 30, 2020, the financial assets at FVTPL in current assets represented our investment in short term financial products as part of our cash management. All of these financial products were due subsequently in July 2020 and the Group has received the principal and related interest income.

10. Cash Flows

For the six months ended June 30, 2020, net cash flows used in operating activities of the Group amounted to RMB298.6 million, as compared to that of RMB217.2 million for the six months ended June 30, 2019, mainly due to the expansion of our research and development activities.

For the six months ended June 30, 2020, net cash flows used in investing activities of the Group amounted to RMB207.0 million, which mainly consisted of (i) the purchase of items of property, plant and equipment and other intangible assets of RMB130.6 million which was mainly in relation to the construction of our new facilities in Suzhou, China; and (ii) the net increase in financial assets and time deposits of RMB76.3 million. For the six months ended June 30, 2019, net cash flow from investing activities amounted to of RMB37.3 million, which mainly consisted of (i) the purchase of items of property, plant and equipment and other intangible assets of RMB19.1 million; and (ii) the net increase in financial assets and time deposits of RMB18.2 million.

For the six months ended June 30, 2020, net cash flows from financing activities of the Group amounted to RMB193.4 million, which mainly consisted of new bank borrowings. For the six months ended June 30, 2019, net cash flow from financing activities of the Group amounted to RMB57.1 million, which mainly consisted of new bank borrowings.

11. Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as of June 30, 2020 by function:

Function	**Number**	**%**
Research and Development	336	82
Administrative	74	18
Total	410	100.00

As of June 30, 2020, we had 410 full-time employees, including a total of 93 employees with M.D. or Ph.D. degrees. Of these, 336 are engaged in full-time research and development and laboratory operations and 74 are engaged in full-time general and administrative functions. Our research and development personnel includes 88 employees with M.D. or Ph.D. degrees and more than 132 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 June 30, 2020, we had 115 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 over the last two years, which facilitates the growth of our institutional knowledge base. We are actively recruiting talents globally by offering a collaborative work environment, competitive compensation, effective incentive plans, and the opportunity to work on cutting-edge science projects.

Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our PRC-based employees.

The Company has also adopted the Pre-IPO Share Option Scheme, 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 periods indicated:

	As at June 30, 2020	As at December 31, 2019
Current ratio[(1)]	**4.9**	4.5
Quick ratio[(2)]	**4.9**	4.5
Gearing ratio[(3)]	**N/A**[(4)]	N/A[(4)]

Notes:

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

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

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

(4) As at December 31, 2019 and June 30, 2020, the Group's cash and bank balances exceeded the financial liabilities (excluding other non-current liabilities). As such, no gearing ratio as at December 31, 2019 and June 30, 2020 was presented.

13. Material Investments

The Group did not make any material investments during the six months ended June 30, 2020.

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 FVTPL 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 six months ended June 30, 2020.

16. Bank Loans and Other Borrowings

As at June 30, 2020, the Group had bank loans of RMB82.0 million with fixed interest rate and bank loans of RMB192.9 million with floating interest rate, both of which were denominated in RMB. In addition, the Group had lease liabilities of RMB13.2 million.

17. Contingent Liabilities

As at June 30, 2020, the Group did not have any material contingent liabilities.

FUTURE AND OUTLOOK

Our Company strives to discover and develop innovative first- and best-in-class therapies to address unmet medical needs globally. As of June 30, 2020, we are conducting more than 40 Phase 1 or II clinical trials in the United States, Australia and China. In addition, we have submitted the New Drug Application (NDA) to the Center for Drug Evaluation (CDE) of China National Medical Products Administration (NMPA) for HQP1351, for the treatment of patients with T315I-mutant chronic phase chronic myeloid leukemia (CML) and accelerated phase CML in June 2020. Furthermore, FDA has granted HQP1351 an Orphan Drug Designation (ODD) for the treatment of CML and a Fast Track Designation (FTD) for the treatment of CML with certain genetic markers who have failed to respond to treatments with existing TKIs in April 2020. In addition, we have obtained approval from the FDA to start a phase Ib/II clinical trial of our key product candidate 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 and r/r CLL/SLL. Furthermore, FDA has granted APG-2575 an Orphan Drug Designation (ODD) for the treatment of WM in July 2020.

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 June 30, 2020, we have 96 issued patents and more than 300 patent applications globally, among of which, about 80 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

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. Save for the deviation disclosed below, in the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code during the Reporting Period.

Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer, and Dr. Yang 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) decisions to be made by the Board require approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of nine Directors, which represents one-third of the Board composition and satisfies the relevant requirement under the Listing Rules, and we believe that there is sufficient check and balance in the Board; (b) Dr. Yang and other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for our Group accordingly; (c) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (d) strategic decisions and other key business, financial, and operational policies of the Group are formalized collectively after thorough discussion at both Board and senior management levels.

The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Model Code for Securities Transactions

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

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

Use of Net Proceeds from Global Offering

With the Shares of the Company listed on the Stock Exchange on October 28, 2019, the net proceeds from the Global Offering (including shares issued as a result of the full exercise of the Over-Allotment Option) were approximately HK$369.8 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and 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
Total	100.0%	369.8	329.1	187.0	

Notes:

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

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

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

Audit Committee

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

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2020 and this announcement have been reviewed by the Group's external auditor, Ernst & Young, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the Audit Committee. The Audit Committee concluded that such financial statements and this announcement had been prepared in accordance with applicable accounting standards and relevant requirements, and had made adequate disclosure. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement, as of the date of this announcement, there were no significant investments held by the Group or future plans regarding significant investment or capital assets. For the six months ended June 30, 2020, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to six months ended June 30, 2020, the following significant event took place:

On July 15, 2020, a total of 15,000,000 placing shares have been successfully placed to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected person at the placing price of HK$46.80 per placing share under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on June 19, 2020. The net proceeds from the placing amounted to HK$689.5 million and 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.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2020.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (***www.hkexnews.hk***) and the Company (***www.ascentagepharma.com***).

The interim report for the six months ended June 30, 2020 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Suzhou, the PRC, August 18, 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.