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, 2021

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, 2021 (the "**Reporting Period**"), together with the comparative figures for the six months ended June 30, 2020. 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, 2021 increased to RMB13.0 million, as compared to RMB2.6 million for the six months ended June 30, 2020, representing an increase of RMB10.4 million, or 396.2%. For the six months ended June 30, 2021, the revenue was generated from an IP license fee income from a customer.

Other income and gains increased by RMB5.3 million, or 27.8%, from RMB18.7 million for the six months ended June 30, 2020 to RMB24.0 million for the six months ended June 30, 2021, primarily attributable to (i) the increase in government grants related to income; and (ii) the increase of unrealized loss which arose from our investment in Unity for the six months ended June 30, 2021, as compared to an unrealized gain for the six months ended June 30, 2020, which was partially offset by the slightly increase of gain on financial assets at FVTPL for the six months ended June 30, 2021.

Research and development expenses increased by RMB66.0 million, or 26.3%, to RMB317.5 million for the six months ended June 30, 2021, as compared to RMB251.5 million for the six months ended June 30, 2020, 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 of IP.

Administrative expenses increased by RMB2.2 million, or 3.6%, to RMB63.9 million for the six months ended June 30, 2021, as compared to RMB61.7 million for the six months ended June 30, 2020, primarily due to the increase of administrative headcount, partially offset by decreased expenses in relation to the Pre-IPO Share Option Scheme.

For the six months ended June 30, 2021, the Group reported other expenses of RMB8.3 million, as compared to other expenses of RMB26.4 million for the six months ended June 30, 2020, which represented a decrease of RMB18.1 million, or 68.6%. The decrease was primarily attributable to: (i) the decrease of fair value loss on long-term payables measured at FVTPL from RMB20.3 million for the six months ended June 30, 2020 to RMB2.4 million for the six months ended June 30, 2021; (ii) there is no foreign exchange loss for the six months ended June 30, 2021, as compared to foreign exchange loss of RMB5.1 million for the six months ended June 30, 2020; (iii) partially offset by the unrealized loss of RMB3.6 million which arose from our investment in Unity for the six months ended June 30, 2021, as compared to fair value gain for the six months ended June 30, 2020.

As a result of the foregoing, net loss for the six months ended June 30, 2021 increased to RMB376.7 million, as compared to RMB319.2 million for the six months ended June 30, 2020, representing an increase of RMB57.5 million, or 18.0%.

BUSINESS HIGHLIGHTS

- During the six months ended June 30, 2021, 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 drug candidates, with the focus on difficult-to-target protein-protein interactions, or PPIs, key regulatory proteins for apoptosis (or programmed cell death) and next generation tyrosine kinase inhibitors, or TKIs. Our clinical stage drug candidates include HQP1351, a third generation BCR-ABL/KIT inhibitor and apoptosis targeting compounds, APG-2575 (a Bcl-2 selective inhibitor), APG-115 (an MDM2-p53 inhibitor) and APG-1387 (a pan-IAP inhibitor). Additionally, our pre-clinical drug candidates include APG-5918 (an EED inhibitor) and APG-265 (a MDM2 protein degrader). We are conducting more than 40 Phase I/II clinical trials in the United States, Australia, Europe, and China.

- Ascentage Pharma's clinical development effort has received fast-growing recognition by international regulatory authorities and academic community. Our leading drug candidate, HQP1351, was granted a Breakthrough Therapy Designation by CDE in March 2021. To date, Ascentage Pharma has obtained a total of twelve ODDs from the FDA, continuing to set the record for the number of ODDs granted to any Chinese biopharmaceutical company. We presented the preclinical results of five of the Company's novel drug candidates at the American Association for Cancer Research (AACR) Annual Meeting 2021. These studies are from seven pre-clinical studies in various tumor types and have signified the therapeutic potential of multiple combination therapies in cancer. The results from four of the Company's clinical trials were selected for presentations at American Society of Clinical Oncology (ASCO) Annual Meeting 2021, and among these data, the two oral presentations have received widespread and avid interest from research and medical communities.

- Moreover, we have built strategic partnership globally to further promote our competencies. In July 2021, we have entered into a multifaceted strategic collaboration with Innovent Biologics Inc. ("**Innovent**") and its controlled entity Innovent Biologics (Suzhou) Co., Ltd. ("**Innovent Suzhou**"). This collaboration involves (i) the grant by Ascentage Pharma Group Corp Limited ("**Ascentage HK**") and Guangzhou Healthquest Pharma Co. Ltd.* (廣州順健生物醫藥科技有限公司) ("**Ascentage GZ**") to Innovent Suzhou the right to jointly develop and commercialize HQP1351 (Olverembatinib) in the PRC, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan; and (ii) the joint development and conducting of clinical trials between Suzhou Yasheng Pharmaceutical Co., Ltd.* (蘇州亞盛藥業有限公司) ("**Ascentage Suzhou**") and Innovent Suzhou of the combination therapy involving our Bcl-2 inhibitor APG-2575 with Innovent Suzhou's anti-CD20 monoclonal antibody HALPRYZA® (rituximab injection) and anti-CD47 monoclonal antibody IBI188 (letaplimab) for the treatment of certain indications. Furthermore, Innovent has subscribed for 8,823,863 Shares at a total consideration of US$50 million (HK$44.0 per Share) (the completion of which took place on July 23, 2021), and will subscribe for 6,787,587 warrants (conferring the rights to subscribe for an aggregate of 6,787,587 Shares (subject to adjustments), and the issuance of which is subject to the approval by the Shareholders at the upcoming extraordinary general meeting to be convened by the Company) at a total consideration of US$50 million (with the subscription price of each warrant share upon exercise of the warrants being HK$57.2 (subject to adjustments)). In July 2021, we have also entered into a Cooperative Research and Development Agreement (CRADA) with the National Cancer Institute (NCI), part of the National Institutes of Health, under which we will collaborate on the non-clinical and clinical development of Ascentage Pharma's drug compound APG-1252.

- 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 at June 30, 2021, we had 144 issued patents and more than 510 patent applications globally, among which, about 110 patents had 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.

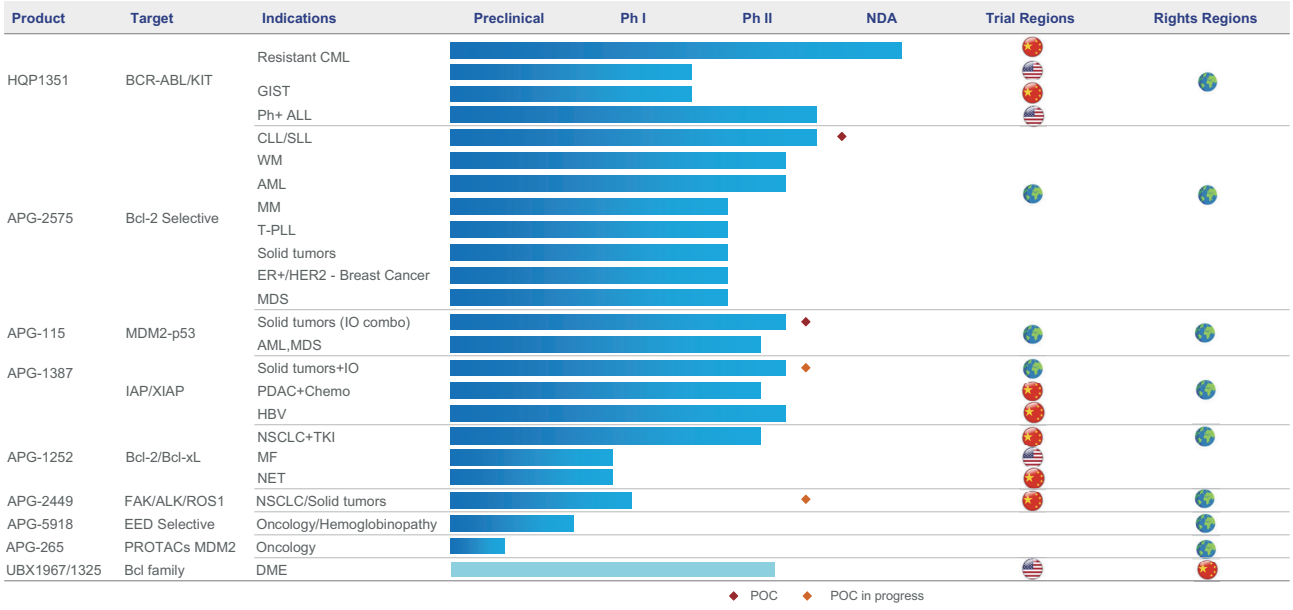
OVERVIEW

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 at June 30, 2021, 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 at June 30, 2021:



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 (Olverembatinib), is a third generation BCR-ABL inhibitor targeting BCR-ABL mutants, including those with the T315I mutation. With the "one-time umbrella approval" of HQP1351 in China, HQP1351 is currently under development as monotherapy for treatment of patients with TKI resistant CML with or without T315I mutation.

The HQP1351 NDA was submitted to National Medical Products Administration (NMPA) in China in June 2020 and was accepted by the Center for Drug Evaluation (CDE) under the NMPA with "Priority Review" status based on the results of two pivotal phase II clinical studies, for the treatment of patients with tyrosine kinase inhibitor (TKI) resistant and with T315Imutant chronic phase chronic myeloid leukemia (CML) and accelerated phase CML in October 2020. HQP1351 has been included in the list of the commercialization application made in China if the application is approved, HQP1351 will be the first marketed third generation BCR-ABL inhibitor in China. In March 2021, HQP1351 was granted a Breakthrough Therapy Designation by CDE.

The third pivotal study in CML patients who are resistant/intolerant to first and second generation TKIs is ongoing. The enrollment of this study has been completed in the first half of 2021. In addition, a Phase Ib clinical trial for the treatment of patients with TKI resistant CML and Philadelphia Chromosome positive ALL (Ph + ALL) with or without T315I mutations is ongoing in the United States. Preliminary data has demonstrated that HQP1351 is efficacious and well-tolerated on treatments of these CML patients who are TKI resistant including resistant and/or intolerant to Ponatinib.

Furthermore, FDA has granted Orphan Drug Designation to HQP1351 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 TKI resistant CML patients with favorable safety profile.

The positive data from pivotal Phase II clinical studies of HQP1351 (Olverembatinib) was presented orally at the 62nd American Society of Hematology (ASH) Annual Meeting in December 2020. This is the third consecutive time in which clinical progress of HQP1351 was selected for oral presentation at the ASH Annual Meetings since 2018.

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 administrated 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. APG-2575 had received clearances and approvals for multiple Phase Ib/II clinical studies in China, United States, Australia and Europe, and is currently being clinically developed in a range of hematologic malignancies and solid tumors globally. A total of 17 Phase I/II clinical studies are ongoing globally, with over 200 subjects who have been treated with APG-2575 as a single agent at doses ranging from 20 mg to 1,200 mg. APG-2575 is also the first made-in-China Bcl-2 selective inhibitor to enter clinical trials in China. The patients enrolled include chronic lymphocytic leukemia (CLL), Non-Hodgkin's lymphoma (NHL), acute myeloid leukemia (AML), multiple myeloma (MM), Waldenstrom macroglobulinemia (WM), etc. Additionally, our IND application was cleared by FDA for a clinical study of APG-2575 as a single agent or in combination with other antitumor therapies for the treatment of patients with advanced estrogen receptor-positive (ER+) breast cancer or other solid tumors in June 2021.

More than 100 patients with relapsed/refractory CLL (r/r CLL) have been treated with APG-2575. In June 2021, the promising data from first-in-human Phase 1 clinical studies of APG2575 was presented orally at the ASCO Meeting. Preliminary results have showed that an objective response rate (ORR) of more than 80% has been reached in the evaluable patients. No DLT (dose limited toxicity) has been reported and the maximum tolerated does (MTD) has not been reached, even in 1,200 mg dose level, which shows that APG-2575 has a much better safety profile in the same class of drugs. Most treatment-related adverse events (TRAEs) were of Grade 1 or 2. Limited cases of neutropenia and thrombocytopenia were reported.

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 five Orphan Drug Designations (ODDs) to APG-2575 for the treatment of patients with follicular lymphoma (FL), Waldenström macroglobulinemia (WM), chronic lymphocytic leukemia (CLL), multiple myeloma (MM), and acute myeloid leukemia (AML).

APG-1252

APG-1252 is a novel, highly potent, small molecule drug designed to restore apoptosis through dual inhibition of the Bcl-2 and Bcl-xL proteins for the treatment of small cell lung cancer (SCLC), non-small cell lung cancer (NSCLC), neuroendocrine tumor, and myelofibrosis.

A total of 183 patients have been treated with APG-1252 as a monotherapy or in combination with other anti-tumor agents. Three phase I single agent dose-escalation/dose expansion trials in patients with SCLC and other advanced solid cancers were conducted in the United States, Australia and China, respectively. APG-1252 was well tolerated with either weekly or biweekly intermittent dosing schedules. Preliminary anti-tumor activity was observed in heavily pretreated patients. APG-1252 is currently under investigation in a variety of combination trials, including a phase Ib/II study of APG-1252 plus paclitaxel in patients with SCLC in the United States and Australia, a phase Ib/II study of APG-1252 as a monotherapy or in combination with Ruxolitinib in patients with myelofibrosis in the United States, a phase Ib study of APG-1252 plus Osimertinib in patients with NSCLC in China, and a phase Ib study of APG-1252 as a monotherapy in neuroendocrine tumors from pancreas or other parts of the gastrointestinal tract.

Furthermore, the US Food and Drug Administration (FDA) granted APG-1252 an Orphan Drug Designation for the treatment of small-cell lung cancer (SCLC) in October 2020.

In July 2021, we have entered into a Cooperative Research and Development Agreement (CRADA) with the US National Cancer Institute (NCI), under which they will collaborate on the clinical and non-clinical development of APG-1252 on a series of clinical trials to evaluate the safety and efficacy of APG-1252 in the treatment of solid tumors.

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. It is undergoing multiple clinical studies as a single agent or in combination with chemotherapy in treating solid tumors as well as hematological tumors in China, the United States, and Australia.

We are currently enrolling three clinical trials of APG-115 in the United States, a Phase Ib/II study in combination with pembrolizumab for treatment of metastatic melanoma and other advanced solid tumors in collaboration with MSD, a Phase I/II combination study with chemotherapy in AML, and an investigator driven Phase I/II study as a single agent or in combination with chemotherapy for treatment of salivary gland cancer.

At the 2021 annual meeting of American Society of Clinical Oncology (ASCO) this year, we reported the latest results of a Phase II clinical study of APG-115 in combination with pembrolizumab. The results demonstrated promising antitumor activity and safety, and the PD-1/PD-L1 inhibitor-resistant melanoma cohort which was treated with APG-115 plus pembrolizumab reported 1 patient with complete response (CR), an objective response rate (ORR) of 24.1%, and a disease control rate (DCR) of 55.2%.

In addition, The Center for Drug Evaluation (CDE) of the China National Medical Products Administration (NMPA) has granted approval for a Phase Ib/II clinical study of APG-115 in combination with PD-1/PD-L1 inhibitors for the treatment of patients with advanced liposarcoma (LPS) or other advanced solid tumors, as well as approved a clinical study of APG-115, as a single agent or in combination with the APG-2575, for the treatment of patients with relapsed/refractory T-cell prolymphocytic leukemia (R/R T-PLL). This study is also being enrolled in the USA.

The US Food and Drug Administration (FDA) has granted five Orphan Drug Designation to APG-115 for the treatment of soft tissue sarcoma, for the treatment gastric cancer (GC), the treatment of acute myeloid leukemia (AML) and for Retinoblastoma, as well for Stage IIB-IV melanoma.

Other Clinical or IND-stage Candidates

APG-1387

APG-1387 is a novel, small molecule inhibitor 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, China and USA (part of the phase I study). 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 June 2020. Meanwhile, in China, a Phase Ib/II clinical trial testing the combination of APG-1387 with toripalimab (益拓), another anti-PD-1 mAb in solid tumors, is ongoing as well. A Phase Ib/II clinical trial of APG-1387 in combination with nab-paclitaxel plus gemcitabine in advanced pancreatic cancer is also ongoing.

In addition, 2 clinical trials of APG-1387 in Hepatitis B disease area are ongoing. The Phase I trial of single agent APG1387 in the treatment of naive Chronic Hepatitis B (CHB) patients has completed the treatment phase and the monotherapy regimen is being followed-up on. With the positive preliminary results, the extension of the Phase I study of APG-1387 sequentially in combination with NAs in the treatment of naive CHB patients is ongoing. A Phase II clinical trial of APG-1387 in combination with nucleic acids in CHB patients is ongoing as well. As at June 30, 2021, a total of 194 patients were enrolled and treated in the studies.

Lead Pre-clinical Assets

EED inhibitor APG-5918

APG-5918 has been nominated as the clinical candidate targeting EED in April 2020, and is currently being developed at the IND-enabling stage. EED inhibitors have achieved preclinical proof-of-concept results with the potential to treat solid and hematological malignancies, as well as sickle cell disease and beta-thalassemia. 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.

PROTACs MDM2 protein degrader APG-265

The Company entered into an agreement with the University of Michigan through which the Company shall obtain the exclusive global rights to a MDM2 protein degrader developed with the Proteolysis-Targeting Chimeras (PROTACs) technology. The molecule is well tolerated in mice, rats and dogs, and has excellent pharmacokinetics in rodents and non-rodents.

Discovery Programs

Bcl-2 selective inhibitor

The Company has developed a new class of highly potent and selective Bcl-2 inhibitors. Several compounds have demonstrated potency in vitro activity against both wild-type and mutant Bcl-2 cancer cells. These compounds have also demonstrated excellent oral pharmacokinetics and robust antitumor activity in animal models.

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 collaborations 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, 2020 and 2021, our research and development expenses were approximately RMB251.5 million and RMB317.5 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 at June 30, 2021, we had 144 issued patents and more than 510 patent applications globally, among of which, about 110 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 July 2021, we have entered into a multifaceted strategic collaboration with Innovent and its controlled entity Innovent Suzhou. This collaboration involves (i) the grant by Ascentage HK and Ascentage GZ to Innovent Suzhou the right to develop and commercialize HQP1351 (Olverembatinib) in the PRC, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan; and (ii) the joint development and conducting of clinical trials between Ascentage Suzhou and Innovent Suzhou of the combination therapy involving our Bcl-2 inhibitor APG-2575 with Innovent Suzhou's anti-CD20 monoclonal antibody HALPRYZA® (rituximab injection) and anti-CD47 monoclonal antibody IBI188 (letaplimab) for the treatment of certain indications. Furthermore, Innovent has subscribed for 8,823,863 Shares at a total consideration of US$50 million (HK$44.0 per Share) (the completion of which took place on July 23, 2021), and will subscribe for 6,787,587 warrants (conferring the rights to subscribe for an aggregate of 6,787,587 Shares (subject to adjustments), and the issuance of which is subject to the approval by the Shareholders at the upcoming extraordinary general meeting to be convened by the Company) at a total consideration of US$50 million (with the subscription price of each

warrant share upon exercise of the warrants being HK$57.2 (subject to adjustments)). This collaboration is a large-scale multifaceted collaboration between two leading Chinese innovative biopharmaceutical companies.

In July 2021, we have also entered into a Cooperative Research and Development Agreement (CRADA) with the National Cancer Institute (NCI), part of the National Institutes of Health, under which we will collaborate on the non-clinical and clinical development of Ascentage Pharma's drug compound APG-1252.

In July 2021, our global licensee, Unity has reported positive data from a Phase I clinical study of UBX1325, an investigational Bcl-xL inhibiting compound, in patients with certain advanced vascular eye diseases, and has already dosed the first patient in the subsequent Phase IIa clinical study. According to the terms of the licensing agreement previously entered into between Unity and us, this progress in clinical development will qualify Ascentage Pharma for a milestone payment in the amount of US$2 million, which will be paid in Unity common stock.

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 source of funding to advance our product development.

MANUFACTURING

We lease a facility with a size of approximately 4,480 square meters for research and development ("**R&D**") 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 a facility with a size of approximately 100,000 square meters 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. Our own Suzhou-Facility, which is a China-based global R&D center and manufacturing facility, has completed civil works in January 2021 and will be commissioned in the second half of 2021.

EXPECTED CONTINUAL IMPACT OF COVID-19

Due to the scope and duration of the COVID-19 pandemic, the Company expects continued negative impact on its global operations, including clinical trial recruitment and participation, regulatory interactions, drug supply and manufacturing and R&D facility construction.

In addition, because of the prevalence of variants to COVID-19, and as we operate both in China and the rest of the world, we expect restrictions or other measures which cause significant restrictions on domestic and international travel, the re-imposition of quarantine policies and other restrictions on many business and household activities, may have continuing impact on our global operations. The potential economic impact caused by COVID-19 and its variants on both 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.

We continue to 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 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
REVENUE	4	**12,965**	2,613
Cost of sales		**(2,589)**	—
Gross profit		**10,376**	2,613
Other income and gains	5	**23,958**	18,741
Selling and distribution expenses		**(10,593)**	—
Administrative expenses		**(63,927)**	(61,699)
Research and development expenses		**(317,543)**	(251,455)
Other expenses		**(8,270)**	(26,350)
Finance costs		**(8,377)**	(1,828)
LOSS BEFORE TAX	6	**(374,376)**	(319,978)
Income tax (expense)/credit	7	**(2,306)**	801
LOSS FOR THE PERIOD		**(376,682)**	(319,177)
Attributable to:			
Owners of the parent		**(376,682)**	(319,177)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
— For loss for the period *(RMB)*		**(1.52)**	(1.53)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(376,682)**	(319,177)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(8,091)**	7,497
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(8,091)**	7,497
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(384,773)**	(311,680)
Attributable to:		
Owners of the parent	**(384,773)**	(311,680)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**June 30, 2021** ***RMB'000*** **(Unaudited)**	December 31, 2020 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**565,644**	434,405
Right-of-use assets		**50,992**	42,596
Goodwill		**24,694**	24,694
Other intangible assets		**63,771**	66,405
Investment in a joint venture		**2,000**	—
A financial asset at fair value through profit or loss ("**FVTPL**")		**27,856**	31,774
Other non-current asset		**75,196**	52,121
Total non-current assets		**810,153**	651,995
CURRENT ASSETS			
Trade receivables	*11*	**10,336**	—
Prepayments, other receivables and other assets		**56,001**	54,644
Financial assets at FVTPL		**428,704**	—
Cash and bank balances		**1,103,010**	1,024,400
Total current assets		**1,598,051**	1,079,044
CURRENT LIABILITIES			
Trade payables	*12*	**28,402**	23,361
Other payables and accruals		**126,438**	188,565
Interest-bearing bank and other borrowings	*13*	**33,613**	50,561
Tax payable		**5,311**	3,557
Contract liabilities		**25**	43
Other current liabilities		**—**	10,061
Total current liabilities		**193,789**	276,148
NET CURRENT ASSETS		**1,404,262**	802,896
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,214,415**	1,454,891
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*13*	**633,793**	479,134
Deferred tax liabilities		**14,554**	15,355
Long-term payables measured at FVTPL		**75,970**	73,574
Contract liabilities		**—**	4
Deferred income		**40,203**	40,203
Total non-current liabilities		**764,520**	608,270
Net assets		**1,449,895**	846,621
EQUITY			
Equity attributable to owners of the parent			
Share capital	*14*	**172**	154
Treasury shares		**(4)**	(4)
Capital and reserves		**1,449,727**	846,471
Total equity		**1,449,895**	846,621

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2020.

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, 2020, 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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognize hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any significant impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after April 1, 2021 with any cumulative effect of initially applying the amendment recognized as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. As there was no rent concession event occurred in the Group in the current period, the amendment did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating activities are related to a single operating segment, which is the development of novel small-scale therapies for cancers, hepatitis B virus, or HBV, and certain age-related diseases. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
United States	**12,965**	902
Mainland China	**—**	1,711
	12,965	2,613

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**780,372**	617,368
United States	**1,582**	2,486
Others	**343**	367
	782,297	620,221

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from customers amounting to over 10% of the total revenue of the Group for the reporting period is as follows:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**12,965**	902
Customer B	**—**	1,711
	12,965	2,613

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**12,965**	2,613

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of services		
Research and development service fee income	**—**	2,590
License fee income	**12,965**	23
	12,965	2,613
Timing of revenue recognition		
At a point in time		
IP license fee income	**12,944**	—
Over time		
Research and development service fee income	**—**	2,590
Compounds library license fee income	**21**	23
	12,965	2,613

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Type of service		
Compounds library license fee income	**21**	23

5. OTHER INCOME AND GAINS

Other income and gains

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants related to income	**16,779**	7,398
Gain on financial assets at FVTPL	**2,883**	7,759
Foreign exchange gain, net	**764**	—
Bank interest income	**3,259**	3,511
Others	**273**	73
	23,958	18,741

6. LOSS BEFORE TAX

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

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of sales	**2,589**	—
Depreciation of property, plant and equipment	**5,275**	5,419
Depreciation of right-of-use assets	**5,576**	4,670
Amortization of intangible assets	**3,670**	3,644
Research and development costs	**317,543**	251,455
Fair value loss on long-term payables measured at FVTPL	**2,396**	20,285
Foreign exchange (gain)/loss, net	**(764)**	5,072
Loss/(gain) on fair value change of a financial asset at FVTPL	**3,609**	(6,616)
Share-based payment expenses	**26,941**	33,418

7. INCOME TAX

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

Cayman Islands

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% (2020: 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

Pursuant to the tax law and regulations in the United States, the subsidiary operating in the United States is subject to income tax at a rate of 21% (2020: 21%). No provision for income tax has been made as the Group had no assessable profit earned in the United States during the Reporting Period.

Pursuant to the tax law and regulations in the United States, a subsidiary operating outside the United States is subject to a withholding tax rate of 30% (2020: 30%) for income earned or derived from the United States.

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current	**3,107**	—
Deferred	**(801)**	(801)
Total tax expense/(credit) for the period	**2,306**	(801)

8. DIVIDENDS

The Board resolved not to declare any interim dividend for the six months ended June 30, 2021(six months ended June 30, 2020: Nil).

No dividends were paid during the six months ended June 30, 2021(six months ended June 30, 2020: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the six months ended June 30, 2021 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 247,058,524 (six months ended June 30, 2020: 208,901,727) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended June 30, 2021 and 2020 in respect of a dilution as the impact of the options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(376,682)**	(319,177)

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**247,058,524**	208,901,727

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2021 the Group acquired assets at a cost of RMB136,519,000 (six months ended June 30, 2020: RMB125,505,000).

The Group commenced the construction of a facility in Suzhou, Jiangsu Province, PRC for research and development and manufacturing (the "**Suzhou Facility**") in 2020. Suzhou facility is expected to be fully completed in 2022. The carrying amount of the construction in process at June 30, 2021 was RMB540,529,000 (December 31, 2020: RMB406,560,000).

During the six months ended June 30, 2021, no impairment loss (June 30, 2020: Nil) was recognized for property, plant and equipment.

11. TRADE RECEIVABLES

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**10,336**	—

12. TRADE PAYABLES

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

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 month	**22,250**	19,104
1 to 3 months	**4,292**	700
3 to 6 months	**1,860**	3,557
	28,402	23,361

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

June 30, 2021

	Effective interest rate per annum (%)	*Maturity*	*RMB'000*
Current			
Current portion of long term bank loans — unsecured	4.5–4.75	2021–2022	16,000
Current portion of long term bank loans — unsecured	1 year LPR+0.9/0.65	2021–2022	7,950
Lease liabilities	4.00–4.35	2022	9,663
			33,613
Non-current			
Bank loans — unsecured	1 year LPR+0.9/0.65	2022–2025	172,980
Bank loans — unsecured	4.5–4.75	2022–2026	139,200
Bank loans — secured*	5 year LPR+0.15/0.65	2023–2030	310,356
Lease liabilities	4.00–4.35	2022–2024	11,257
			633,793
			667,406

December 31, 2020

	Effective interest rate per annum (%)	*Maturity*	*RMB'000*
Current			
Bank loans — unsecured	4.05–4.35	2021	30,000
Current portion of long term bank loans — unsecured	4.75	2021	3,500
Current portion of long term bank loans — unsecured	1 year LPR+0.9/0.65	2021	11,250
Lease liabilities	4.00–4.35	2021	5,811
			50,561
Non-current			
Bank loans — unsecured	1 year LPR+0.9/0.65	2023–2025	138,750
Bank loans — unsecured	4.5–4.75	2023	116,250
Bank loans — secured*	5 year LPR+0.15	2023–2030	218,055
Lease liabilities	4.00–4.35	2022–2023	6,079
			479,134
			529,695

Note: LPR stands for the Loan Prime Rate.

* The bank loans amounting to RMB310,356,000 (December 31, 2020: RMB218,055,000) was secured by the pledge of the Group's right-of-use assets with a carrying amount of RMB30,423,000 (December 31, 2020: RMB30,988,000) and the construction in process with a carrying amount of RMB540,529,000 as at June 30, 2021(December 31, 2020: RMB406,560,000).

	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Analysed into:		
Within one year	**33,613**	50,561
In the second year	**202,016**	24,025
In the third to fifth years, inclusive	**281,421**	297,054
Beyond five years	**150,356**	158,055
	667,406	529,695

14. SHARE CAPITAL

On February 11, 2021, a total of 26,500,000 placing shares have been successfully placed at a price of Hong Kong dollar ("**HK$**") 44.20 per placing share. The proceeds before expenses arising from the placing were approximately RMB977,169,000. The share issue expenses were approximately RMB16,068,000.

The share options relating to Pre-IPO share option scheme of around 586,956 share options were exercised at the price of HK$0.01 per share, resulting in the issue of 586,956 shares for a total cash consideration, before expenses, of RMB5,000. An amount of RMB9,410,000 was transferred out from the capital and other reserves to share premium upon the exercise of the share options.

15. EVENTS AFTER THE REPORTING PERIOD

On July 14, 2021, the Group entered into a multifaceted strategic collaboration with Innovent and its controlled entity Innovent Suzhou. This collaboration involves:

(a) Collaboration and license agreement between subsidiaries of the Group and Innovent Suzhou, pursuant to which the Group agreed to grant Innovent Suzhou the right to jointly develop and commercialize HQP 1351 in certain territory;

(b) Combination therapy strategic collaboration and clinical trial agreement, pursuant to which Ascentage Suzhou and Innovent Suzhou agreed to jointly develop and conduct clinical trials of the combination therapy involving APG-2575 and compounds of Innovent for the treatment of certain indications;

(c) Share subscription agreement, pursuant to which the Company agreed to issue, and Innovent agreed to subscribe, a total of 8,823,863 subscription shares. On July 23, 2021, the subscription shares have been successfully allotted and issued at the subscription price of HK$44.00 per subscription share. The net proceeds arising from the share subscription were approximately HK$388.06 million (RMB323.23 million); and

(d) Warrant subscription deed, pursuant to which the Company agreed to issue to Innovent 6,787,587 warrants (subject to adjustments), conferring the rights to subscribe for an aggregate of 6,787,587 shares, and the issuance of which is subject to the approval by the shareholders at the upcoming extraordinary general meeting. Innovent is not required to pay any consideration for the warrants.

FINANCIAL REVIEW

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Revenue	**12,965**	2,613
Other income and gains	**23,958**	18,741
Selling and distribution expenses	**(10,593)**	—
Research and development expenses	**(317,543)**	(251,455)
Administrative expenses	**(63,927)**	(61,699)
Finance costs	**(8,377)**	(1,828)
Other expenses	**(8,270)**	(26,350)
Loss for the period	**(376,682)**	(319,177)
Total comprehensive loss for the period	**(384,773)**	(311,680)

1. Overview

For the six months ended June 30, 2021, the Group recorded revenue of RMB13.0 million, as compared with RMB2.6 million for the six months ended June 30, 2020, representing an increase of 396.2%, and a total comprehensive loss of RMB384.8 million, as compared with RMB311.7 million for the six months ended June 30, 2020, representing an increase of 23.5%. The loss of the Group was RMB376.7 million for the six months ended June 30, 2021, as compared with RMB319.2 million for the six months ended June 30, 2020, representing an increase of 18.0%, the increase in which was primarily due to the increase of research and development expenses. The research and development expenses of the Group was RMB317.5 million for the six months ended June 30, 2021, as compared with RMB251.5 million for the six months ended June 30, 2020, representing an increase of 26.3%. The selling and distribution expenses of the Group was RMB10.6 million for the six months ended June 30, 2021, while no such expenses were incurred for the six months ended June 30, 2020, since the Group only started the preparations of commercialization of our drug candidates in the second half of 2020. The administrative expenses were RMB63.9 million for the six months ended June 30, 2021 as compared with RMB61.7 million for the six months ended June 30, 2020, representing an increase of 3.6%.

2. Revenue

For the six months ended June 30, 2021, the Group generated revenue of RMB13.0 million from an IP license fee income from Unity, as compared to RMB2.6 million for the six months ended June 30, 2020, representing an increase of RMB10.4 million. We have not yet commercialized any of our product candidates and therefore did not generate any revenue from sales of drug products.

3. Other Income and Gains

The Group's other income and gains primarily consist 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; and (iv) realized and unrealized gains from foreign exchange. Government grants related to income mainly represent the subsidies received from local governments for the purpose of compensation for expenses arising from research activities and clinical trials, and awards for new drugs development. These government grants related to income were recognized in profit or loss when related costs were subsequently incurred and upon receipt of the acknowledgment of compliance from the government.

For the six months ended June 30, 2021, other income and gains of the Group increased by RMB5.3 million, or 27.8% to RMB24.0 million, from RMB18.7 million for the six months ended June 30, 2020, primarily due to (i) the increase in government grants received by the Group (RMB16.8 million for the six months ended June 30, 2021, as compared with RMB7.4 million for the six months ended June 30, 2020); partially offset by (ii) the decrease in gain on financial assets at FVTPL (RMB2.9 million for the six months ended June 30, 2021, as compared to RMB7.8 million for the six months ended June 30, 2020).

4. Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consist of staff costs and travel and meeting expenses.

For the six months ended June 30, 2021, the selling and distribution expenses of the Group increased to RMB10.6 million, while no such expenses were incurred for the six months ended June 30, 2020. The increase was attributable to the newly set-up of the sales team in preparation of the potential commercialization of our drug candidates in 2021.

5. Research and Development Expenses

The Group's research and development expenses primarily consist of internal research and development expenses, external research and development expenses, staff costs, IP expenses, materials, depreciation and amortization and share option and RSU expenses.

For the six months ended June 30, 2021, the research and development expenses of the Group increased by RMB66.0 million, or 26.3% to RMB317.5 million from RMB251.5 million for the six months ended June 30, 2020. The increase was primarily attributable to additional clinical trials of the Company's drug candidates, increased research and development headcount, and increased intellectual property related expenses.

6. Administrative Expenses

For the six months ended June 30, 2021, the administrative expenses of the Group increased by RMB2.2 million, or 3.6% to RMB63.9 million from RMB61.7 million for the six months ended June 30, 2020. The increase was primarily attributable to (i) increase of administrative headcount; and (ii) partially offset by decreased 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 six months ended June 30, 2021, the finance costs of the Group increased by RMB6.6 million to RMB8.4 million from RMB1.8 million for the six months ended June 30, 2020. The increase was primarily attributable to additional interest incurred in relation to bank borrowings.

8. Other Expenses

The Group's other expenses mainly consist of (i) fair value losses on financial assets at FVTPL; and (ii) fair value loss on contingent consideration in relation to our acquisition of Healthquest Pharma in December 2016.

For the six months ended June 30, 2021, the Group reported other expenses of RMB8.3 million, as compared to other expenses of RMB26.4 million for the six months ended June 30, 2020, which represented a decrease of RMB18.1 million, or 68.6%. The decrease was primarily attributable to: (i) the decrease of fair value loss on long-term payables measured at FVTPL from RMB20.3 million for the six months ended June 30, 2020 to RMB2.4 million for the six months ended June 30, 2021; (ii) there is no foreign exchange loss for the six months ended June 30, 2021, as compared to foreign exchange loss of RMB5.1 million for the six months ended June 30, 2020; (iii) partially offset by the unrealized loss of RMB3.6 million which arose from our investment in Unity for the six months ended June 30, 2021, as compared to fair value gain for the six months ended June 30, 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.

9. Loss for the Reporting Period

As a result of the above factors, the loss of the Company increased to RMB376.7 million for the six months ended June 30, 2021 from RMB319.2 million for the six months ended June 30, 2020.

10. Cash Flows

For the six months ended June 30, 2021, net cash flows used in operating activities of the Group amounted to RMB353.6 million, as compared to that of RMB298.6 million for the six months ended June 30, 2020, mainly due to the expansion of our research and development activities.

For the six months ended June 30, 2021, net cash flows used in investing activities of the Group amounted to RMB1,004.5 million, which mainly consisted of (i) the purchase of items of property, plant and equipment and other intangible assets of RMB214.3 million; and (ii) the net increase in financial assets and time deposits of RMB788.2 million. For the six months ended June 30, 2020, net cash flow used in investing activities 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; and (ii) the net increase in financial assets and time deposits of RMB76.3 million.

For the six months ended June 30, 2021, net cash flows from financing activities of the Group amounted to RMB1,076.4 million, which mainly consisted of net proceeds of RMB961.1 million (representing proceeds from issue of shares minus cash payment of share issue expenses recorded as a deduction of share premium) from issuance of shares through the 2021 Placing (as defined below) and net borrowings of RMB128.7 million from banks. 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.

11. Key Financial Ratios

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

	As at June 30, 2021	As at December 31, 2020
Current ratio[(1)]	**8.2**	3.9
Quick ratio[(2)]	**8.2**	3.9
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 total Equity and multiplied by 100%.

(4) As at June 30, 2021 and December 31, 2020, the Group's cash and bank balances exceeded the interest-bearing borrowings. As such, no gearing ratio as at June 30, 2021 and December 31, 2020 was presented.

12. Significant Investments

The Group did not make any significant investments during the six months ended June 30, 2021.

13. 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 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.

14. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures for the six months ended June 30, 2021.

15. Bank Loans and Other Borrowings

As at June 30, 2021, the Group had bank loans of RMB155.2 million with fixed interest rate and bank loans of RMB491.3 million with floating interest rate, both of which were denominated in RMB. In addition, the Group had lease liabilities of RMB20.9 million.

16. Charges on Group Assets

As at June 30, 2021, the Group had pledged the Group's right-of-use assets with a carrying amount of RMB30.4 million and the construction in process with a carrying amount of RMB540.5 million to bank facilities.

17. Contingent Liabilities

As at June 30, 2021, the Group did not have any material contingent liabilities.

18. Liquidity and Financial Resources

The Group adopts a conservative approach for cash management and investment on uncommitted funds. We place cash and cash equivalents (which are mostly held in U.S. dollars, Hong Kong dollars and RMB) in short term deposits with authorized institutions in Hong Kong and China.

As at June 30, 2021, the Group's cash and bank balances increased to RMB1,103.0 million from RMB1,024.4 million as at December 31, 2020. The increase primarily resulted from issuance of shares through the 2021 Placing (as defined below) and borrowings from banks; partially offset by the purchase of items of financial assets, property, plant and equipment and other intangible assets.

As at June 30, 2021, the Group's cash and bank balances were held mainly in U.S. dollars, Hong Kong dollars and RMB.

As at June 30, 2021, the Group had not used any financial instruments for hedging purposes.

As at June 30, 2021, the current assets of the Group were RMB1,598.1 million, including cash and bank balances of RMB1,103.0 million and other current assets of RMB495.1 million. As at June 30, 2021, the current liabilities of the Group were RMB193.8 million, including trade payables of RMB28.4 million, other payables and accrued expenses of RMB126.4 million, interest-bearing bank and other borrowings of RMB33.6 million and tax payables and other current liabilities of RMB5.4 million. As at June 30, 2021, the non-current liabilities of the Group were RMB764.5 million, including interest-bearing bank and other borrowings of RMB633.8 million, long-term payables measured at FVTPL and deferred income of RMB116.2 million and deferred tax liability of RMB14.5 million.

19. Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as of June 30, 2021 by function:

Function	**Number**	**%**
Research and Development	397	75
Commercial	55	10
Administrative and others	79	15
Total	531	100

As at June 30, 2021, we had 531 full-time employees, including a total of 75 employees with M.D. or Ph.D. degrees. Among which 397 are engaged in full-time research and development and laboratory operations and 134 are engaged in full-time general and administrative functions. Our research and development personnel includes 66 employees with M.D. or Ph.D. degrees and more than 128 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 at June 30, 2021, we had 162 senior employees who have an average of 15 to 20 years of experience in relevant fields.

We have also achieved 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 laws of the PRC, 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, the Post-IPO Share Option Scheme, the restricted share unit scheme approved by the Board on July 6, 2018 (the "**2018 RSU Scheme**") and the restricted share unit scheme of the Company approved by the Board on February 2, 2021 (the "**2021 RSU Scheme**"). On May 17, 2021, the Company granted 374,692 RSUs under the 2021 RSU Scheme, representing 374,692 Shares to 32 selected persons, who are the employees of the Group. For further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the 2018 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 of the 2021 RSU Scheme, please refer to the relevant announcements of the Company dated February 2, 2021, May 21, 2021 and June 18, 2021.

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 and 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 at June 30, 2021, we had 144 issued patents and more than 510 patent applications globally, among which, about 110 patents were 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 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 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

Use of Net Proceeds from the 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 as at June 30, 2021, the Company has fully utilized the net proceeds in accordance with such intended purposes.

The table below sets out the planned applications of the net proceeds from the Global Offering and the actual usage up to June 30, 2021.

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at June 30, 2021)** *(RMB million)*
Research and development to bring the Core Product, HQP1351, to commercialization	42%	155.2	138.2	138.2
Ongoing and planned clinical trials of APG-1252	13%	48.1	42.8	42.8
Ongoing and planned clinical trials of APG-2575	19%	70.3	62.5	62.5
Ongoing and planned clinical trials of APG-115	19%	70.3	62.5	62.5
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	19.7
Working capital and general corporate purposes	1%	3.7	3.3	3.3
Total	100.0%	369.8	329.1	329.1

Notes:

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

(2) 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.

Use of Net Proceeds From the 2020 Placing

The closing of a placing of 15,000,000 Shares took place on July 15, 2020 (the "**2020 Placing**"). The net proceeds (after the deduction of all applicable costs and expenses) raised from the Placing were approximately HK$689.5 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 8, 2020 and as at June 30, 2021, the Company has fully utilized the net proceeds in accordance with such intended purposes.

The table below sets out the planned applications of the net proceeds from the 2020 Placing and the actual usage up to June 30, 2021.

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at June 30, 2021)** *(RMB million)*
Clinical development for other pipeline products, such as APG-2575, APG-115, APG- 1387 and APG-1252	60%	413.5	345.0	345.0
Registration, trial production and marketing of the Core Product, HQP1351	20%	138.0	115.0	115.0
General corporate purposes	20%	138.0	115.0	115.0
Total	100%	689.5	575.0	575.0

Notes:

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

(2) Net proceeds from the 2020 Placing 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 2020 Placing.

Use of Net Proceeds From the 2021 Placing

On February 3, 2021, the Company entered into the placing and subscription agreement with Ascentage Limited (the "**Vendor**") and J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited (the "**2021 Placing Agents**"), pursuant to which (i) the Vendor agreed to appoint the 2021 Placing Agents, and the 2021 Placing Agents agreed to act as agents of the Vendor to procure not less than six placees (the "**2021 Placees**"), on a best effort basis, to purchase up to 26,500,000 shares of the Company (the "**Placing Shares**") at the price of HK$44.2 per 2021 Placing Share (the "**2021 Placing**"); and (ii) the Vendor agreed to subscribe for, and the Company agreed to issue to the Vendor up to 26,500,000 new shares of the Company (the "**Subscription Shares**") at the price of HK$44.2 per Subscription Share (the "**2021 Subscription**"). The closing of the 2021 Placing took place on February 8, 2021 and the closing of the 2021 Subscription took place on February 11, 2021. A total of 26,500,000 Placing Shares have been successfully placed by the 2021 Placing Agents to the 2021 Placees. A total of 26,500,000 Subscription Shares had been allotted and issued to the Vendor pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on June 19, 2020. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2021 Placing were approximately HK$1,153.64 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated February 3, 2021 and the Company will gradually utilize the remaining 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 2021 Placing and the actual usage up to June 30, 2021.

Use of proceeds		**Planned allocation of net proceeds** *(HK$ million)*	**Planned allocation of net proceeds** *(RMB million)*	**Utilized amount (as at June 30 2021)** *(RMB million)*	**Expected timeline for utilizing the remaining balance of net proceeds from the 2021 Placing**
Clinical development of the key product candidate, APG-2575	50%	576.8	480.0	15.0	December 31, 2022
Registrational trials for full approval and the commercialization of the Core Product, HQP1351	20%	230.7	192.0	6.7	December 31, 2022
Clinical development for other pipeline products such as 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)	20%	230.7	192.0	3.3	December 31, 2022
General corporate purposes	10%	115.4	96.0	0.3	December 31, 2022
Total	100%	1,153.6	960.0	25.3	

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 2021 Placing 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 2021 Placing.

Audit Committee

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises two independent non-executive Directors, namely, Mr. Ye Changqing and Dr. Yin Zheng, and one non-executive Director Dr. Lu Simon Dazhong. 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, 2021 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 at 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, 2021, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the six months ended June 30, 2021, the following significant event took place:

(a) On July 14, 2021 (after trading hours), Ascentage HK, Ascentage GZ and Innovent Suzhou entered into the collaboration and license agreement in relation to, among other things, the development and commercialization of HQP1351. Innovent Suzhou shall pay Ascentage HK and Ascentage GZ an upfront fee of US$30 million (equivalent to approximately HK$232.95 million) in cash within 15 days after the date of the collaboration and license agreement.

(b) On July 14, 2021 (after trading hours), Ascentage Suzhou and Innovent Suzhou entered into the combination therapy strategic collaboration and clinical trial agreement, pursuant to which Ascentage Suzhou and Innovent Suzhou agreed to jointly develop and conduct clinical trials of the combination therapy involving our Bcl-2 inhibitor APG-2575 with Innovent Suzhou's anti-CD20 monoclonal antibody HALPRYZA® (rituximab injection) and anti-CD47 monoclonal antibody IBI188 (letaplimab) for the treatment of certain indications.

(c) On July 14, 2021 (after trading hours), the Company and Innovent entered into the share subscription agreement, pursuant to which the Company agreed to issue, and Innovent agreed to subscribe, a total of 8,823,863 Shares at the aggregate consideration of US$50.00 million (equivalent to approximately HK$388.25 million) subject to the terms and conditions thereto. A total of 8,823,863 Subscription Shares have been successfully allotted and issued by the Company to Innovent at the subscription price of HK$44.00 per Share on July 23, 2021.

(d) On July 14, 2021 (after trading hours), the Company and Innovent entered into the warrant subscription deed, pursuant to which the Company agreed to issue to Innovent 6,787,587 Warrants, conferring the rights to subscribe for an aggregate of 6,787,587 Shares. Innovent is not required to pay any consideration for the warrants.

For further details of the abovementioned events, please refer to the relevant announcement of the Company dated July 14, 2021.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2021.

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, 2021 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 24, 2021

As at the date of this announcement, the Board comprises Dr. Yang Dajun as chairman and executive Director, Dr. Wang Shaomeng, Dr. Tian Yuan, Dr. Lu Simon Dazhong and Mr. Liu Qian as non-executive Directors, and Mr. Ye Changqing, Dr. Yin Zheng, Mr. Ren Wei and Dr. David Sidransky as independent non-executive Directors.