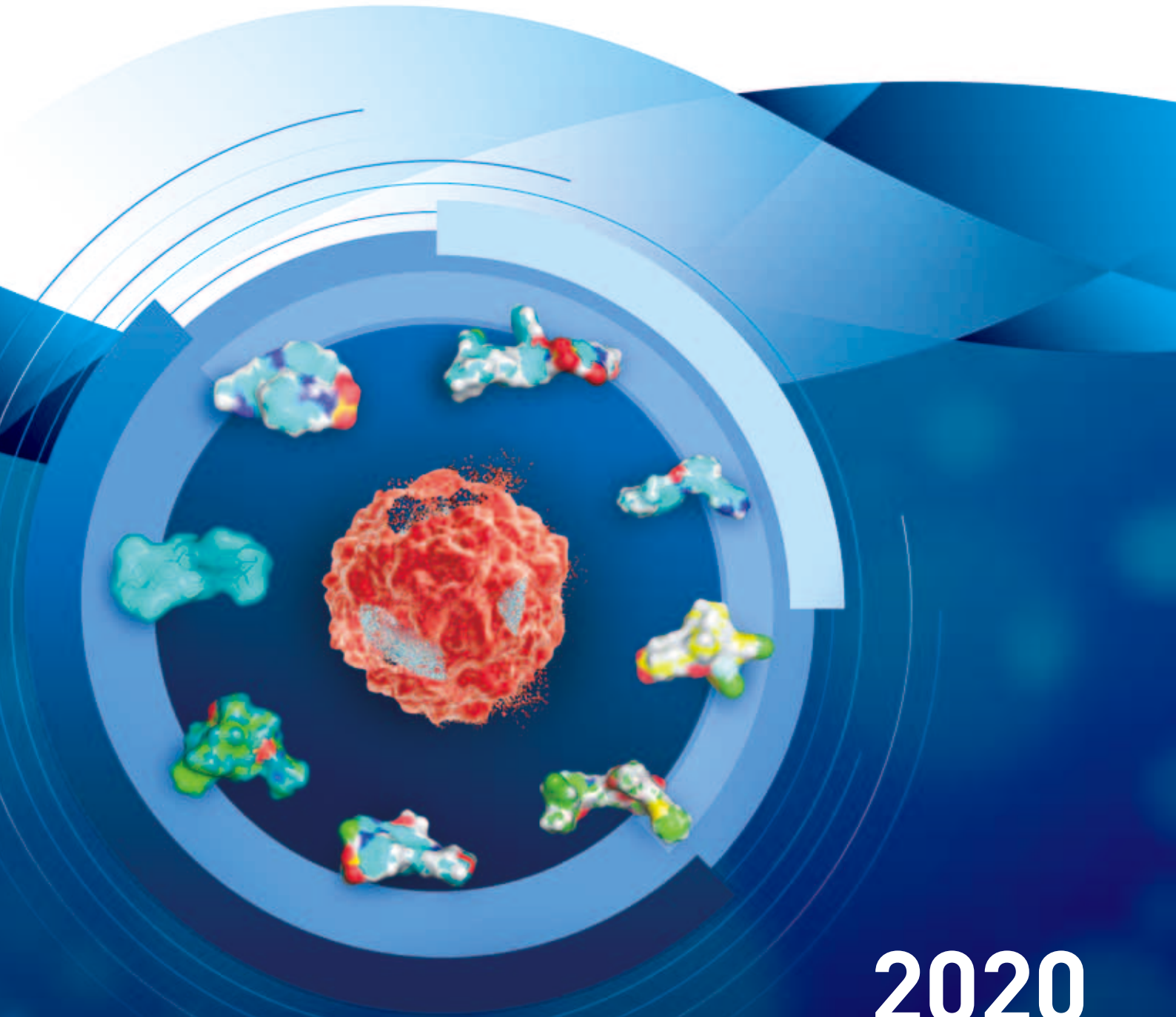
亞 盛 醫 藥
Ascentage Pharma

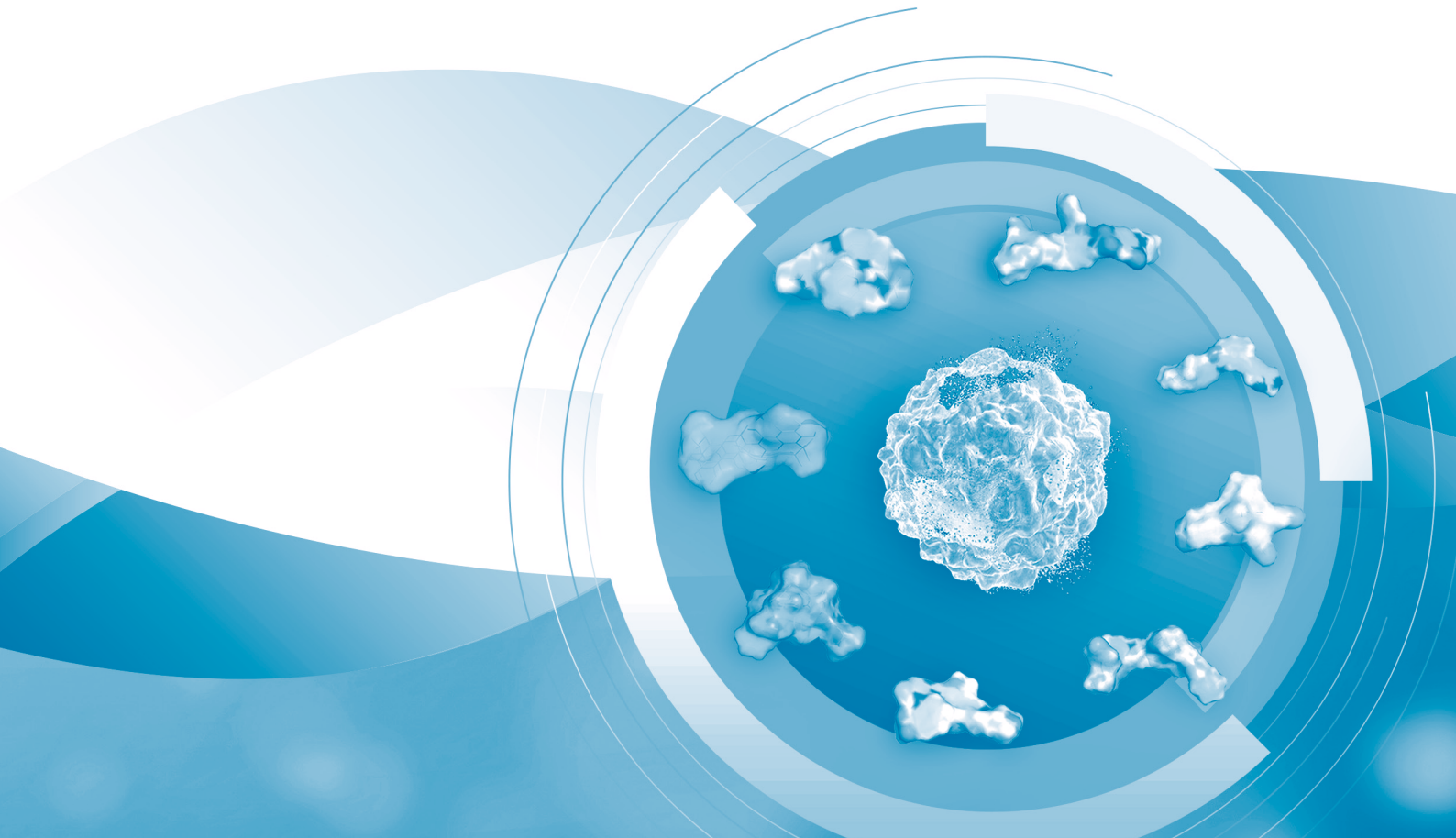
Ascentage Pharma Group International
亞盛醫藥集團

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6855



2020
INTERIM REPORT

CONTENTS



Definitions

In this interim report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

"Acerta Pharma"	Acerta Pharma, B.V.
"APG-115"	our novel, orally active small molecule MDM2-p53 inhibitor
"APG-1252"	our novel, highly potent, small molecule drug designed to restore apoptosis, or programmed cell death, through selective inhibition of the Bcl-2/Bcl-xL proteins
"APG-1387"	our novel, small molecule inhibitor of the inhibitor of apoptosis protein (IAP)
"APG-2575"	our novel, orally administered Bcl-2 inhibitor
"APG-3526"	our novel, intravenous administrated selective Mcl-1 inhibitor
"APG-5918"	our potent, orally available, and selective EED inhibitor
"Articles" or "Articles of Association"	the articles of association of the Company as amended from time to time
"AS00491"	our novel, intravenous administrated selective Mcl-1 inhibitor
"AS1266"	our fourth-generation BCR-ABL inhibitor
"Ascentage Australia"	Jiangsu Ascentage Pharma Pty. Ltd., a company incorporated in New South Wales, Australia with limited liability on March 24, 2016, our indirect wholly-owned subsidiary
"Ascentage HK"	Ascentage Investment Limited (亞盛投資有限公司), a company incorporated in Hong Kong with limited liability on April 20, 2018, our indirect wholly-owned subsidiary
"Ascentage International"	Ascentage International Limited (亞盛國際有限公司), a limited liability company incorporated in Hong Kong on October 28, 2015, our wholly-owned subsidiary
"Ascentage Investment"	Ascentage Investment International, an exempted company incorporated in the Cayman Islands with limited liability on March 22, 2018, our wholly-owned subsidiary
"Ascentage Jiangsu"	Jiangsu Ascentage Pharma Co., Ltd (江蘇亞盛醫藥開發有限公司), a limited liability company incorporated in the PRC on June 1, 2010, our indirect wholly-owned subsidiary
"Ascentage Pharma (HK)"	Ascentage Pharma Group Corp Limited (亞盛醫療集團(香港)有限公司), a company incorporated in Hong Kong with limited liability on May 22, 2009, our wholly-owned subsidiary

"Ascentage Shanghai"	Shanghai Yasheng Pharmaceutical Technology Co., Ltd. (上海亞盛醫藥科技有限公司) (formerly known as 上海亞晟醫藥科技有限公司), a limited liability company incorporated in the PRC on December 10, 2015, our indirect wholly-owned subsidiary
"Ascentage Suzhou"	Suzhou Yasheng Pharmaceutical Co., Ltd. (蘇州亞盛藥業有限公司), a limited liability company incorporated in the PRC, our indirect wholly-owned subsidiary
"Ascentage US"	Ascentage Pharma Group Inc., a corporation incorporated in Delaware, United States on November 4, 2015, our indirect wholly-owned subsidiary
"AstraZeneca"	AstraZeneca PLC, a UK-Swedish multinational pharmaceutical and biopharmaceutical company headquartered in the United Kingdom, an Independent Third Party
"Audit Committee"	the audit committee of the Board
"Bcl-2"	B-cell lymphoma 2
"Bcl-xL"	B-cell lymphoma extra-large; a member of the Bcl-2 family proteins, and acts as an anti-apoptotic protein by preventing the release of mitochondrial contents such as cytochrome c, which leads to caspase activation and ultimately, programmed cell death
"BCR-ABL"	a fusion gene formed by the ABL gene from chromosome 9 joining to the BCR gene on chromosome 22, which is found in most patients with chronic myelogenous leukemia (CML), and in some patients with acute lymphoblastic leukemia (ALL) or acute myelogenous leukemia (AML)
"BTK inhibitor"	Bruton's tyrosine kinase inhibitor
"Board Committees"	collectively, the Audit Committee, the Remuneration Committee and the Nomination Committee
"Board of Directors" or "Board"	our board of Directors
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this interim report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Chairman"	The chairman of the Board
"Company", "our Company", "Ascentage Cayman", "Group", "our Group", "we", "our" or "us"	Ascentage Pharma Group International (亞盛醫藥集團) (Stock Code: 6855), an exempted company incorporated in the Cayman Islands with limited liability on November 17, 2017

Definitions

"Concert Party Confirmation Deed"	the concert party confirmation deed dated August 11, 2018 executed by Dr. Yang, Dr. Wang, Dr. Guo, Dr. Zhai, the Founders SPV and the Dr. Zhai SPV, to confirm, agree and acknowledge, among other things, that they are parties acting in concert in relation to our Group since December 5, 2016 and will continue to act in concert after the Listing
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires refers to the Founders, the Founders SPV, Dr. Zhai, and the Dr. Zhai SPV
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules. For the purposes of this interim report, our Core Product is HQP1351.
"Deed of Non-Competition"	a deed of non-competition dated April 24, 2019 entered into by our Controlling Shareholders, in favour of our Company (for itself and as trustee for each of our subsidiaries), particulars of which are set out in the paragraph headed "Relationship with our Controlling Shareholders — Non-competition undertakings" in the Prospectus
"Director(s)"	the director(s) of the Company or any one of them
"DMPK"	Drug Metabolism and Pharmacokinetics
"Dr. Guo"	Dr. Guo Edward Ming, our chief operating officer and Controlling Shareholder
"Dr. Wang"	Dr. Wang Shaomeng, our non-executive director and Controlling Shareholder
"Dr. Yang"	Dr. Yang Dajun, our chairman, chief executive officer, Controlling Shareholder, and spouse of Dr. Zhai
"Dr. Zhai"	Dr. Zhai Yifan, our chief medical officer, Controlling Shareholder, and spouse of Dr. Yang
"Dr. Zhai SPV"	HealthQuest Pharma Limited, a company incorporated in BVI with limited liability and wholly owned by Dr. Zhai (for herself and as settlor of the Zhai Family Trust), our Controlling Shareholder
"EED"	Embryonic Ectoderm Development
"FDA"	U.S. Food and Drug Administration
"Founders"	collectively, Dr. Yang, Dr. Wang and Dr. Guo
"Founders Family Trusts"	collectively, the Yang Family Trust, the Wang Family Trust and the Guo Family Trust

"Founders SPV"	Ascentage Limited, a company incorporated in BVI with limited liability which is owned by Dr. Yang (for himself and as settlor of the Yang Family Trust) as to 45.53%, Dr. Guo (for himself and as settlor of the Guo Family Trust) as to 27.69% and Dr. Wang (for himself and as settlor of the Wang Family Trust) as to 26.78%, our Controlling Shareholder
"FVTPL"	fair value through profit or loss
"Global Offering"	the Hong Kong public offering and international offering as described in the Prospectus
"Guo Family Trust"	Ming Edward Guo Dynasty Trust, a discretionary family trust established by Dr. Guo as settlor for the benefits of Dr. Guo's family members, of which South Dakota Trust is a trustee
"Healthquest Pharma"	Guangzhou Healthquest Pharma Co., Ltd. (廣州順健生物醫藥科技有限公司), a limited liability company incorporated in the PRC on July 3, 2012, our indirect wholly-owned subsidiary
"HK$" or "Hong Kong dollars"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HQP1351"	formerly known as D824, or GZD824; our third-generation BCR-ABL inhibitor, which was designed to overcome drug resistance caused by BCR-ABL kinase mutants such as T315I mutants
"IAP"	inhibitors of apoptosis protein
"IFRSs"	International Financial Reporting Standards
"IND"	investigational new drug, an application and approval process required before drug candidates may commence clinical trials
"Independent Auditor"	Ernst & Young
"IPO"	the initial public offering of the Company, having become unconditional in all aspects on October 28, 2019
"KIT"	a receptor tyrosine kinase that is involved in intracellular signalling
"KRAS"	KRAS (Kirsten rat sarcoma viral oncogene homolog) is a protein-coding gene
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	October 28, 2019, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

Definitions

"Mcl-1"	myeloid cell leukemia-1; a member of the Bcl-2 family of proteins responsible for the regulation of apoptosis
"MDM2"	Murine Double Minute 2
"MDM2-p53 pathway"	tumor-suppressor pathway that is often disrupted in cancer
"MM"	multiple myeloma; cancer of plasma cells, a type of white blood cell normally responsible for producing antibodies
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"MV-411"	A model of human AML that can be used to quantitatively measure and track *in vivo* disease progression in a longitudinal manner
"NCI-929"	A model of human Multiple Myeloma (MM)
"Nomination Committee"	the nomination committee of the Board
"OPM-2"	A model of human Multiple Myeloma (MM)
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved by the board of directors of the Company on September 28, 2019 (as amended from time to time)
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved by the board of directors of the Company on July 13, 2018 (as amended from time to time)
"Prospectus"	the prospectus of the Company dated October 16, 2019
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six month period from January 1, 2020 to June 30, 2020
"RMB"	Renminbi, the lawful currency of the PRC
"RSU Scheme"	The restricted share unit scheme approved by the board of directors of the Company on July 6, 2018 (as amended from time to time)
"SAE"	serious adverse events, in the context of clinical trials, any undesirable medical event judged to be related to the investigational treatment that results in death, is life-threatening, requires hospitalization or causes prolongation of existing hospitalization, results in persistent or significant disability or incapacity, is a congenital anomaly or birth defect, or requires intervention to prevent permanent impairment or damage

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of Shares
"South Dakota Trust"	South Dakota Trust Company LLC, the trustee of each of the Founders Family Trusts and the Zhai Family Trust
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"T315I"	a type of mutation that sometimes results in the failure of tyrosine kinase inhibitor (TKI) treatment
"TOX"	toxicology
"United States"	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"Wang Family Trust"	Shaomeng Wang Dynasty Trust, a discretionary family trust established by Dr. Wang as settlor for the benefits of Dr. Wang's family members, of which South Dakota Trust is a trustee
"Yang Family Trust"	Dajun Yang Dynasty Trust, a discretionary family trust established by Dr. Yang as settlor for the benefits of Dr. Yang's family members, of which South Dakota Trust is a trustee
"Zhai Family Trust"	Yifan Zhai Dynasty Trust, a discretionary family trust established by Dr. Zhai as settlor for the benefits of Dr. Zhai's family members, of which South Dakota Trust is a trustee
"%"	per cent.

In this interim report, unless otherwise indicated, the terms "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. Yang Dajun *(Chairman and chief executive officer)*

Non-executive Directors

Dr. Wang Shaomeng
Dr. Tian Yuan
Mr. Zhao Qun
Dr. Lu Simon Dazhong
Mr. Liu Qian

Independent Non-executive Directors

Mr. Ye Changqing
Dr. Yin Zheng
Mr. Ren Wei

COMPANY SECRETARY

Mr. Wong Cheung Ki Johnny, *FCPA, FCIS, FCS*

AUTHORISED REPRESENTATIVES

Mr. Yang Dajun
Mr. Wong Cheung Ki Johnny, *FCPA, FCIS, FCS*

AUDIT COMMITTEE

Mr. Ye Changqing *(chairman)*
Dr. Lu Simon Dazhong
Dr. Yin Zheng

REMUNERATION COMMITTEE

Dr. Yin Zheng *(chairman)*
Dr. Tian Yuan
Mr. Ren Wei

NOMINATION COMMITTEE

Dr. Yang Dajun *(chairman)*
Mr. Ren Wei
Mr. Ye Changqing

AUDITOR

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

REGISTERED OFFICE

Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

218 Xinghu Street, Building B7, 7th Floor
Suzhou Industrial Park
Suzhou, Jiangsu
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9/F, Wah Yuen Building
149 Queen's Road Central
Central
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

COMPLIANCE ADVISER

First Shanghai Capital Limited
19/F Wing On House
71 Des Voeux Road Central
Central
Hong Kong

HONG KONG LEGAL ADVISER

Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F, Jardine House
1 Connaught Place, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

Stock Code: 6855

WEBSITE

www.ascentagepharma.com

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 IFRSs.

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

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, 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 at 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 at 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 at 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 at 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 240mg 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 at June 30, 2020, a total of 149 patients were enrolled and treated in the studies. As at 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 at 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.

FINANCIAL REVIEW

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

	For the six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
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 Losses

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

For the 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 expenses (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 the 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 at June 30, 2020 by function:

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

As at 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 at 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 Unaudited	As at December 31, 2019 Audited
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 at 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 at 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.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the 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. Please refer to the announcements of the Company dated July 8, 2020 and July 15, 2020 for further details of the placing.

INTERIM DIVIDEND

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY ANY OF ITS ASSOCIATED CORPORATIONS

As at June 30, 2020, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director or chief executive	Nature of Interest[1]	Number of Ordinary Shares	Approximate percentage of shareholding interest
Dr. Yang	Interest of controlled corporation[4] Interests held jointly with other persons[2] Interest of spouse[3] Settlor of discretionary trust[4]	67,204,967	32.17%
Dr. Wang	Interest of controlled corporation[4] Interests held jointly with other persons[2] Settlor of discretionary trust[4]	67,204,967	32.17%
Dr. Guo	Interest of controlled corporation[4] Interest held jointly with other persons[2] Settlor of a discretionary trust[4]	67,204,967	32.17%
Dr. Zhai	Interest of controlled corporation[5] Interest held jointly with other persons[2] Interest of spouse[3] Settlor of a discretionary trust[5]	67,204,967	32.17%
Dr. Tian Yuan	Interest of controlled corporation[6, 7, 8] Beneficial owner[11]	20,431,962 292,714	9.78% 0.14%
Mr. Liu Qian	Interest of controlled corporation[9] Beneficial owner[11]	10,743,772 37,688	5.14% 0.02%
Mr. Zhao Qun	Interest of controlled corporation[10] Beneficial owner[11]	4,419,421 292,714	2.11% 0.14%
Dr. Lu Simon Dazhong	Beneficial owner[11]	41,457	0.01%
Mr. Raymond Jeffrey Kmetz	Beneficial owner[11]	452,531	0.21%

Notes:

1. All interests stated are long position.

2. Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and the Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of our Group since December 5, 2016 and will continue to act in concert after the Listing. Accordingly, each of Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and the Dr. Zhai SPV is deemed to be interested in an aggregate of 32.17% shareholding interest in our Company.

3. Dr. Yang is the spouse of Dr. Zhai and is therefore deemed to be interested in the Shares held by Dr. Zhai under the SFO. Similarly, Dr. Zhai is deemed to be interested in the Shares held by Dr. Yang under the SFO.

4. The Founders SPV is beneficially owned by (i) Dr. Yang (0.84%), (ii) Dr. Wang (13.39%), (iii) Dr. Guo (4.20%), (iv) the Yang Family Trust (44.69%), (v) the Wang Family Trust (13.39%) and (vi) the Guo Family Trust (23.49%). The Yang Family Trust, the Wang Family Trust and the Guo Family Trust were respectively established by Dr. Yang, Dr. Wang and Dr. Guo as settlor for the benefits of their respective family members. South Dakota Trust is the trustee of each of the Founders Family Trusts. Dr. Yang is also a director of the Founders SPV.

5. The Dr. Zhai SPV is beneficially owned by (i) Dr. Zhai (3%) and (ii) the Zhai Family Trust (97%). The Zhai Family Trust was established by Dr. Zhai as settlor for the benefits of her family members. South Dakota Trust is the trustee of the Zhai Family Trust. Dr. Zhai is also a director of the Dr. Zhai SPV.

6. Yuanming Prudence SPC is wholly owned by Yuanming Capital Management Limited. Yuanming Capital Management Limited is owned by Yuanming Capital Group Limited as to 50%. Dr. Tian Yuan, our non-executive Director, owned 100% shareholding interest in Yuanming Capital Group Limited. Dr. Tian is therefore deemed to be interested in 10,743,772 Shares held by Yuanming Prudence SPC.

7. YM Investment Ltd ("**YM Investment**") is indirectly wholly owned by Zhuhai Hengqin Yuanming Private Equity (Limited Partnership) (珠海橫琴元明股權投資基金(有限合夥)) whose general partner is Zhuhai Hengqin Yuanming Asset Management Co., Ltd. (珠海橫琴元明資產管理有限公司), of which Dr. Tian Yuan, our non-executive Director, is the general manager and also a shareholder holding 50% shareholding interest. Dr. Tian is therefore deemed to be interested in 8,416,400 Shares held by YM Investment.

8. QHYM Investment Ltd ("**QHYM**") is indirectly wholly owned by Shenzhen Qianhai Yuanming Healthcare Fund (Limited Partnership) (深圳前海元明醫療產業投資基金(有限合夥)) whose general partner is Shenzhen Qianhai Yuanming Asset Management Co., Ltd. (深圳前海元明資產管理有限公司), of which Dr. Tian Yuan, our non-executive Director, is the executive director and also a shareholder holding 90% shareholding interest. Dr. Tian is therefore deemed to be interested in 1,271,790 Shares held by QHYM.

9. Yuanming Prudence SPC is wholly owned by Yuanming Capital Management Limited. Yuanming Capital Management Limited is owned by Fangyuan Financial Holdings Group as to 50%. Fangyuan Financial Holdings Group was owned as to 80% by Prudence Financial Holdings Group Limited which is in turn owned as to 75% by Mr. Liu Qian, our non-executive Director. Mr. Liu is therefore deemed to be interested in 10,743,772 Shares held by Yuanming Prudence SPC.

10. Mr. Zhao Qun, our non-executive Director, owned 40% interest in Oriza Seed Limited, which is the general partner of and also held 50% interest in Oriza Seed L.P., which is in turn the general partner of and also held 1% interest in Oriza Seed Fund I L.P.. Mr. Zhao is the sole director of Oriza Seed Venture Capital II Limited. Accordingly, Mr. Zhao is deemed to be interested in 4,419,421 Shares held by Oriza Seed Fund I L.P. and Oriza Seed Venture Capital II Limited.

11. Interests in options granted pursuant to the Pre-IPO Share Option Scheme.

Save as disclosed above, as at June 30, 2020, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2020, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Substantial Shareholder	Nature of Interest[1]	Number of Ordinary Shares	Approximate percentage of shareholding interest
Li Ju-Yun	Interest of spouse[2]	67,204,967	32.17%
Gao Sharon Xia	Interest of spouse[3]	67,204,967	32.17%
Founders SPV	Beneficial owner Interest held jointly with other persons[4]	67,204,967	32.17%
Dr. Zhai SPV	Beneficial owner Interest held jointly with other persons[4]	67,204,967	32.17%
South Dakota Trust	Trustee[5,6]	67,204,967	32.17%
Future Industry Investment Co., Limited	Beneficial owner[7]	19,076,840	9.13%
Future Industry Investment Fund	Interest of controlled corporation[7]	19,076,840	9.13%
SDIC Fund Management Co., Ltd.	Interest of controlled corporation[7]	19,076,840	9.13%
Chen Yiwen	Interest of spouse[8]	10,781,460	5.16%
Prudence Investment Management (Hong Kong) Limited	Investment manager[9]	10,743,772	5.14%
Prudence Financial Holdings Group Limited	Interest of controlled corporation[9]	10,743,772	5.14%
Fangyuan Financial Holdings Group	Interest of controlled corporation[9]	10,743,772	5.14%
Yuanming Capital Group Limited	Interest of controlled corporation[9]	10,743,772	5.14%
Yuanming Capital Management Limited	Interest of controlled corporation[9]	10,743,772	5.14%
Yuanming Prudence SPC	Beneficial owner[9]	10,743,772	5.14%
Zhao Li	Interest of spouse[10]	20,724,676	9.92%

Notes:

1. All interests stated are long position.

2. Ms. Li Ju-Yun is Dr. Wang's spouse, and is therefore deemed to be interested in the Shares held by Dr. Wang.

3. Ms. Gao Sharon Xia is Dr. Guo's spouse, and is therefore deemed to be interested in the Shares held by Dr. Guo.

4. Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and the Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been and will be actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of our Group since December 5, 2016 and will continue to act in concert after the Listing. Accordingly, each of Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and the Dr. Zhai SPV is deemed to be interested in an aggregate of 32.17% shareholding interest in our Company.

5. The Founders SPV is beneficially owned by (i) Dr. Yang (0.84%), (ii) Dr. Wang (13.39%), (iii) Dr. Guo (4.20%), (iv) the Yang Family Trust (44.69%), (v) the Wang Family Trust (13.39%) and (vi) the Guo Family Trust (23.49%). The Yang Family Trust, the Wang Family Trust and the Guo Family Trust were respectively established by Dr. Yang, Dr. Wang and Dr. Guo as settlor for the benefits of their respective family members. South Dakota Trust is the trustee of each of the Founders Family Trusts. Dr. Yang is also a director of the Founders SPV.

6. The Dr. Zhai SPV is beneficially owned by (i) Dr. Zhai (3%) and (ii) the Zhai Family Trust (97%). The Zhai Family Trust was established by Dr. Zhai as settlor for the benefits of her family members. South Dakota Trust is the trustee of the Zhai Family Trust. Dr. Zhai is also a director of the Dr. Zhai SPV.

7. Future Industry Investment Co., Limited is wholly owned by Future Industry Investment Fund, whose executive partner is SDIC Fund Management Co., Ltd. Accordingly, each of Future Industry Investment Fund and SDIC Fund Management Co., Ltd. is deemed to be interested in the Shares held by Future Industry Investment Co., Limited under the SFO.

8. Ms. Chen Yiwen is Mr. Liu Qian's spouse, and is therefore deemed to be interested in the Shares held by Mr. Liu Qian.

9. Prudence Investment Management (Hong Kong) Limited is the investment manager of Yuanming Prudence SPC. Yuanming Prudence SPC is wholly owned by Yuanming Capital Management Limited. Yuanming Capital Management Limited is owned as to (i) 50% by Fangyuan Financial Holdings Group which is in turn owned as to 80% by Prudence Financial Holdings Group Limited, and (ii) 50% by Yuanming Capital Group Limited.

10. Ms. Zhao Li is Dr. Tian Yuan's spouse, and is therefore deemed to be interested in the Shares held by Dr. Tian Yuan.

EQUITY PLANS

1. Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to reward the eligible participants who have contributed or will contribute to the Group and to encourage them to continue to work for the Group towards enhancing the value of the Shares which will benefit the Group and the Shareholders as a whole.

A summary of the principal terms of the Pre-IPO Share Option Scheme is set out below:

Eligible Participants

Those eligible to participate in the Pre-IPO Share Option Scheme include any substantial shareholder, existing or incoming employees of the Group which include the directors (including executive directors, non-executive directors and independent non-executive directors) and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, where required under the Listing Rules, the independent non-executive directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group.

Maximum Number of Shares Available for Issue under the Pre-IPO Share Option Scheme

The overall limit on the number of underlying shares which may be delivered pursuant to share options granted under the Pre-IPO Share Option Scheme is 12,307,533 Shares, representing 5.89% of the issued capital of the Company, with a par value of US$0.0001 each as at June 30, 2020.

Consideration

Consideration of HK$1.00 is required to be paid by the grantees for the grant of awards under the Pre-IPO Share Option Scheme.

Determination of Exercise Price

The exercise price of all the share options granted under the Pre-IPO Share Option Scheme is HK$0.01 as determined by the Board at the time of the grant.

Life of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved and adopted pursuant to the resolutions of the shareholders passed on July 13, 2018 and may be terminated by the Board or the Company by ordinary resolution in general meeting. No further option will be granted or offered after the Listing Date. In the event of termination, the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted during the life of the Pre-IPO Share Option Scheme and which remain unexpired immediately prior to the termination of the Pre-IPO Share Option Scheme.

Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Scheme as at June 30, 2020. All the options under the Pre-IPO Share Option Scheme were granted on or before the Listing Date and no further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date. For further details on the movement of the options during the Reporting Period, please see the below summary:

Relevant Grantee	Number of underlying Shares to be issued upon exercise of the option in full	Date of Grant	Outstanding as at January 1, 2020	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at June 30, 2020
Directors of the Company						
Tian Yuan	292,714	August 15, 2018	292,714	–	–	292,714
Zhao Qun	292,714	August 15, 2018	292,714	–	–	292,714
Lu Simon Dazhong	41,457	August 15, 2018	41,457	–	–	41,457
Liu Qian	37,688	August 15, 2018	37,688	–	–	37,688
Chief executives of the Company						
Raymond Jeffrey Kmetz	452,531	May 15, 2019	452,531	–	–	452,531
Thomas Joseph Knapp	374,472	May 15, 2019	374,472	–	–	374,472
Other grantees						
Employees of the Group	10,812,906	Between August 15, 2018 to September 16, 2019	10,812,906	–	347,454	10,465,452
Total			12,304,482	–	347,454	11,957,028

Notes:

(1) The period during which the option can be exercised are set forth in the relevant offer letters in accordance with the Pre-IPO Share Option Scheme and disclosed in the Prospectus.

(2) All the options are exercisable upon vesting at an exercise price of HK$0.01 per Share.

2. Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to enable the Company to grant options to eligible participants to incentivize or reward them for their contribution or potential contribution to the Group and to provide the eligible participants an opportunity to have a personal stake in the Company with the view to motivate the eligible participants to optimize their performance efficiency for the benefit of the Group; attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group; and/or for such purposes as the Board may approve from time to time.

A summary of the principal terms of the Post-IPO Share Option Scheme is set out below:

Eligible Participants

The Board may, at its absolute discretion, offer to grant options to the following persons:

(i) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;

(ii) a director or proposed director (including an independent non-executive director) of any member of the Group;

(iii) any substantial shareholder of any member of the Group;

(iv) a supplier of goods or services to any member of the Group;

(v) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;

(vi) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and

(vii) an associate of any of the persons referred to in paragraphs (i) to (iii) above.

Maximum Number of Shares Available for Issue under the Post-IPO Share Option Scheme

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes of our Group is 20,707,462, being no more than 10% of the Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**").

The Scheme Mandate Limit may be refreshed at any time as the Board may think fit by obtaining prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes of the Group shall not exceed 30% of the Shares in issue from time to time. No options may be granted under the Post-IPO Share Option Scheme and any other share option scheme of the Company if this will result in such limit being exceeded.

As at June 30, 2020, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme and therefore the total number of Shares available for grant under the Post-IPO Share Option Scheme was 20,707,462, Shares, representing 9.91% of the issued share capital of the Company as at June 30, 2020.

Maximum Entitlement of Each Participant

Unless approved by the Shareholders in a general meeting, the maximum number of Shares underlying the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue for the time being.

Life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-years period or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

Exercise Price

Pursuant to the Post-IPO Share Option Scheme, the participants may subscribe for the Shares on the exercise of an option at the price determined by the Board provided that it shall be at least the highest of (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the date of grant.

Consideration

Consideration of HK$1.00 is required to be paid by the grantees for the grant of awards under the Post-IPO Share Option Scheme and such payment must be made within 28 days from the date the share option grant offer is made to the grantee.

3. RSU Scheme

The purpose of the RSU Scheme is to incentivize the existing and incoming Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

Eligible Participants

Persons eligible to receive RSUs under the RSU Scheme are existing or incoming employees, directors (whether executive or non-executive) or officers of our Company or any member of our Group. Our Board selects the eligible persons to receive RSUs under the RSU Scheme at its discretion.

Maximum Number of Shares pursuant to RSUs

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been canceled in accordance with the rules of the RSU Scheme) shall be 5,274,657 ordinary shares, representing 2.52% of the issued shares of the Company as at June 30, 2020.

Life of the RSU Scheme

The RSU Scheme will be valid and effective for a period of ten years, commencing on July 6, 2018.

As at June 30, 2020, the Company has not identified any grantee under the RSU Scheme or granted any restricted shares to any grantee.

Further details of the RSU Scheme are set out in the Prospectus.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Below are the changes of Directors' information since the date of 2019 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Mr. Ye Changqing, our independent non-executive Director, was appointed as an independent non-executive director of Hygeia Healthcare Holdings Co., Limited (Stock Code: 6078).

Dr. Wang Shaomeng, our non-executive Director, ceased to act as the co-director of the experimental therapeutics program at the University of Michigan Comprehensive Cancer Centre (the Rogel Cancer Center).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the Reporting Period.

The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period.

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 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 interim report 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 interim report 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.

OTHER BOARD COMMITTEES

In addition to the Audit Committee, the Company has also established the Nomination Committee and the Remuneration Committee.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, as at the date of this interim report, 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.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and code provisions as set out in the CG Code. 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.

Other Information

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.

On Behalf of the Board
Dr. Yang Dajun
Chairman and Chief Executive Officer

Suzhou, the PRC, August 18, 2020

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To the board of directors of Ascentage Pharma Group International
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 38 to 56, which comprises the condensed consolidated statement of financial position of Ascentage Pharma Group International (the "Company") and its subsidiaries (the "Group") as at June 30, 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
August 18, 2020

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2020

	Notes	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)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2020

	2020 RMB'000 (Unaudited)	2019 RMB'000 (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)

Interim Condensed Consolidated Statement of Financial Position

June 30, 2020

	Notes	**June 30, 2020 RMB'000 (Unaudited)**	December 31, 2019 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**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	10	**68,466**	92,194
Trade payables	11	**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	10	**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

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2020

	Attributable to owners of the parent						
	Share capital RMB'000	**Treasury shares RMB'000**	**Share premium RMB'000**	**Capital and reserves RMB'000**	**Exchange fluctuation reserve RMB'000**	**Accumulated losses RMB'000**	**Total equity RMB'000**
At January 1, 2020 (Audited)	**142**	**(4)**	**3,454,371**	**(341,208)**	**(126,295)**	**(2,096,531)**	**890,475**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(319,177)**	**(319,177)**
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**7,497**	**–**	**7,497**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**7,497**	**(319,177)**	**(311,680)**
Equity-settled share option arrangement	**–**	**–**	**–**	**33,418**	**–**	**–**	**33,418**
At June 30, 2020 (Unaudited)	**142**	**(4)**	**3,454,371***	**(307,790)***	**(118,798)***	**(2,415,708)***	**612,213**

* These reserve accounts comprise the consolidated capital and reserves of RMB612,075,000 in the condensed consolidated statement of financial position as at June 30, 2020.

	Attributable to owners of the parent						
	Share capital RMB'000	Treasury shares RMB'000 (note 30)	Share premium RMB'000 (note 30)	Capital and reserves RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total deficit RMB'000
At January 1, 2019 (Audited)	63	(4)	43,698	(412,030)	(27,496)	(615,817)	(1,011,586)
Loss for the period	–	–	–	–	–	(633,315)	(633,315)
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations	–	–	–	–	(8,763)	–	(8,763)
Total comprehensive loss for the period	–	–	–	–	(8,763)	(633,315)	(642,078)
Equity-settled share option arrangement	–	–	–	30,169	–	–	30,169
At June 30, 2019 (Audited)	63	(4)	43,698*	(381,861)*	(36,259)*	(1,249,132)*	(1,623,495)

* These reserve accounts comprise the consolidated capital and reserves of RMB(1,623,554,000) in the condensed consolidated statement of financial position as at June 30, 2019.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2020

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows used in operating activities	**(298,618)**	(217,187)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets	**(1,677,173)**	(110,920)
Proceeds from disposal of financial assets	**1,461,327**	92,687
Purchases of items of property, plant and equipment	**(129,195)**	(17,050)
Purchases of items of other intangible assets	**(1,435)**	(2,025)
Decrease in time deposits with original maturity of more than three months	**139,524**	—
Net cash flows used in investing activities	**(206,952)**	(37,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Listing expense paid	**(2,125)**	(2,078)
Interest paid	**(1,563)**	(1,953)
Government subsidy loans received	**10,916**	—
New bank loans	**254,862**	65,000
Repayment of bank loans	**(65,000)**	—
Principal portion of lease payments	**(3,709)**	(3,907)
Net cash flows from financing activities	**193,381**	57,062
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(312,189)**	(197,433)
Cash and cash equivalents at beginning of period	**738,986**	957,088
Effect of foreign exchange rate changes, net	**1,946**	1,243
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**428,743**	760,898
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the consolidated statement of cash flows	**428,743**	760,898
Restricted bank balances	**1,908**	—
Cash and bank balances as stated in the consolidated statement of financial position	**430,651**	760,898

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*

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

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

(a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after January 1, 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to IFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after June 1, 2020 with earlier application permitted.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(c) *(Continued)*

During the period ended June 30, 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on January 1, 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended June 30, 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB417,000 has been accounted for as a variable lease payment by derecognizing part of the lease liabilities and crediting to profit or loss for the period ended June 30, 2020.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

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.

Geographical information

(a) Revenue from external customers

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
United States	**902**	1,717
Mainland China	**1,711**	600
	2,613	2,317

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

3. OPERATING SEGMENT INFORMATION *(Continued)*

(b) Non-current assets

	June 30, 2020 RMB'000 (Unaudited)	December 31, 2019 RMB'000 (Audited)
Mainland China	**387,588**	259,248
United States	**3,617**	4,377
Others	**227**	129
	391,432	263,754

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% to the total revenue of the Group for the reporting period is as follows:

	Six months ended June 30,	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Customer A	**902**	1,717
Customer B	**1,711**	600
	2,613	2,317

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Type of goods or services		
Compounds library license fee income	**23**	22
Research and development service fee income	**2,590**	2,295
	2,613	2,317
Timing of revenue recognition		
Over time		
Compounds library license fee income	**23**	22
Research and development service fee income	**2,590**	2,295
	2,613	2,317

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:

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Type of service		
Compounds library license fee income	**23**	22

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2020, the Group acquired assets with a cost of RMB816,000 (six months ended June 30, 2019: RMB7,975,000), excluding construction in progress.

The Group also commenced the construction of a facility in Suzhou, Jiangsu Province, PRC for research and development and manufacturing (the "Suzhou Facility") in 2019. This project is expected to be completed in 2021 and the carrying amount of the construction in progress at June 30, 2020 was RMB184,725,000 (December 31, 2019: RMB60,036,000). The amount of borrowing costs capitalized during the six months ended June 30, 2020 was approximately RMB1,257,000 (six months ended June 30, 2019: Nil). The rate used to determine the amount of borrowing costs eligible for capitalization fell in 4.9% to 5.0%, which is the effective interest rate of the specific borrowing.

During the six months ended June 30, 2020, depreciation for property, plant and equipment was RMB5,419,000 (six months ended June 30, 2019: RMB4,760,000).

Assets with a net book value of RMB48,000 were disposed of by the Group during the six months ended June 30, 2020 (six months ended June 30, 2019: RMB378,000), resulting in a net gain on disposal of RMB2,000 (six months ended June 30, 2019: RMB25,000).

10. 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

11. 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.

12. COMMITMENTS

(a) As at June 30, 2020, the Group had capital commitments of RMB207,971,000 relating to the construction of the research and development center (December 31, 2019: RMB117,998,000).

(b) The Group has no lease contracts that have not yet commenced as at June 30, 2020.

13. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in this financial information, the Group had no transactions with related parties during the reporting period.

(b) Outstanding balances with related parties:

Included in the Group's other payables were amounts due to Dr. Zhai, the Group's related party, of RMB1,000,000 as at June 30, 2020 (December 31, 2019: RMB1,000,000).

Long-term payables measured at FVTPL represented the fair value of the contingent cash consideration payable to Dr. Zhai for the acquisition of Guangzhou Healthquest Pharma Co., Ltd. ("Healthquest Pharma"). The balance as at June 30, 2020 was RMB71,533,000 (December 31, 2019: RMB51,248,000).

(c) Compensation of key management personnel of the Group:

	Six months ended June 30,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Short term employee benefits	**10,525**	4,861
Share option expenses	**5,938**	2,643
Post-employment benefits	**453**	126
Total compensation paid to key management personnel	**16,916**	7,630

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at June 30, 2020 and December 31, 2019 the fair values of the Group's financial assets or financial liabilities reasonably approximate to their respective carrying amounts.

Management has assessed that the fair values of cash and bank balances, financial assets included in prepayments, other receivables and other assets, trade payables, the current portion of interest-bearing bank and other borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At the end of the reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The Directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at June 30, 2020 were assessed to be insignificant. The Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The fair value of long-term payables measured at FVTPL was determined using the discounted cash flow model and was within Level 3 fair value measurement.

The fair value of listed equity investments was based on quoted market prices. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value instruments are observable, the instruments are included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Unobservable inputs and sensitivity analysis of Level 3 assets and liabilities

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at June 30, 2020 and December 31, 2019.

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value of the input
Long-term payables measured at FVTPL	Discounted cash flow method	Discount rate	As at June 30, 2020: 4.56% – 5.62% (2019: 4.64% – 5.18%)	As at June 30, 2020: 1% (December 31, 2019: 1%) increase/decrease in discount rate would result in decrease/increase in fair value by 3% (2019: 4%)
		Possibility of payment	As at June 30, 2020: 85% – 90% (2019: 60% – 65%)	As at June 30, 2020: 1% (December 31, 2019: 1%) increase/decrease in possibility of payment would result in decrease/increase in fair value by 1% (2019: 2%)

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at June 30, 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at FVTPL	**39,328**	**216,989**	**—**	**256,317**

As at December 31, 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
A financial asset at FVTPL	32,191	—	—	32,191

Liabilities measured at fair value

As at June 30, 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Long-term payables measured at FVTPL	**—**	**—**	**71,533**	**71,533**

As at December 31, 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Long-term payables measured at FVTPL	—	—	51,248	51,248

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The movements in the fair value measurements within Level 3 during the reporting period are as follows:

	Long-term payables measured at FVTPL	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Carrying amount at January 1	**51,248**	10,034
Net loss from a fair value adjustment recognized in other expenses in profit or loss	**20,285**	20,416
As at June 30	**71,533**	30,450

15. EVENTS AFTER THE REPORTING PERIOD

The Company issued a total of 15,000,000 placing shares at a price of HK$46.80 per share on July 15, 2020. The net proceeds arising from the placing were approximately HK$689.5 million (RMB622.5 million).