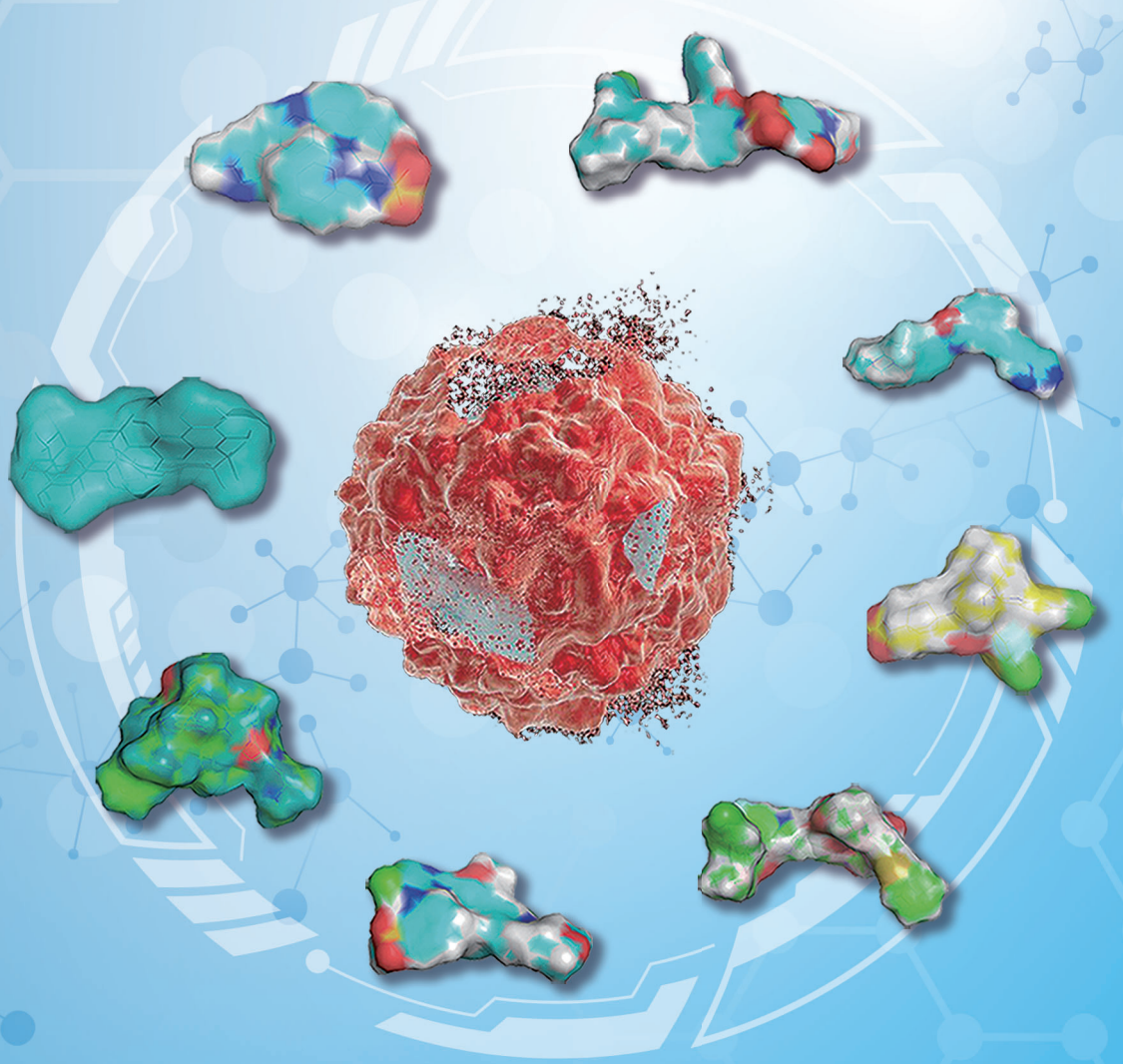
亞 盛 醫 藥
Ascentage Pharma

Ascentage Pharma Group International
亞盛醫藥集團

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

2022 INTERIM REPORT



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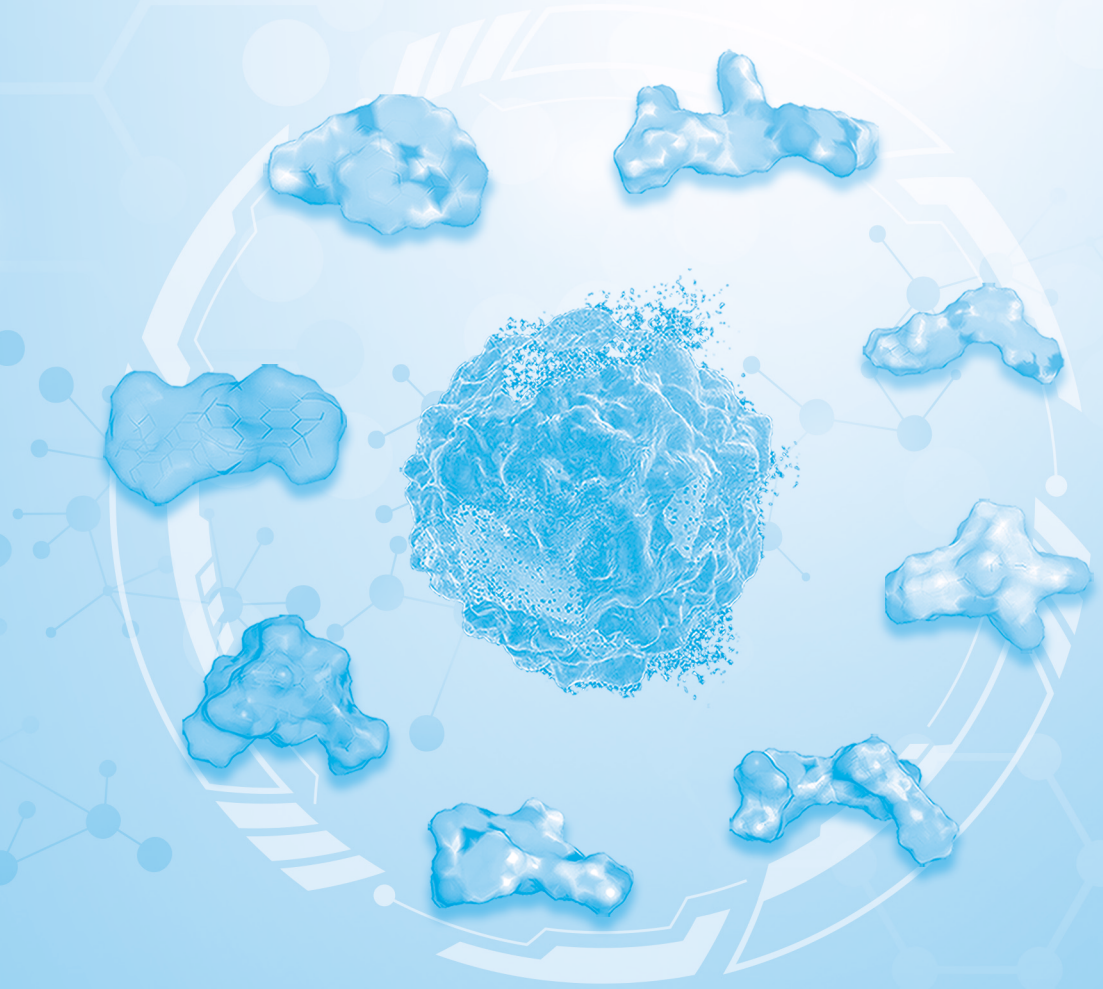


Definitions

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.

"2018 RSU Scheme"	the restricted share unit scheme approved by the Board on July 6, 2018 (as amended from time to time)
"2020 Placing"	the placing of 15,000,000 Shares at a price of HK$46.80 each pursuant to the terms and conditions of the 2020 Placing Agreement
"2020 Placing Agreement"	the placing agreement entered into among the Company, Citigroup Global Markets Limited and J.P. Morgan Securities (Asia Pacific) Limited dated July 8, 2020 in relation to the 2020 Placing
"2021 Placing"	the placing and subscription of 26,500,000 Shares at a price of HK$44.20 each pursuant to the terms and conditions of the 2021 Placing Agreement
"2021 Placing Agreement"	the placing and subscription agreement entered into among the Company, the Founders SPV, J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited dated February 3, 2021 in relation to the 2021 Placing
"2021 RSU Scheme"	the restricted share unit scheme approved by the Board on February 2, 2021 (as amended from time to time)
"2022 RSU Scheme"	the restricted share unit scheme approved by the Board on June 23, 2022 (as amended from time to time)
"2021 Warrants"	the unlisted warrants issued by the Company to Innovent pursuant to the Warrant Subscription Deed
"AACR"	American Association for Cancer Research
"ALK"	anaplastic lymphoma kinase
"ALL"	acute lymphoblastic leukemia
"ALL (Ph + ALL)"	acute lymphoblastic leukemia; a type of cancer of the lymphoid line of blood cells characterized by the development of large numbers of immature lymphocytes (Philadelphia positive acute lymphoblastic leukemia)
"AML"	acute myelogenous leukemia
"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 IAP
"APG-2449"	our third-generation inhibitor of the FAK, ROS1 and ALK kinases

Definitions

"lisaftoclax (APG-2575)"	our novel, orally administered Bcl-2 inhibitor
"APG-265"	a MDM2 protein degrader
"APG-2575"	our novel, orally administered Bcl-2 inhibitor
"APG-5918"	our potent, orally available, and selective EED inhibitor
"ASCO"	American Society of Clinical Oncology
"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
"Ba/F3"	murine interleukin-3 dependent pro-B cell line
"Bcl-2"	B-cell lymphoma 2
"Bcl-2/Bcl-xL"	B-cell lymphoma 2/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"	breakpoint cluster region
"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)
"Board"	the board of directors of the Company
"Board Committees"	the Audit Committee, the Remuneration Committee and the Nomination Committee
"BTK"	Bruton's tyrosine kinase inhibitor
"BVI"	the British Virgin Islands
"CD20 Antibody"	Innovent Suzhou's proprietary therapeutic antibody HALPRYZA® (rituximab injection) targeting B Cell lymphoma
"CDE"	the center of drug evaluation of China
"CDK4/6"	cyclin-dependent kinase 4/6
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"Chairman"	the chairman of the Board

Definitions

"CHB"	chronic hepatitis B
"CIT"	corporate income tax
"CLL"	chronic lymphocytic leukemia; a slowly progressing, liquid form of tumor that causes an excess of white blood cells in the bone marrow, blood, liver, and spleen
"CML"	chronic myeloid/myelogenous leukemia; a type of cancer that affects the blood and bone marrow
"CMML"	chronic myelomonocytic leukemia
"Company" or "Ascentage Pharma"	Ascentage Pharma Group International (亞盛醫藥集團), an exempted company incorporated in the Cayman Islands with limited liability on November 17, 2017
"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
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules
"Directors"	the director(s) of the Company, including all executive, non-executive and independent non-executive directors
"DMPK"	Drug Metabolism and Pharmacokinetics
"DoR"	duration of response
"Dr. Guo"	Dr. Guo Edward Ming, our Substantial Shareholder
"Dr. Sidransky"	Dr. David Sidransky, an independent non-executive Director
"Dr. Wang"	Dr. Wang Shaomeng, our non-executive director and a Substantial Shareholder
"Dr. Yang"	Dr. Yang Dajun, our Chairman, chief executive officer, a Substantial Shareholder, and spouse of Dr. Zhai
"Dr. Yin"	Dr. Yin Zheng, an independent non-executive Director
"Dr. Zhai"	Dr. Zhai Yifan, our chief medical officer, a Substantial 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 Substantial Shareholder
"EED"	Embryonic Ectoderm Development
"EGFR"	epidermal growth factor receptor

"ER+"	estrogen receptor positive
"ETV"	Entecavir
"FAK"	focal adhesion kinase; an enzyme involved in cellular adhesion (how cells stick to each other and their surroundings) and spreading processes (how cells move around)
"FDA"	U.S. Food and Drug Administration
"Founders"	Dr. Yang, Dr. Wang and Dr. Guo
"Founders Family Trusts"	Yang Family Trust, Wang Family Trust and 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%, and as at the date of this interim report, a Substantial Shareholder
"FVTPL"	fair value through profit or loss
"GC"	gastric cancer
"GIST"	gastrointestinal stromal tumor
"Global Offering"	the Hong Kong public offering and international offering as described in the Prospectus
"Group", "we", "our" or "us"	the Company and its subsidiaries from time to time
"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
"HBV"	hepatitis B virus
"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 indirectly wholly-owned subsidiary
"HK$" or "Hong Kong dollars"	Hong Kong dollars, 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

Definitions

"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug, an application and approval process required before drug candidates may commence clinical trials
"Independent Auditor"	Ernst & Young
"Innovent"	Innovent Biologics, Inc. (信達生物製藥), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1801)
"Innovent Suzhou"	Innovent Biologics (Suzhou) Co., Ltd. (信達生物製藥(蘇州)有限公司), a company with limited liability established under the laws of the PRC and controlled by Innovent
"IP"	intellectual property
"IPO"	the initial public offering of the Company, having become unconditional in all aspects on October 28, 2019
"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, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"MDM2"	Murine Double Minute 2
"MDS"	myelodysplastic syndrome; group of cancers in which immature blood cells in the bone marrow do not mature and therefore do not become healthy blood cells
"MM"	multiple myeloma
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"Mr. Ren"	Mr. Ren Wei, an independent non-executive Director
"Mr. Ye"	Mr. Ye Changqing, an independent non-executive Director
"Mr. Zhu"	Mr. Zhu Gang, the chief commercial officer of the Company
"NASDAQ"	National Association of Securities Dealers Automated Quotations

"NDA"	New Drug Application
"NHL"	non-Hodgkin's lymphoma
"NMPA"	National Medical Products Administration of the PRC, formerly known as the China National Drug Administration, or CNDA, and the China Food and Drug Administration, or CFDA
"Nomination Committee"	the nomination committee of the Board
"NPC"	nasopharyngeal carcinoma
"NSCLC"	non-small cell lung cancer
"ODD"	Orphan Drug Designations
"PD-1"	Programmed cell death protein 1, a cell surface receptor that belongs to the immunoglobulin superfamily and is expressed on T cells and pro-B cells
"PD/PK"	pharmacokinetic/pharmacodynamic
"PFS"	progression-free survival
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved by the Board on September 28, 2019 as amended from time to time
"PRC" or "China" or "Mainland China"	the People's Republic of China and for the purposes of this interim report only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved by the Board on July 13, 2018 as amended from time to time
"Prospectus"	the prospectus of the Company dated October 16, 2019
"R&D"	research and development
"relapse/refractory" or "r/r"	disease or condition which become progressive after treatment (relapsed) or does not respond to the initial treatment (refractory)
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six-month period from January 1, 2022 to June 30, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"ROS1"	receptor tyrosine kinase with structural similarity to the ALK protein
"RSU(s) "	restricted share unit(s)

Definitions

"SCLC"	small cell lung cancer
"SDH-"	succinate dehydrogenase
"Selected Person(s)"	eligible person(s) selected by the Board to be granted RSUs under the 2018 and 2021 RSU Scheme at its discretion
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shares"	ordinary share(s) of US$0.0001 par value each in the share capital of the Company
"Shareholders"	holder(s) of Share(s)
"South Dakota Trust"	South Dakota Trust Company LLC, the trustee of each of Founders Family Trusts and Zhai Family Trust
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires refers to the Founders, the Founders SPV, Dr. Zhai and the Dr. Zhai SPV
"T315I "	a type of mutation that sometimes results in the failure of tyrosine kinase inhibitor (TKI) treatment
"TKIs"	tyrosine kinase inhibitor; a type of pharmaceutical drug that inhibits tyrosine kinases
"TOX"	Toxicology
"Trustee"	the trustee(s) to be appointed by the Board to hold Shares for the purpose of the 2021 RSU Scheme and 2022 RSU Scheme
"Unity"	Unity Biotechnology, Inc.
"the United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Warrants"	the 6,787,587 unlisted warrants, each conferring to Innovent the right to subscribe for one (1) new Share at the Warrant Exercise Price during the period commencing on the date of issuance of the Warrants and ending on the date that is 24 months after the date of issuance of the Warrants, in accordance with the terms and conditions of the warrant subscription deed entered into between the Company and Innovent on July 14, 2021
"Warrant Exercise Price"	the exercise price per Warrant (subject to adjustment) at which the holder of each Warrant may subscribe for a Warrant Share

"Warrant Share(s)"	up to initially 6,787,587 new Shares (subject to adjustment) to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
"Warrant Subscription"	the subscription of the Warrants by Innovent pursuant to the Warrant Subscription Deed
"Warrant Subscription Deed"	the warrant subscription deed dated July 14, 2021 entered into between the Company and Innovent in relation to the Warrant Subscription
"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
"WM"	waldenstrom macroglobulinemia
"WT"	wild type
"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 *(resigned with effect from May 20, 2022)*
Dr. Lu Simon Dazhong
Mr. Liu Qian *(resigned with effect from May 20, 2022)*

Independent non-executive Directors

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

COMPANY SECRETARY

Mr. Wong Cheung Ki Johnny, *FCPA, FCG, HKFCG*

AUTHORISED REPRESENTATIVES

Mr. Yang Dajun
Mr. Wong Cheung Ki Johnny, *FCPA, FCG, HKFCG*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Dr. Yin Zheng *(Chairman)*
Dr. Yang Dajun *(appointed as a member with effect from May 20, 2022)*
Dr. Tian Yuan *(ceased to be a member with effect from May 20, 2022)*
Mr. Ren Wei

NOMINATION COMMITTEE

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

REGISTERED OFFICE

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

68 Xinqing Road
Suzhou Industrial Park
Suzhou, Jiangsu
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F, United Centre
95 Queensway
Admiralty
Hong Kong

PRINCIPAL BANKER

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

Corporate Information

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
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

Stock Code: 6855

WEBSITE

www.ascentagepharma.com

Financial Highlights

- Revenue for the six months ended June 30, 2022 increased to RMB95.8 million, as compared to RMB13.0 million for the six months ended June 30, 2021, representing an increase of RMB82.8 million, or 636.9%. For the six months ended June 30, 2022, the revenue was generated from the sales of pharmaceutical products, commercialization license fee income of patented IP and service income from customers.

- Other income and gains for the six months ended June 30, 2022 increased to RMB37.0 million, as compared to RMB24.0 million for the six months ended June 30, 2021, representing an increase of RMB13.0 million, or 54.2%, which was primarily attributable to (i) the increase in fair value gain on derivative financial instruments to RMB16.6 million for the six months ended June 30, 2022, which arose from the Warrants subscribed by Innovent on July 14, 2021, as compared with no fair value gain for the six months ended June 30, 2021; and (ii) partially offset by the decrease in government grants related to income to RMB12.9 million for the six months ended June 30, 2022, as compared with RMB16.8 million for the six months ended June 30, 2021.

- Selling and distribution expenses increased by RMB60.7 million, or 572.6%, to RMB71.3 million for the six months ended June 30, 2022, as compared to RMB10.6 million for the six months ended June 30, 2021. The increase was attributable to the increase in selling and distribution expenses incurred in the commercialization of olverembatinib.

- Research and development expenses increased by RMB23.9 million, or 7.5%, to RMB341.4 million for the six months ended June 30, 2022, as compared to RMB317.5 million for the six months ended June 30, 2021, primarily due to additional clinical trials of the Company's drug candidates, material costs and increased research and development headcount.

- Administrative expenses increased by RMB18.4 million, or 28.8%, to RMB82.3 million for the six months ended June 30, 2022, as compared to RMB63.9 million for the six months ended June 30, 2021, primarily due to the increase in staff costs as a result of the increased number of employees, along with the increased expenses of operation and depreciation expenses of the Suzhou facility.

- For the six months ended June 30, 2022, the Group reported other expenses of RMB15.9 million, as compared to other expenses of RMB8.3 million for the six months ended June 30, 2021, which represented an increase of RMB7.6 million, or 91.6%. The increase was primarily attributable to the realized and unrealized losses from foreign exchange being RMB7.4 million for the six months ended June 30, 2022, as compared to foreign exchange gains for the six months ended June 30, 2021.

- As a result of the foregoing, net loss for the six months ended June 30, 2022 increased to RMB406.7 million, as compared to RMB376.7 million for the six months ended June 30, 2021, representing an increase of RMB30.0 million, or 8.0%.

- As at June 30, 2022, the Group's cash and bank balances was RMB1,698.7 million, which remained relatively constant when compared with RMB1,743.8 million as at December 31, 2021.

- As of June 30, 2022, our core product olverembatinib (HQP1351), a third generation BCR-ABL inhibitor, has realized an accumulated invoiced sales revenue amount of RMB95.9 million (unaudited, inclusive of value added tax) since its launch in November 2021. It has been listed in 34 cities and 10 provinces' Huimin Medical Insurance in China. In terms of global development and commercialization, olverembatinib achieved an important milestone by gaining clinical trial approval for a Phase Ib study in Canada in July 2022. In addition, we have launched an innovative Global Named Patient Program (NPP) with Tanner Pharma Group in the same month. This program will allow access to olverembatinib on a named patient basis in over 130 countries and regions where the drug is not yet commercially accessible.

- Olverembatinib was granted Priority Review Designation to a New Drug Application (NDA) in July 2022 since receiving conditional approval in China for the treatment of patients with tyrosine kinase inhibitor (TKI)-resistant chronic myelogenous leukemia in chronic phase (CML-CP) or chronic myelogenous leukemia in accelerated phase (CMLAP) harboring T315I mutation. This application will support the full approval of olverembatinib in patients with CML-CP who are resistant and/or intolerant to first-and second-generation TKIs and will accelerate the access of olverembatinib to a broader range of patient population with chronic myeloid leukemia (CML) in China.

- In April 2022, olverembatinib was included in the 2022 edition of Chinese Society of Clinical Oncology (CSCO) Guidelines on Hematological Malignancies and China Anti-Cancer Association's (CACA) Guidelines for Holistic Integrative Management of Cancer for the diagnosis and treatment of patients with TKI-resistant CML harboring T315I mutation and philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL). Additionally, clinical data from a Phase I study of olverembatinib for the treatment of patients with gastrointestinal stromal tumor (GIST) in China was presented at the 2022 American Society of Clinical Oncology (ASCO) annual meeting in June 2022.

- Clinical data of our core clinical asset lisaftoclax (APG-2575) (Bcl-2 inhibitor) in patients with hematological malignances and solid tumors has been presented in various international conferences in the first half of 2022. At the annual ASCO meeting in June 2022, we presented monotherapy results of lisaftoclax (APG-2575) from a Phase Ib/II study in patients with relapsed/refractory chronic lymphocytic leukemia or small lymphocytic lymphoma (r/r CLL/SLL) in China. In addition, safety and tolerability data of lisaftoclax (APG-2575) when administered alone or in combination with a Cyclin-dependent kinase 4 and 6 (CDK4/6) inhibitor from a Phase Ib/II study in patients with ER+ breast cancer or advanced solid tumors were also presented at the ASCO meeting. Preliminary results of a Phase I Study of lisaftoclax (APG-2575) in Chinese patients with r/r non-Hodgkin lymphomas (NHLs) was presented at the European Hematology Association Hybrid (EHA) Congress in June 2022.

- In March 2022, alrizomadlin (APG-115) was granted a Rare Pediatric Disease (RPD) designation by FDA, for the treatment of neuroblastoma. At the ASCO annual meeting in June 2022, we reported the latest result of Phase II study of alrizomadlin (APG-115) plus pembrolizumab in adults and children with various solid tumors.

- Our EED inhibitor APG-5918, has gained IND clearance by the FDA for first-in-human study that will assess the safety, pharmacokinetics, and preliminary efficacy of APG-5918 in patients with solid tumors or hematologic malignancies.

- As of the date of this interim report, Ascentage Pharma has obtained 2 Fast Track Designations, 2 Rare Pediatric Disease (RPD) designations and a total of 16 Orphan Drug Designations (ODDs) from the US Food and Drug Administration (FDA) and the European Commission (EC), continuing to set the record for the number of ODDs granted to a Chinese biopharmaceutical company.

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

Management Discussion and Analysis

OVERVIEW

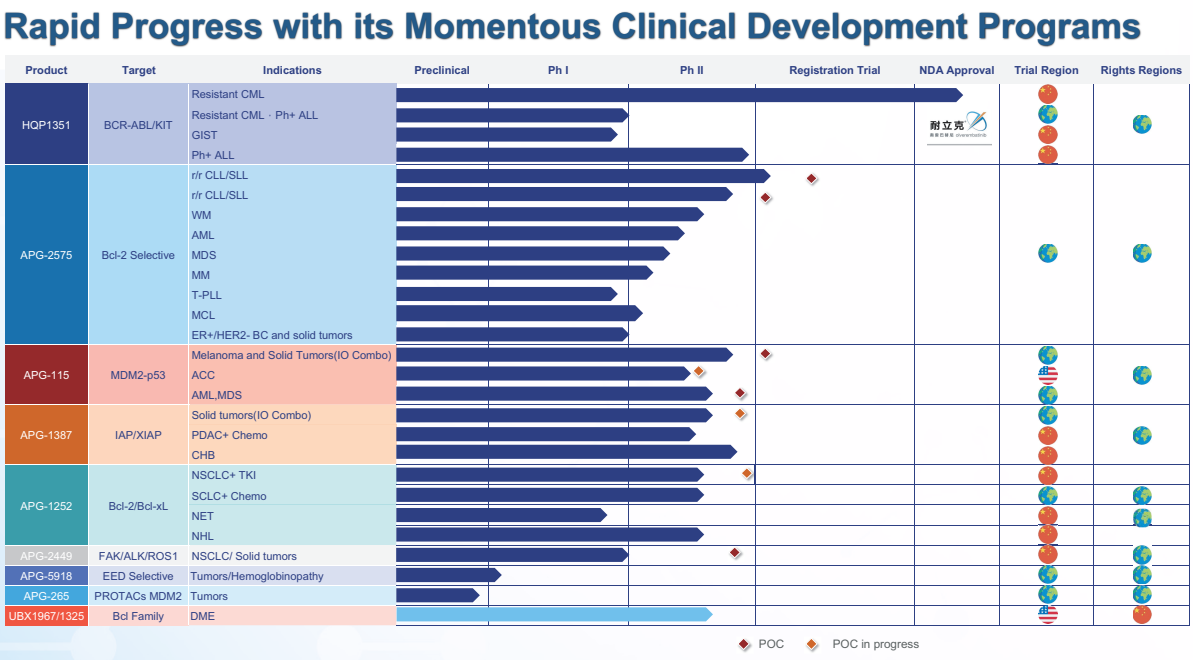
We are a global biopharmaceutical company developing novel therapies for cancers, CHB (chronic hepatitis B), and age-related diseases. Ascentage Pharma has its own proprietary platform for developing therapeutics that restore apoptosis in cancer cells and modulate immunomodulatory functions of the host stroma for a comprehensive therapeutic strategy.

Leveraging our technical expertise in structure-based drug design and our innovative drug discovery engine, we have developed a robust pipeline of nine clinical stage small molecule drug candidates, including novel, highly potent Bcl-2, and dual Bcl-2/Bcl-xL inhibitors, candidates aimed at IAP and MDM2-p53 pathways, as well as next-generation inhibitor of kinase mutants found in cancer treatment. Ascentage Pharma is also, as at the date of this interim report, the only company in the world with active clinical programs targeting all three known classes of key apoptosis regulators. The Company is conducting more than 50 Phase I/II clinical trials in China, the United States, Australia and Europe. Our core product, olverembatinib, has been approved for marketing in China and has entered the commercialization stage.

Leveraging its robust research and development capabilities, Ascentage Pharma has built a portfolio of global intellectual property rights, and entered into global partnerships with numerous leading biotechnology and pharmaceutical companies and research institutes such as UNITY Biotechnology, MD Anderson Cancer Center, Mayo Clinic, Dana-Farber Cancer Institute, Merck & Co., AstraZeneca and Pfizer. The Company has built a global and talented team with experience in the research and development of innovative drugs, and is creating high-quality commercial manufacturing and sales and marketing teams. Ascentage Pharma aims to continuously strengthen its research and development capabilities and accelerate the clinical development progress of its product pipeline to fulfil its mission of "addressing unmet clinical needs of patients in China and around the world" for the benefit of more patients.

Product Pipeline

We have a pipeline of nine clinical stage small molecule drug candidates. The following table summarizes our pipeline and the development status of each candidate as at June 30, 2022:



BUSINESS REVIEW

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

Core Product

Olverembatinib

Our Core Product, olverembatinib, is a third generation BCR-ABL inhibitor targeting BCR-ABL mutants, including those with the T315I mutation. Olverembatinib is the first marketed third generation BCR-ABL inhibitor in China and is the only targeted drug approved for treating CML patients with T315I mutation. Olverembatinib also received support from National Major New Drug Discovery and Manufacturing Program. Additionally, olverembatinib is a potentially best-in-class drug globally that addresses important unmet medical need in patients with CML harbouring T315I-mutations. The approval marks a major milestone of Ascentage Pharma transforming into a commercial-stage company. Previously, olverembatinib was accepted by CDE under the NMPA with Priority Review status and it was also granted a Breakthrough Therapy Designation by CDE. It was granted ODD for the treatment of CML, acute myelogenous leukemia (AML), acute lymphoblastic leukemia (ALL) and a Fast-Track Designation for the treatment of CML with certain genetic markers who have failed to respond to treatments with existing TKIs by FDA.

The current progress of olverembatinib in the first half of 2022 is as follows:

- In July 2022, the China CDE has accepted and granted Priority Review Designation to a New Drug Application for olverembatinib for the treatment of patients with CMP-CP who are resistant/intolerant to 1st and 2nd generation TKIs.

- In April 2022, olverembatinib was included in the 2022 edition of Chinese Society of Clinical Oncology (CSCO) Guidelines for Hematological Malignancies for the diagnosis and treatment of patients with TKI-resistant CML harboring T315I mutation and Ph+ ALL. It has also been included in China Anti-Cancer Association's (CACA) Guidelines for Holistic Integrative Management of Cancer for the treatment of patients with TKI-resistant CML harboring the T315I mutation and patients with CML intolerant/resistant to at least two TKIs.

- Olverembatinib gained clinical trial approval for a Phase Ib clinical study in Canada for patients with CML and Ph+ALL in July 2022.

- We received an ODD for the treatment of acute lymphocytic leukemia (ALL) from FDA in March 2022.

- In addition, a Phase Ib clinical trial with olverembatinib for treatment of patients with CML and Ph + ALL who are TKI resistant is being conducted in the United States. Preliminary data of this study is expected to be released by the end of 2022. We will continue to consult with FDA on global pivotal Phase II registration study.

- An innovative Global Named Patient Program (NPP) with Tanner Pharma Group has been launched in July 2022. This program will allow access to olverembatinib on a named patient basis in over 130 countries and regions where the drug is not yet commercially accessible.

- In a Phase I study for the treatment of patients with GIST in China, olverembatinib demonstrated a favorable safety profile and good efficacy in certain subtypes. Positive clinical data of olverembatinib was presented at the 2022 ASCO annual meeting in June 2022. Promising antitumor activity of olverembatinib was seen in patients with r/r GIST, especially in patients with succinate dehydrogenase- (SDH-) deficient GIST.

- New preclinical study, conducted by researchers from Fred Hutchinson Cancer Center, Seattle, Washington, suggested best-in-class potential of olverembatinib (HQP1351) in inhibiting severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) omicron-mediated cytokine release. Results from this study were published in the internationally renowned journal EMBO Molecular Medicine.

Key Product Candidates

Lisaftoclax (APG-2575)

Lisaftoclax (APG-2575) is a novel, oral Bcl-2 inhibitor developed to treat a variety of hematologic malignancies and solid tumors by selectively blocking Bcl-2 to restore the normal apoptosis process in cancer cells. Lisaftoclax (APG-2575) is also the first made-in-China Bcl-2 selective inhibitor to enter clinical trials. Lisaftoclax (APG-2575) is also the second Bcl-2 selective inhibitor entering pivotal registration clinical trial stage globally. Currently, lisaftoclax (APG-2575) has received clearances and approvals for 19 Phase Ib/II clinical studies in China, the United States, Australia and Europe, with indications including chronic lymphocytic leukemia (CLL), non-Hodgkin's lymphoma (NHL), acute myeloid leukemia (AML), multiple myeloma (MM), Waldenstrom macroglobulinemia (WM) and solid tumors. More than 400 patients have been treated so far with lisaftoclax (APG-2575), including more than 190 patients with CLL/SLL. Furthermore, the FDA has granted five ODDs to lisaftoclax (APG-2575) for treatment of patients with follicular lymphoma (FL), WM, CLL, MM), and acute myeloid leukemia (AML).

The clinical development of lisaftoclax (APG-2575) in the first half of 2022 is as follows:

- The pivotal Phase II study of lisaftoclax (APG-2575) for the treatment of r/r CLL/SLL in China is ongoing. The first patient has been dosed in March 2022. We expect to complete the enrollment for this pivotal Phase II study in the first half of 2023.

- We have released the updated results from a Phase Ib/II study of lisaftoclax (APG- 2575) in patients with r/r CLL/SLL in China at ASCO Meeting in June 2022.

- The data of Phase Ib/II study of lisaftoclax (APG-2575) safety and tolerability when administered alone or combined with a cyclin-dependent kinase 4/6 (CDK4/6) inhibitor in patients with estrogen receptor-positive (ER+) breast cancer or advanced solid tumors was presented at 2022 ASCO annual meeting in June 2022.

- In June 2022, we have released results from a Phase I study of lisaftoclax (APG-2575) in Chinese patients with relapsed/refractory non-Hodgkin lymphoma (r/r NHL) at the 2022 European Hematology Association Hybrid Congress (EHA 2022). Lisaftoclax (APG-2575) demonstrated preliminary efficacy in CLL/SLL and promising data was also observed in NHL patients.

- A Phase II global study of lisaftoclax (APG-2575) monotherapy and combination treatment (with BTK inhibitor and CD20 Antibody) is ongoing. We expect to release the preliminary data of this study by the end of 2022.

- The Phase Ib/II studies of lisaftoclax (APG-2575) in AML/MDS are ongoing in China.

- A Phase Ib/II study of lisaftoclax (APG-2575) in combination with REVLIMID® or ibrutinib for the treatment of mantle cell lymphoma (MCL) has received IND clearance in June 2022.

- The Phase Ib/II study for the treatment of patients with MM is ongoing in China.

- A Phase Ib/II study for the treatment of patients with WM is ongoing in the United States/Australia.

We will consult with FDA/CDE on the proposed global pivotal registration Phase II study.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET LISAFTOCLAX (APG-2575) SUCCESSFULLY.

Alrizomadlin (APG-115)

Alrizomadlin (APG-115) is an orally bioavailable, highly selective, and small molecule inhibitor of the MDM2-p53 PPIs. Alrizomadlin (APG-115) was designed to activate p53 by blocking the MDM2-p53 interaction. It is undergoing multiple clinical studies in China, the United States, and Australia as a single agent or in combination with immunotherapy or chemotherapy in treating solid tumors as well as hematological malignancies. The FDA has granted six ODDs to alrizomadlin (APG-115) for the treatment of soft tissue sarcoma, gastric cancer (GC), AML, retinoblastoma, stage IIB-IV melanoma and neuroblastoma. As of the date of this interim report, alrizomadlin (APG-115) was granted two RPD designations by the FDA, for the treatment of neuroblastoma and retinoblastoma.

We are currently enrolling patients in several clinical studies of alrizomadlin (APG-115) in the United States and other countries:

- A combination Phase Ib/II study with pembrolizumab in patients with metastatic melanoma and other advanced solid tumors (in collaboration with Merck & Co.).

- A Phase Ib/II study of alrizomadlin (APG-115) alone or in combination with Azacytidine in AML/MDS/CMML.

- An investigator-initiated monotherapy Phase I/II study for treatment of salivary gland cancer.

In addition, CDE has granted approval for clinical trials of APG-115 in China:

- A Phase Ib/II clinical study of alrizomadlin (APG-115) in combination with anti-PD-1 antibody (JS001), for the treatment of patients with advanced liposarcoma (LPS) or other advanced solid tumors.

- A Phase Ib monotherapy study followed by a combination study with azacytidine or cytarabine in r/r MDS or AML.

The clinical development of alrizomadlin (APG-115) in the first half of 2022 is as below:

- At 2022 ASCO, we reported the latest result of Phase II study of alrizomadlin (APG-115) plus pembrolizumab in adults and children with various solid tumors. The results showed that the therapy was well tolerated and demonstrated preliminary antitumor activity in multiple tumor types and may restore antitumor effects in patients with cancer resistant or intolerant to immuno-oncologic (I-O) drugs.

- Preclinical studies showed that combination of alrizomadlin (APG-115) and lisftoclax lisaftoclax (APG-2575) could potentially overcome drug resistance conferred by Bcl-2 mutations. Results were published at the American Association of Cancer Research (AACR) annual meeting in April 2022.

In addition, the team will prepare for a discussion with FDA on pivotal registration study design.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ALRIZOMADLIN (APG-115) SUCCESSFULLY.

Pelcitoclax (APG-1252)

Pelcitoclax (APG-1252) is a novel, highly potent, and small molecule drug designed to restore apoptosis through dual inhibition of the Bcl-2 and Bcl-xL proteins for the treatment of small cell lung cancer (SCLC), non-small-cell lung cancer (NSCLC), neuroendocrine tumor (NET), and NHL. It was granted an ODD for the treatment of SCLC by FDA.

As of June 30, 2022, a total of 188 patients have been treated with pelcitoclax (APG-1252) as a monotherapy or in combination with other anti-tumor agents. Three Phase I single agent dose-escalation/dose expansion trials in patients with SCLC and other advanced solid tumors were conducted in the United States, Australia and China, respectively. Pelcitoclax (APG-1252) was well tolerated with either weekly or biweekly intermittent dosing schedules. Modest anti-tumor activity was observed in heavily pretreated patients who were in the monotherapy part of the trials.

Pelcitoclax (APG-1252) is currently under investigation in a variety of combination trials, including:

- A Phase Ib/II study of APG-1252 plus paclitaxel in patients with SCLC in the United States and Australia;
- A Phase Ib study of APG-1252 plus osimertinib in patients with EGFR mutant NSCLC in China;
- A Phase Ib study of pelcitoclax (APG-1252) as a monotherapy in neuroendocrine tumors from pancreas or other parts of the gastrointestinal tract; and
- A Phase Ib/II study of pelcitoclax (APG-1252) as a single agent or in combination with other therapeutic agents in patients with r/r NHL.

The current clinical development of pelcitoclax (APG-1252) development in the first half of 2022 is as follows:

- In June 2022, the updated study results of pelcitoclax (APG-1252) in combination with Osimertinib in patients with EGFR-mutant NSCLC was presented at ASCO. Pelcitoclax (APG-1252) plus osimertinib was well tolerated and showed comparable response rate versus Osimertinib alone in TKI-naïve patients. The median PFS was not reached. In addition, the data of pelcitoclax (APG-1252) in combination with paclitaxel in patients with r/r SCLC was released at ASCO as well. Among 20 efficacy evaluable patients, 5 patients experienced partial responses with median Duration of Response (DoR) of 83 days.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PELCITOCLAX (APG-1252) SUCCESSFULLY.

Other Clinical or IND-stage Candidates

APG-1387

APG-1387 is a novel, small molecule inhibitor of IAPs and it is the first IAP-targeting drug to enter clinical trials in China. It was developed for the treatment of advanced solid tumors and chronic HBV infection.

As of June 30, 2022, a total of 242 patients were enrolled and treated with APG-1387. The current clinical development of APG-1387 in the first half of 2022 is as follows:

As for the two HBV studies:

- We have already completed a Phase I study for the treatment of patients with CHB.
- The stage 1 safety evaluation of APG-1387 in combination with Entecavir (ETV) for a Phase II study has been completed. With well-tolerated safety data, the study has moved forward to stage 2, efficacy evaluation of APG-1387 in combination with ETV compared to ETV monotherapy.

For other studies:

- A Phase I clinical trial in the United States, testing combination of APG-1387 with pembrolizumab, an anti-PD-1 mAb in solid tumors is ongoing. The patient enrollment is expected to be completed in 2022.

- 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 as well. The Phase Ib patient enrollment has been completed and the trial has entered into Phase II.

- A Phase I/II study to investigate the combination of APG-1387 with chemotherapy, nab-paclitaxel and gemcitabine for treating advanced pancreatic cancer is ongoing.

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APG-2449

APG-2449 is a novel, orally active, small molecule focal adhesion kinase (FAK)/anaplastic lymphoma kinase (ALK) and the receptor tyrosine kinase C-ros oncogene 1 (ROS1) triple ligase kinase inhibitor designed and developed by Ascentage Pharma. It is the first third-generation ALK inhibitor being developed in China. Emerging clinical data demonstrated there is an efficacy signal in patients who failed the second-generation ALK TKI treatment. Mechanistically, APG-2449 dose-dependently inhibited the expression of phosphorylated ALK protein (P-ALK) and its downstream proteins in Ba/F3 cells harboring ALK WT or EML4-ALK L1196M mutation and hence inhibited the proliferation of tumor cells by the ALK pathway.

The current clinical development of APG-2449 in the first half of 2022 is as follows:

- Phase I study is ongoing, more than 100 patients with ALK+ NSCLC or other solid tumors have enrolled. The Phase I study results were published as a poster presentation at ASCO 2022. The preliminary result shows that APG-2449 has a favorable safety profile and anti-cancer activity was observed in patients who failed second-generation TKIs treatment and in TKI-naïve patients. Biomarker data indicated FAK target engagement and demonstrated immunomodulatory effects of APG-2449. Based on these preliminary efficacy results, Ascentage Pharma will discuss with CDE for the next steps in its development plan.

- Based on another preclinical study which demonstrated anti-cancer effects of APG-2449 in ovarian cancer, the Company plans to assess APG-2449 in the combination therapy in Ovarian Cancer soon.

- In addition, the preclinical study presented at AACR 2022 demonstrated that FAK inhibitor APG-2449 and CDK4/6 inhibitor palbociclib synergistically suppress mesothelioma tumor growth via autophagy induction.

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APG-5918

APG-5918 is a potent, orally available, and selective EED inhibitor with a best-in-class potential. APG-5918 exerted potent antiproliferative activity in cancer cell lines and impressive antitumor activity in xenograft tumor models of both hematological malignancies and solid tumors carrying specific mutations. In addition, APG-5918 demonstrated potential for treating beta hemoglobinopathy, including sickle cell disease and ß-thalassemia. APG-5918 showed overall favorable Drug metabolism and pharmacokinetics (DMPK) and Toxicological Profiles (TOX profiles).

- APG-5918 obtained IND clearance by the FDA and will launch first-in-human study that will assess the safety, pharmacokinetics, and preliminary efficacy of APG-5918 in patients with advanced solid tumors or hematologic malignancies.

- The IND filing to NMPA for the treatment of patients with late-stage solid tumors or hematologic malignancies has been accepted.

- Preclinical data demonstrating potential for APG-5918 in cancer therapy has been reported at AACR Annual Meeting 2022. APG-5918 demonstrated strong PD/PK correlation in mice bearing KARPAS-422 xenograft and other PDX tumors. The results suggested potential utility of APG-5918 in cancer therapy and we intend to perform further clinical investigation.

- Recent preclinical data also demonstrated the potential of APG-5918 in a broad range of anemia diseases. APG-5918 effectively induced the expression of human fetal globin in vitro in hematopoietic stem cells, and also elevated the expression of human γ-like globin mRNA in vivo in mice, suggesting the potential in treating sickle cell disease and ß-thalassemia. The IND filing to NMPA for the treatment of anemia diseases is under preparation.

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Lead Pre-clinical Assets

PROTACs MDM2 protein degrader

The Company is investigating an MDM2 protein degrader developed by the Proteolysis-Targeting Chimeras (PROTACs) technology. The clinical candidate APG-265 efficiently degraded MDM2 at a nanomolar concentration and has demonstrated potent antitumor activity in xenograft tumor models.

Discovery Programs

Bcl-2 selective inhibitor

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

RESEARCH AND DEVELOPMENT

We have a proven track record of researching, developing and commercializing biopharmaceuticals. We plan to continue to diversify and expand our product pipeline through both in-house research and development and through collaboration with biotechnology and pharmaceutical companies, as well as academic institutions. We have an experienced scientific advisory board (SAB), chaired by Dr. Wang, our co-founder and non-executive Director. Members of our scientific advisory board are Physician Scientists with expertise in cancer research and drug development. They are not our employees but will from time to time provide us with assistance and guide our clinical development programs through regularly scheduled SAB meetings.

For the six months ended June 30, 2021 and 2022, our research and development expenses were RMB317.5 million and RMB341.4 million, respectively.

INTELLECTUAL PROPERTIES

Intellectual property rights are fundamental to our business. Through our robust research and development, we have strategically developed a global intellectual property portfolio with exclusive licenses to issued patents or patent applications worldwide with respect to our product candidates. As of June 30, 2022, we have filed more than 600 patent applications and 205 patents have been issued globally, among which, about 148 of those patents were issued outside of China.

COMMERCIALIZATION

We attach great importance to building Ascentage Pharma's commercialization capability, including developing commercialization strategies and effective commercialization structure.

As of June 30, 2022, our core product olverembatinib has realized an accumulated invoiced sales revenue amount of RMB95.9 million (unaudited, inclusive of value added tax) since its launch in November 2021. So far, we have established a commercialization team of approximately 100 people and will continue to expand our recruitment. Meanwhile, all the key positions in the commercialization team have been filled. The team includes functions such as sales, marketing, market access, channel management, sales force effectiveness and sales training to ensure the success of olverembatinib's commercialization development.

We have formed a joint promotion team with Innovent to achieve 80% coverage of the potential Chinese CML market upon commercialization, including 800 hospitals. We planned to further increase coverage to 1,200 hospitals in the event olverembatinib is included in the National Reimbursement Drug List (NRDL).

Ascentage Pharma's own sales and marketing team have been fully on-board by the end of the second quarter of 2022. All target hospitals in territories which Ascentage Pharma is responsible for under its collaboration agreement with Innovent have been covered by the sales teams. The sales and marketing team has worked hard amid the COVID-19 pandemic, organizing a variety of online and offline promotional activities to promote olverembatinib as the first and only approved brand product which can treat CML with T315I mutation, as well as presenting its outstanding clinical data, to Chinese health care professionals (HCP).

Ascentage Pharma established its own market access and channel solution team. That team has made great progress in getting olverembatinib covered by Huimin Medical Insurance policies, developing strategic alliance relationships with three major sales distribution pharmaceutical groups as well as obtaining provincial tendering listing and hospital listing. As of June 30, 2022, olverembatinib has been listed in 34 cities and covered by Huimin Medical Insurance in 10 provinces. There are patients which have already benefited from such medical insurance coverage of olverembatinib.

BUSINESS DEVELOPMENT

In addition to our strong in-house research and development team, we have established global collaboration relationships with leading biotechnology and pharmaceutical companies and academic institutions.

In July 2022, Ascentage Pharma and Tanner Pharma Group have jointly launched an innovative Named Patient Program (NPP) for olverembatinib. This collaboration will allow access to Ascentage Pharma's novel drug candidate, olverembatinib on a named patient basis in over 130 countries and regions where the drug is not yet commercially accessible.

We received the milestone payment in the amount of US$2 million, which was paid in Unity common stocks by our partner Unity Biotechnology Inc. in July 2021 based on the encouraging data from a Phase I clinical study of UBX1325, a senolytic Bcl-xL inhibitor developed from BM-962, a drug candidate licensed to Unity by Ascentage Pharma. We have accumulatively received US$5.13 million of milestone payment from Unity. In August 2022, Unity has announced 12- and 18-week data from its Phase II BEHOLD study of UBX1325 in patients with diabetic macular edema (DME).

MANUFACTURING

We have established our own Suzhou facility as the headquarters of Ascentage Pharma, which is a China-based global R&D center and manufacturing facility. The civil works of the facility were completed in January 2021, and the R&D center has been put into use since the second half of 2021.

The manufacturing section of the Suzhou facility is more than 20,000 square meters, and the manufacturing capacity for both oral solid tablets and capsules is up to 250 million dosage units per year. We also maintain the manufacturing capability for injectable drug products including lyophilized formulation at the Suzhou facility. Currently, the equipment installation and qualification has been completed and the production permit application has been submitted. It is expected that the production permit will be approved by the relevant government authority in the fourth quarter of 2022, and clinical and/or registration batch manufacturing will be initiated in the future.

In addition, we leased a facility with a size of approximately 4,500 square meters for facility R&D and manufacturing in the China Medical City, Taizhou, Jiangsu Province, China, where we produce and supply pre-clinical test articles and clinical trial materials for some of our drug candidates.

EXPECTED COVID-19 IMPACT

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

In addition, because of the prevalence of variants to COVID-19, and as we operate both in China and the rest of the world, in the event there are measures which cause significant restrictions on domestic and international travel and the re-imposition quarantine policies and other restrictions on many business and household activities, those measures may have continuing impact on our global operations. The potential economic impact caused by COVID-19 and its variants on both the Chinese and United States economies may be difficult to assess or predict on a continuing basis, and the actual impact will depend on various factors beyond our control.

Our financial and liquidity positions maintained a normal status despite the impact of COVID-19.

We continue to operate our clinical trials in compliance with applicable regulatory guidelines during the COVID-19 pandemic to minimize delays and disruptions which may have an impact on our ability to deliver our clinical and regulatory goals in the second half of 2022.

FINANCIAL REVIEW

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Revenue	**95,763**	12,965
Other income and gains	**37,047**	23,958
Selling and distribution expenses	**(71,336)**	(10,593)
Research and development expenses	**(341,409)**	(317,543)
Administrative expenses	**(82,349)**	(63,927)
Finance costs	**(19,072)**	(8,377)
Other expenses	**(15,875)**	(8,270)
Loss for the period	**(406,734)**	(376,682)
Total comprehensive loss for the period	**(363,472)**	(384,773)

Overview

For the six months ended June 30, 2022, the Group recorded revenue of RMB95.8 million, as compared with RMB13.0 million for the six months ended June 30, 2021, and the total comprehensive loss of RMB363.5 million, as compared with RMB384.8 million for the six months ended June 30, 2021. The loss of the Group was RMB406.7 million for the six months ended June 30, 2022, as compared with RMB376.7 million for the six months ended June 30, 2021. The selling and distribution expenses of the Group was RMB71.3 million for the six months ended June 30, 2022, as compared with RMB10.6 million for the six months ended June 30, 2021, the increase was attributable to the commencement of the commercialization of olverembatinib by the Group in the second half of 2021. The research and development expenses of the Group was RMB341.4 million for the six months ended June 30, 2022, as compared with RMB317.5 million for the six months ended June 30, 2021. The administrative expenses of the Group was RMB82.3 million for the six months ended June 30, 2022 as compared with RMB63.9 million for the six months ended June 30, 2021.

Revenue

For the six months ended June 30, 2022, the Group generated revenue of RMB95.8 million from the sales of pharmaceutical products, commercialization license fee income from Innovent Suzhou and service income, as compared to RMB13.0 million for the six months ended June 30, 2021, representing an increase of RMB82.8 million, or 636.9%, since we have commercialized our core product olverembatinib. We also entered into the strategic collaboration with Innovent and the license fee income from Innovent will be amortized over the co-commercialization period.

Other Income and Gains

The Group's other income and gains primarily consist of (i) government grants related to income; (ii) fair value gain on derivative financial instruments; (iii) interest income on term deposit at banks; and (iv) gain on disposal of items of property, plant and equipment. Government grants related to income mainly represent the subsidies received from local governments for the purpose of compensation for expenses arising from research activities and clinical trials, and awards for new drugs development. These government grants related to income were recognized in profit or loss when related costs were subsequently incurred and upon receipt of the acknowledgment of compliance from the government.

Other income and gains for the six months ended June 30, 2022 increased to RMB37.0 million, as compared to RMB24.0 million for the six months ended June 30, 2021, representing an increase of RMB13.0 million, or 54.2%, which was primarily attributable to (i) the increase in fair value gain on derivative financial instruments to RMB16.6 million for the six months ended June 30, 2022, which arose from the Warrants subscribed by Innovent on July 14, 2021, as compared with no fair value gain for the six months ended June 30, 2021; and (ii) partially offset by the decrease in government grants related to income to RMB12.9 million for the six months ended June 30, 2022, as compared with RMB16.8 million for the six months ended June 30, 2021.

Selling and Distribution Expenses

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

For the six months ended June 30, 2022, the selling and distribution expenses of the Group increased by RMB60.7 million, or 572.6%, to RMB71.3 million, as compared to RMB10.6 million for the six months ended June 30, 2021. The increase was attributable to the increase in selling and distribution expenses incurred in the commercialization of olverembatinib.

Research and Development Expenses

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

For the six months ended June 30, 2022, the research and development expenses of the Group increased by RMB23.9 million, or 7.5% to RMB341.4 million from RMB317.5 million for the six months ended June 30, 2021. The increase was primarily attributable to additional clinical trials of the Company's drug candidates, material costs and increased research and development headcount.

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Internal research and development expenses	**83,059**	68,512
External research and development expenses	**71,871**	58,714
Staff costs	**148,418**	132,073
IP expenses	**2,452**	9,480
Materials	**11,023**	9,506
Depreciation and amortization	**8,418**	7,625
Share option and RSU expenses of R&D staff	**3,020**	18,357
Others	**13,148**	13,276
Total	**341,409**	317,543

Administrative Expenses

For the six months ended June 30, 2022, the administrative expenses of the Group increased by RMB18.4 million, or 28.8% to RMB82.3 million from RMB63.9 million for the six months ended June 30, 2021. The increase was primarily attributable to the increase in staff costs as a result of the increased number of employees, along with the increased operation and depreciation expenses of the Suzhou facility. The following table sets forth the components of our administrative expenses for the periods indicated.

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Share option and RSU expenses	**1,715**	8,540
Staff costs	**36,876**	30,560
Depreciation and amortization	**18,972**	6,883
Others	**24,786**	17,944
Total	**82,349**	63,927

Finance Costs

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

For the six months ended June 30, 2022, the finance costs of the Group increased by RMB10.7 million, or 127.4% to RMB19.1 million from RMB8.4 million for the six months ended June 30, 2021. The increase was primarily attributable to additional interest incurred in relation to bank borrowings.

Other Expenses

The Group's other expenses mainly consisted of (i) realized and unrealized losses from foreign exchange; (ii) fair value loss on financial assets at FVTPL; (iii) loss on long-term payables in relation to our acquisition of Healthquest Pharma in December 2016; and (iv) donations.

For the six months ended June 30, 2022, the Group reported other expenses of RMB15.9 million, as compared to other expenses of RMB8.3 million for the six months ended June 30, 2021, which represented an increase of RMB7.6 million, or 91.6%. The increase was primarily attributable to the realized and unrealized losses from foreign exchange being RMB7.4 million for the six months ended June 30, 2022, as compared to foreign exchange gains for the six months ended June 30, 2021.

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

The loss on long-term payables was a non-cash adjustment that represented the change in fair value of contingent consideration payable in relation to the acquisition of Healthquest Pharma in December 2016. The measurement of long-term payables changed from fair value to amortized cost since olverembatinib has been approved for commercialization by the China National Medical Products Administration.

Loss for the Reporting Period

As a result of the above factors, the loss of the Company increased by RMB30.0 million, or 8.0%, to RMB406.7 million for the six months ended June 30, 2022 from RMB376.7 million for the six months ended June 30, 2021.

Cash Flows

For the six months ended June 30, 2022, net cash outflows used in operating activities of the Group amounted to RMB335.2 million, as compared to that of RMB353.6 million for the six months ended June 30, 2021, mainly due to the cash inflow from sales of olverembatinib, partially offset by the expansion of our research and development activities.

For the six months ended June 30, 2022, net cash outflows used in investing activities of the Group amounted to RMB142.6 million, which consisted of the net increase in property, plant and equipment and other intangible assets of RMB142.6 million. For the six months ended June 30, 2021, net cash outflow from investing activities amounted to RMB1,004.5 million, which mainly consisted of (i) purchase of items of property, plant and equipment and other intangible assets of RMB214.3 million; and (ii) the net increase in financial assets and time deposits of RMB788.2 million.

For the six months ended June 30, 2022, net cash inflows from financing activities of the Group amounted to RMB447.8 million, which mainly consisted of net borrowings of RMB473.7 million from banks. For the six months ended June 30, 2021, net cash inflows from financing activities amounted to RMB1,076.4 million, which mainly consisted of net proceeds of RMB961.1 million* from the issuance of shares through the 2021 Placing and net borrowings of RMB128.7 million from banks.

* representing proceeds from issue of shares minus cash payment of share issue expenses recorded as a deduction of share premium for each of the six months ended June 30, 2021.

Key Financial Ratios

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

	As at June 30, 2022	As at December 31, 2021
Current ratio	**3.0**	5.2
Quick ratio	**3.0**	5.2
Gearing ratio	**N/A[4]**	N/A[4]

Notes:

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

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

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

(4) As at June 30, 2022 and December 31, 2021, the Group's cash and bank balances exceeded the interest-bearing borrowings. As such, no gearing ratio as at June 30, 2022 and December 31, 2021 was presented.

Significant Investments

During the Reporting Period, there was no significant investments held by the Group.

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, derivative financial instrument 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.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures for the six months ended June 30, 2022.

Bank Loans and Other Borrowings

As at June 30, 2022, we had bank loans of RMB1,540.1 million denominated in RMB and lease liabilities of RMB21.1 million.

As at June 30, 2022, RMB423.9 million of the Group's borrowings was at fixed interest rates.

June 30, 2022	Effective interest rate per annum (%)	Maturity	RMB'000
Current			
Short-term borrowing — unsecured	**4.00**	**2023**	**30,000**
Current portion of long term bank loans — unsecured	**4.25–4.75**	**2023**	**127,650**
Current portion of long term bank loans — unsecured	**1 year LPR+0.55 to 0.9**	**2023**	**136,280**
Current portion of long term bank loans — secured*	**5 year LPR+0.15**	**2023**	**5,000**
Lease liabilities	**4.00–4.35**	**2023**	**13,018**
			311,948
Non-current			
Bank loans — unsecured	**1 year LPR+0.55 to 0.9**	**2023–2027**	**484,520**
Bank loans — unsecured	**4.25–4.75**	**2023–2026**	**266,250**
Bank loans — secured*	**5 year LPR+0.15**	**2023–2030**	**490,363**
Lease liabilities	**4.00–4.35**	**2023–2026**	**8,139**
			1,249,272
			1,561,220

Note: LPR represents the Loan Prime Rate.

* The bank loans amounting to RMB495,363,000 (December 31, 2021: RMB397,792,000) were secured by the pledge of the Group's right-of-use assets with a carrying amount of RMB29,292,000 (December 31, 2021: RMB29,858,000), construction in progress with a carrying amount of RMB351,077,000 (December 31, 2021: RMB362,859,000) and buildings with a net carrying amount of approximately 532,864,000 (December 31, 2021: RMB406,945,000) as at June 30, 2022. Such loans were also guaranteed by one of the Group's subsidiaries.

The unsecured bank loans amounting to RMB104,320,000 (December 31, 2021: RMB78,250,000) were guaranteed by one of the Group's subsidiaries as at June 30, 2022.

The following table sets forth the maturity analysis of the Group's interest-bearing bank and other borrowings:

	June 30, 2022 RMB'000	December 31, 2021 RMB'000
Analysed into:		
Within one year	**311,948**	49,451
In the second year	**272,199**	328,674
In the third to fifth years, inclusive	**841,710**	568,373
Beyond five years	**135,363**	137,792
	1,561,220	1,084,290

Charges on Group Assets

As at June 30, 2022, the Group had pledged the Group's right-of-use assets with a carrying amount of approximately RMB29.3 million, the construction in progress with a carrying amount of approximately RMB351.1 million and the buildings with a carrying amount of approximately RMB532.9 million to bank facilities.

Contingent Liabilities

As at June 30, 2022, the Group did not have any material contingent liabilities.

Liquidity and Financial Resources

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

As at June 30, 2022, the Group's cash and bank balances was RMB1,698.7 million, which remained relatively constant when compared with RMB1,743.8 million as at December 31, 2021.

As at June 30, 2022, the Group's cash and bank balances were held mainly in U.S. dollars, Hong Kong dollars and RMB.

As at June 30, 2022, the Group had not used any financial instruments for hedging purposes.

As at June 30, 2022, the current assets of the Group were RMB1,865.5 million, including cash and bank balances of RMB1,698.7 million, inventory balances of RMB5.3 million, trade receivable balances of RMB80.7 million and other current assets of RMB80.8 million. As at June 30, 2022, the current liabilities of the Group were RMB612.3 million, including trade payables of RMB85.7 million, other payables and accrued expenses of RMB184.4 million, derivative financial instruments of RMB5.6 million, borrowings of RMB311.9 million and contract liabilities of RMB24.4 million. As at June 30, 2022, the non-current liabilities of the Group were RMB1,545.8 million, including long term borrowings of RMB1,249.3 million, contract liabilities of RMB195.9 million, other long term payables and deferred income of RMB87.6 million and deferred tax liability of RMB13.0 million.

Relationship with Employees, Customers and Suppliers

The Group understands the importance of maintaining a good relationship with its employees, customers and suppliers to meet its immediate and long-term business goals. During the Reporting Period, there was no material and significant dispute between the Group and its employees, customers and suppliers.

EMPLOYEES AND REMUNERATION POLICIES

The following table sets forth a breakdown of our employees as of June 30, 2022 by function:

Function	**Number**	%
Research and Development	**420**	70.0
Commercial	**102**	17.0
Administrative and others	**78**	13.0
Total	**600**	100.0

As at June 30, 2022, we had 600 full-time employees, including a total of 69 employees with M.D. or Ph.D. degrees. Of these, 420 are engaged in full-time research and development and laboratory operations and 180 are engaged in full-time general and administrative and commercial functions, and business development function. Our research and development personnel includes 67 employees with M.D. or Ph.D. 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 contributive in driving the success of our business. As at June 30, 2022, we had 226 senior employees who have an average of 15 to 20 years of experience in relevant fields.

We have also enjoyed more than 90% retention rate of employee 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. For the six months ended June 30, 2021 and 2022, employee benefit expense amounted to RMB171.9 million and RMB215.3 million, respectively.

The Company has also adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the 2018 RSU Scheme, the 2021 RSU Scheme and the 2022 RSU Scheme.

During the Reporting Period, the Company granted 1,634,426 RSUs under the 2022 RSU Scheme, representing 1,634,426 Shares to 80 Selected Persons, who are employees of the Group, among which 100,000 RSUs, representing 100,000 Shares, were granted to Dr. Zhai, who is the chief medical officer and a substantial shareholder of the Company. Dr. Zhai, being a substantial shareholder of the Company and the spouse of Dr. Yang (an executive Director and the chief executive officer of the Company), is a connected person of the Company under Chapter 14A of the Listing Rules. Based on the closing price of HK$20.15 as quoted on the Stock Exchange on June 23, 2022 (being the date of the abovementioned grant of RSUs to Dr. Zhai), the aggregate market value of the underlying Shares in relation to the RSUs granted to Dr. Zhai amounts to HK$2,015,000. Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the abovementioned aggregate market value are less than 0.1%, the abovementioned grant of RSUs to Dr. Zhai constitutes a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

For further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the 2018 RSU Scheme, please refer to the section headed "Statutory and General Information — D. Employee Incentive Schemes" in Appendix IV to the Prospectus. For further details of the 2021 RSU Scheme and the grant of RSUs thereunder, please refer to the relevant announcements of the Company dated February 2, 2021, May 21, 2021, June 18, 2021, June 25, 2021, July 14, 2021 and July 23, 2021, as well as the circular of the Company dated August 31, 2021. For further details of the 2022 RSU Scheme and the grant of RSUs thereunder, please refer to the relevant announcements of the Company dated June 23, 2022 and July 14, 2022.

FUTURE AND OUTLOOK

Leveraging our extensive clinical development experience in the global biotechnology industry, we will continue to accelerate the development of nine of our drug candidates in our highly differentiated pipeline to their next phase of development. We will explore co-development arrangements to speed the development of our drug candidates and out license our drug candidates to commercialize those candidates in global markets.

We will invest more resources to support our key drug candidate and product development through expanding clinical trial sites, increasing developing critical relationships with relevant regulatory authorities. For the remainder of the year, we also expect to report on significant near-term milestones of encouraging preclinical or clinical data for several of our key drug candidates in global academic conferences, which will increase our ability to seek global collaboration and business partnership opportunities.

We intend to become a fully integrated globally biopharmaceutical 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 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. As of June 30, 2022, we had 205 issued patents and more than 600 patent applications globally, among which, about 148 patents were issued outside of China. 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, 2022 and to the date of this interim report, no important events affecting the Company has taken place that is required to be disclosed.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2022.

Other Information

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

As at June 30, 2022, 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 or Part XV of the SFO (including interest 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 a discretionary trust [4]	67,304,967	25.53%
Dr. Wang	Interest of controlled corporation [4] Interests held jointly with other persons [2] Settlor of a discretionary trust[4]	67,304,967	25.53%
Dr. Zhai	Interest of controlled corporation [5] Interest held jointly with other persons [2] Interest of spouse [3] Settlor of a discretionary trust [5] Beneficial owner [15]	67,304,967	25.53%
Dr. Tian Yuan *(resigned on May 20, 2022)*	Interest of controlled corporation [7, 8] Beneficial owner	16,717,162 292,714	6.34% 0.11%
Mr. Liu Qian *(resigned on May 20, 2022)*	Interest of controlled corporation [9] Beneficial owner	10,743,772 37,688	4.07% 0.01%
Dr. Lu Dazhong Simon	Beneficial owner [10]	41,457	0.02%
Mr. Ye Changqing	Beneficial owner [11]	8,964	0.003%
Dr. Yin Zheng	Beneficial owner [12]	8,964	0.003%
Mr. Ren Wei	Beneficial owner [13]	8,964	0.003%
Dr. David Sidransky	Beneficial owner [14]	10,641	0.004%

Notes:

1. All interests stated are long position.

2. Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and 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 Listing. Accordingly, each of Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and Dr. Zhai SPV is deemed to be interested in an aggregate of 25.53% shareholding interest in our Company.

3. Dr. Yang and Dr. Zhai are spouse and are therefore deemed to be interested in the Shares held by each other 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. 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 Dr. Zhai SPV.

6. Yuanming Prudence SPC is a segregated portfolio company managed 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 4,701,600 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 of the Company held by QHYM.

9. Yuanming Prudence SPC is a segregated portfolio company managed 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. Interests in share options granted pursuant to the Pre-IPO Share Option Scheme.

11. Mr. Ye Changqing is interested in RSUs granted to him under the 2021 RSU Scheme entitling him to receive 8,964 shares.

12. Dr. Yin Zheng is interested in RSUs granted to him under the 2021 RSU Scheme entitling him to receive 8,964 shares.

13. Mr. Ren Wei is interested in RSUs granted to him under the 2021 RSU Scheme entitling him to receive 8,964 shares.

14. Dr. David Sidransky is interested in RSUs granted to him under the 2021 RSU Scheme entitling him to receive 10,641 shares.

15. Dr. Zhai is interested in RSUs granted to her under the 2022 RSU Scheme entitling her to receive 100,000 shares.

16. All interests are calculated based on the total Shares in issue as at June 30, 2022, being 263,673,369.

Save as disclosed above, as at June 30, 2022, 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, 2022, 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	Number of Ordinary Shares	Approximate percentage of shareholding interest
Li Ju-Yun	Interest of spouse [2]	67,304,967 (L)	25.53%
Dr. Guo	Interest of controlled corporation Interest held jointly with other persons [3,4] Settlor of discretionary trust	67,304,967 (L)	25.53%
Founders SPV	Beneficial owner Interest held jointly with other persons [3]	67,304,967 (L)	25.53%
Dr. Zhai SPV	Beneficial owner Interest held jointly with other persons [3]	67,304,967 (L)	25.53%
South Dakota Trust	Trustee [4,5]	56,993,041 (L)	21.62%

Notes:

1. (L) -Long position; (S) -Short 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. Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been and will be actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of our Group since December 5, 2016 and will continue to act in concert after Listing. Accordingly, each of Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, the Founders SPV and Dr. Zhai SPV is deemed to be interested in an aggregate of 25.53% shareholding interest in our Company.

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. 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 Dr. Zhai SPV.

6. All interests are calculated based on the total Shares in issue as at June 30, 2022, being 263,673,369.

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 4.67% of the issued capital of the Company, with a par value of US$0.0001 each as at June 30, 2022.

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, 2022. 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, 2022	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at June 30, 2022
Directors of the Company						
Tian Yuan *(resigned on May 20, 2022)*	292,714	August 15, 2018	292,714	–	–	292,714
Zhao Qun *(resigned on March 31, 2021)*	292,714	August 15, 2018	292,714	–	–	292,714
Lu Dazhong Simon	41,457	August 15, 2018	41,457	–	–	41,457
Liu Qian *(resigned on May 20, 2022)*	37,688	August 15, 2018	37,688	–	–	37,688
Other grantees						
Employees of the Group	10,812,906	Between August 15, 2018 to September 16, 2019	6,034,307	700,823	353,336	4,980,148
Total			6,698,880	700,823	353,336	5,644,721

Notes:

1. The vesting dates of the options and the period during which the options can be exercised are set forth in the relevant grant 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 incentives or rewards 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, 2022, 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 7.85% of the issued share capital of the Company as at June 30, 2022.

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. 2018 RSU Scheme

The purpose of the 2018 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 2018 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 2018 RSU Scheme at its discretion.

Maximum Number of Shares pursuant to RSUs

The maximum number of RSUs that may be granted under the 2018 RSU Scheme in aggregate (excluding RSUs that have lapsed or been canceled in accordance with the rules of the 2018 RSU Scheme) shall be 5,274,657 ordinary shares representing 2.00% of the issued shares of the Company as at June 30, 2022.

Life of the 2018 RSU Scheme

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

Voting Rights

The trustee of the 2018 RSU Scheme shall follow the instruction of the Board in respect of the exercise of voting rights in relation to the Shares underlying the RSUs of the 2018 RSU Scheme until the Shares underlying the RSUs of the 2018 RSU Scheme have been transferred outside of the trust to the personal accounts of the relevant participant(s). As at the date of this interim report, the Company has not instructed the trustee of the 2018 RSU Scheme to exercise the voting rights of the Shares underlying the RSUs of the 2018 RSU Scheme since the adoption of the 2018 RSU Scheme, nor will it instruct the trustee of the 2018 RSU Scheme to do so over the course of the remainder of the life of the 2018 RSU Scheme.

Grant of RSUs under the 2018 RSU Scheme

As at June 30, 2022, the Company has granted an aggregate of 2,590,592 RSUs under the 2018 RSU Scheme, representing 2,590,592 Shares to 50 Selected Persons, who are employees of the Group. Please refer to the relevant announcements of the Company dated September 16, 2020 and March 19, 2021 for further details.

Further details of the 2018 RSU Scheme are set out in the Prospectus.

Set out below are details of the movements of the outstanding RSUs granted under the 2018 RSU Scheme as at June 30, 2022:

	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at June 30, 2022
50 RSU Selected Persons	1,085,382	—	—	273,271	812,111

4. 2021 RSU Scheme

The purpose of the 2021 RSU Scheme is to incentivize the existing and incoming Directors, senior management and employees for their contribution to the Group, and 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 2021 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 2021 RSU Scheme at its discretion.

Maximum Number of Shares pursuant to RSUs

The maximum number of RSUs that may be granted under the 2021 RSU Scheme in aggregate (excluding RSUs that have lapsed or been canceled in accordance with the rules of the 2021 RSU Scheme) shall be 3,133,526 ordinary shares, representing 1.19% of the issued shares of the Company as at June 30, 2022.

Life of the 2021 RSU Scheme

The 2021 RSU Scheme will be valid and effective for a period of ten years, commencing on February 2, 2021.

Voting Rights

The trustee of the 2021 RSU Scheme shall not exercise the voting rights attached to the shares of the Company held on trust by it.

Grant of RSUs under the 2021 RSU Scheme

On May 17, 2021, the Company granted 374,692 RSUs under the 2021 RSU Scheme, representing 374,692 Shares to 32 Selected Persons, who are the employees of the Group. On September 20, 2021, the independent shareholders of the Company at the extraordinary general meeting considered and approved the grant of an aggregate of 10,641 RSUs, 8,964 RSUs, 8,964 RSUs, 8,964 RSUs and 55,157 RSUs under the 2021 RSU Scheme, to certain Selected Persons who are connected persons of the Company under Chapter 14A of the Listing Rules, being Dr. David Sidransky (an independent non-executive Director), Mr. Ye Changqing (an independent non-executive Director), Dr. Yin Zheng (an independent non-executive Director), Mr. Ren Wei (an independent non-executive Director) and Mr. Zhu Gang (the chief commercial officer of the Company) respectively.

The grant of RSUs to Dr. Sidransky is part of the remuneration package under his letter of appointment with the Company which has been determined with reference to, among other things, (a) his duties and responsibilities within the Company; (b) the prevailing market conditions; and (c) the continuous expansion of the business scale and continuously heightening requirements on corporate governance of the Company over recent years.

In light of the continuous expansion of the business scale and continuously rising requirements on regulated corporate governance of the Company over recent years and in order to attract and retain independent non-executive Directors to serve the Company, the grant of RSUs to each of Mr. Ye, Dr. Yin and Mr. Ren is part of the adjustment to their remuneration package under their letters of appointment with the Company which has been determined with reference to, among other things, (a) their duties and responsibilities within the Company; (b) the prevailing market condition; (c) their individual performance and contributions; and (d) the overall performance of the Company.

The grant of RSUs to Mr. Zhu aims to provide sufficient incentives to attract, retain and motivate Mr. Zhu to participate in the continuing operation and long-term development of the Company and to recognise Mr. Zhu's contributions to the growth of the Company.

The grant of RSUs to each of them was approved at the extraordinary general meeting of the Company which was held on September 20, 2021. Please refer to the announcements of the Company dated May 21, 2021, May 26, 2021, June 18, 2021, June 25, 2021, July 14, 2021, July 23, 2021 and September 20, 2021, as well as the circular of the Company dated August 31, 2021, for further details.

Further details of the 2021 RSU Scheme are set out in the announcement of the Company dated February 2, 2021.

Set out below are details of the movements of the outstanding RSUs granted under the 2021 RSU Scheme as at June 30, 2022:

	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at June 30, 2022
Dr. Sidransky	10,641	—	—	—	10,641
Mr. Ye	8,964	—	2,241	—	6,723
Dr. Yin	8,964	—	2,241	—	6,723
Mr. Ren	8,964	—	2,241	—	6,723
33 RSU Selected Persons	329,614	—	85,210	38,423	205,981

5. 2022 RSU Scheme

The purpose of the 2022 RSU Scheme is to incentivize the existing and incoming Directors, senior management and employees for their contribution to the Group, and 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 2022 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 any eligible persons to receive RSUs under the 2022 RSU Scheme at its discretion.

Maximum Number of Shares pursuant to RSUs

The maximum number of RSUs that may be granted under the 2022 RSU Scheme in aggregate (excluding RSUs that have lapsed or been canceled in accordance with the rules of the 2022 RSU Scheme) shall be 5,272,695 ordinary shares, representing 2.00% of the issued shares of the Company as at June 30, 2022.

Life of the 2022 RSU Scheme

The 2022 RSU Scheme will be valid and effective for a period of ten years, commencing on June 23, 2022.

Voting Rights

Pursuant to trust deed for the 2022 RSU Scheme entered into between the Company and the Trustee, the Trustee shall not exercise the voting rights attached to the Shares held on trust by it.

Grant of RSUs under the 2022 RSU Scheme

On June 23, 2022, the Company granted 1,634,426 RSUs under the 2022 RSU Scheme (the "**2022 Awards**"), representing 1,634,426 Shares to 80 Selected Persons, who are employees of the Group, among which 100,000 RSUs, representing 100,000 Shares, were granted to Dr. Zhai, who is the chief medical officer and a substantial shareholder of the Company. Dr. Zhai, being a substantial shareholder of the Company and the spouse of Dr. Yang (an executive Director and the chief executive officer of the Company), is a connected person of the Company under Chapter 14A of the Listing Rules. Based on the closing price of HK$20.15 as quoted of the Stock Exchange on June 23, 2022 (being the date of the abovementioned grant of RSUs to Dr. Zhai), the aggregate market value of the underlying Shares in relation to the RSUs granted to Dr. Zhai amounts to HK$2,015,000. Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the abovementioned aggregate market value are less than 0.1%, the abovementioned grant of RSUs to Dr. Zhai constitutes a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. Further, the Company will not instruct the Trustee to purchase existing Shares off-market to satisfy the 2022 Awards (as defined below) granted to the Selected Persons.

Further details of the 2022 RSU Scheme are set out in the announcements of the Company dated June 23, 2022 and July 14, 2022.

Set out below are details of the movements of the outstanding RSUs granted under the 2022 RSU Scheme as at June 30, 2022:

	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	Outstanding as at June 30, 2022
Dr. Zhai	100,000	—	—	100,000
79 RSU Selected Persons	1,534,426	—	—	1,534,426

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Below are the changes of Directors' information since the date of the 2021 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Mr. Ye Changqing, an independent non-executive Director of the Company, was appointed as an independent director of VNET Group, Inc., a company listed on NASDAQ (stock code: VNET) on August 1, 2022 and will retire as an independent non-executive director of Luzhou Bank Co., Ltd. (formerly known as Luzhou City Commercial Bank Co., Ltd.) (stock code: 1983) at the conclusion of the extraordinary general meeting to be held on September 20, 2022.

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

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

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 2022.

The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended June 30, 2022.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

With the Shares of the Company listed on the Stock Exchange on October 28, 2019, the net proceeds from the Global Offering (including shares issued as a result of the full exercise of the over-allotment option) were approximately HK$369.8 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and as at June 30, 2022, the Company has fully utilized the net proceeds in accordance with such intended purpose. The planned applications of the net proceeds are set out as follows:

- approximately 42% of the net proceeds (approximately HK$155.2 million) allocated to the research and development to bring our Core Product, HQP1351, to commercialization as follows:
  - **clinical trials:** approximately 18% of the net proceeds (approximately HK$66.5 million) will be allocated to the ongoing phase II clinical trial for CML in China, approximately 5% of the net proceeds (approximately HK$18.5 million) allocated to a planned phase Ib/II clinical trial in the United States, and approximately 1% of the net proceed (approximately HK$3.7 million) allocated to the ongoing phase I clinical trial for GIST in China;
  - **manufacturing:** approximately 13% of the net proceeds (approximately HK$48.0 million) will be allocated to construction of our GMP-compliant production line in Suzhou in preparation for the commercialization of our Core Product, HQP1351;
  - **commercialization:** approximately 5% of the net proceeds (approximately HK$18.5 million) allocated to the preparation for commercialization of our Core Product, HQP1351. We plan to hire senior personnel with experience of commercialization, including sales and marketing and regulatory compliance;

- approximately 13% of the net proceeds (approximately HK$48.1 million) for ongoing and planned clinical trials of APG-1252, with approximately 2% of the net proceeds (approximately HK$7.4 million) allocated to the ongoing phase I clinical trial in China, approximately 2% of the net proceeds (approximately HK$7.4 million) allocated to the ongoing phase I clinical trial in the United States, approximately 1% of the net proceeds (approximately HK$3.7 million) allocated to the ongoing phase I clinical trial in Australia, and approximately 8% of the net proceeds (approximately HK$29.6 million) allocated to planned phase II clinical trials in the United States, China and Australia;

- approximately 19% of the net proceeds (approximately HK$70.3 million) for ongoing and planned clinical trials of APG-2575, with approximately 13% of the net proceeds (approximately HK$48.1 million) allocated to the ongoing phase I clinical in the United States, approximately 5% of the net proceeds (approximately HK$18.5 million) allocated to the planned phase I clinical trial in China, and approximately 1% of the net proceeds (approximately HK$3.7 million) allocated to the ongoing phase I clinical trial in Australia;

- approximately 19% of the net proceeds (approximately HK$70.3 million) for ongoing and planned clinical trials of APG-115, with approximately 1% of the net proceeds (approximately HK$3.7 million) allocated to the ongoing phase I clinical trial in China, and approximately 18% of the net proceed (approximately HK$66.6 million) allocated to the ongoing phase Ib/II clinical trial in the United States;

- approximately 6% of the net proceeds (approximately HK$22.2 million) allocated to ongoing and planned clinical trials for the rest of our clinical programs, APG-1387 and APG-2449, including approximately 3% of the net proceeds (approximately HK$11.1 million) allocated to the ongoing phase I clinical trials for APG-1387 in the United States and China, and 3% of the net proceeds (approximately HK$11.1 million) allocated to the ongoing phase I clinical trial for APG-2449 in China; and

- approximately 1% of the net proceeds (approximately HK$3.7 million) allocated to our working capital and general corporate purposes.

The net proceeds from the Global Offering have been fully utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to the date of this interim report:

Use of proceeds		**Planned allocation of Net Proceeds** (HK$ million)	**Planned allocation of Net Proceeds** (RMB million)	**Utilized amount (as at the date of this interim report)** (RMB million)
Research and development to bring our Core Product, HQP1351, to commercialization	42%	155.2	138.2	138.2
Ongoing and planned clinical trials of APG-1252	13%	48.1	42.8	42.8
Ongoing and planned clinical trials of APG-2575	19%	70.3	62.5	62.5
Ongoing and planned clinical trials of APG-115	19%	70.3	62.5	62.5
Ongoing and planned clinical trials for the rest of our clinical programs, APG-1387 and APG-2449	6%	22.2	19.7	19.7
Working capital and general corporate purposes	1%	3.7	3.3	3.3
Total	100.0%	369.8	329.1	329.1

Notes:

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

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

USE OF NET PROCEEDS FROM THE 2020 PLACING

On July 15, 2020, a total of 15,000,000 placing shares (with an aggregate nominal value of US$1,500) have been successfully placed to not less than six placees (being professional, institutional, or other investors) 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 (with the net price being approximately HK$45.96 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 aggregate nominal value of the placing shares is US$1,500. The closing price of the Shares on July 8, 2020, being the date on which the terms of the 2020 Placing was fixed, was HK$46.80.

The Directors consider that the 2020 Placing represents an opportunity to raise capital for the Company while broadening its Shareholder base. The Directors are of the view that the 2020 Placing would strengthen the financial position of the Group and provide working capital to the Group.

There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 8, 2020 and as at June 30, 2022 the Company has fully utilized the net proceeds in accordance with such intended purpose.

The table below sets out the planned applications of the net proceeds from the 2020 Placing and the actual usage up to June 30, 2022:

Use of proceeds		**Planned allocation of net proceeds** (HK$ million)	**Planned allocation of net proceeds** (RMB million)	**Utilized amount (as at June 30, 2022)** (RMB million)
Clinical development for other pipeline products, such as APG-2575, APG-115, APG-1387 and APG-1252	60%	413.5	345.0	345.0
Registration, trial production and marketing of the Core Product, HQP1351	20%	138.0	115.0	115.0
Ongoing and planned clinical trials of APG-2575	20%	138.0	115.0	115.0
Total	100.0%	689.5	575.0	575.0

Notes:

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

(2) Net proceeds from the 2020 Placing were received in Hong Kong dollars and translated to RMB for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the 2020 Placing.

USE OF NET PROCEEDS FROM THE 2021 PLACING

On February 3, 2021, the Company entered into the placing and subscription agreement with Ascentage Limited (the "**Vendor**") and J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited (the "**2021 Placing Agents**"), pursuant to which (i) the Vendor agreed to appoint the 2021 Placing Agents, and the 2021 Placing Agents agreed to act as agents of the Vendor to procure not less than six placees (being professional, institutional, and/or other investors) (the "**2021 Placees**"), on a best effort basis, to purchase up to 26,500,000 shares of the Company (the "**Placing Shares**") at the price of HK$44.2 per 2021 Placing Share (the "**2021 Placing**"); and (ii) the Vendor agreed to subscribe for, and the Company agreed to issue to the Vendor up to 26,500,000 new shares of the Company (the "**Subscription Shares**") at the price of HK$44.2 per Subscription Share (the "**2021 Subscription**"). The closing of the 2021 Placing took place on February 8, 2021 and the closing of the 2021 Subscription took place on February 11, 2021. A total of 26,500,000 Placing Shares have been successfully placed by the 2021 Placing Agents to the 2021 Placees. A total of 26,500,000 Subscription Shares had been allotted and issued to the Vendor pursuant to the general mandate granted to the Directors at the Company's annual general meeting held on June 19, 2020. The aggregate nominal value of the Subscription Shares is US$2,650. The closing price of the Shares on February 3, 2021, being the date on which the terms of the 2021 Placing was fixed, was HK$48.80. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2021 Placing were approximately HK$1,153.64 million. On this basis, the net price per Placing Share will be approximately HK$43.53. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated February 3, 2021 and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

The Directors considered that the 2021 Placing represents an opportunity to raise capital for the Company in order to enable the Company to continue the development of its products in its pipeline, while broadening its Shareholder base. The Directors are of the view that the 2021 Placing would further strengthen the financial position of the Group and provide additional working capital to the Group.

Other Information

The table below sets out the planned applications of the net proceeds from the 2021 Placing and the actual usage up to June 30, 2022.

Use of proceeds		Planned allocation of net proceeds (HK$ million)	Planned allocation of net proceeds (RMB million)	Utilized amount (as at June 30, 2022) (RMB million)	Expected timeline for utilizing the remaining balance of net proceeds from the 2021 Placing
Clinical development of the key product candidate, APG-2575	50%	576.8	480.6	380.6	June 30, 2023
Registrational trials for full approval and the commercialization of the Core Product, HQP1351	20%	230.7	192.2	152.2	June 30, 2023
Clinical development for other pipeline products such as APG-115 (MDM2-p53 inhibitors currently in phase Ib/II clinical trial), APG-1387 (pan-IAP inhibitor currently in phase Ib/II clinical trial) and APG-1252 (Bcl-2/Bcl-xL dual inhibitor currently in phase I clinical trial)	20%	230.7	192.2	152.2	June 30, 2023
General Corporate purposes	10%	115.4	96.1	86.1	June 30, 2023
Total	100.0%	1,153.6	961.1	771.1	

Notes:

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

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

(3) Net proceeds from the 2021 Placing were received in Hong Kong dollars and translated to RMB for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the 2021 Placing.

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF SHARES BY INNOVENT

Innovent has subscribed for 8,823,863 Shares at a total consideration of HK$388.25 million (being approximately US$50 million) and at the subscription price of HK$44.0 per Share. The completion of the subscription of Shares by Innovent took place on July 23, 2021. The net proceeds (after the deduction of all applicable costs and expenses) raised from the subscription of Shares by Innovent were approximately HK$388.06 million (being approximately US$49.98 million). On this basis, the net price per Share subscribed by Innovent is approximately HK$43.98. The closing price of the Shares on July 14, 2021, being the date on which the terms of the subscription of Shares by Innovent was fixed, was HK$52.95. The aggregate nominal value of the Shares subscribed by Innovent is US$882.3863. The Company has not yet started to utilize the net proceeds and there was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 14, 2021. The Company will gradually utilize the net proceeds in accordance with such intended purposes depending on actual business needs.

The strategic equity investment in the Company by Innovent by way of subscription of Shares signifies Innovent's recognition of the Company's research and development capabilities, as well as the Company's growth potential. The equity investment is also expected to provide further financial support to the Company's global clinical development programs. In addition, in view of the strategic collaboration relationship between the Company and Innovent, the subscription of Shares allows Innovent to further share the Company's prospects, whereby strengthening the business cooperation between the two groups.

The table below sets out the planned applications of the net proceeds from the subscription of Shares by Innovent.

Use of proceeds		**Planned allocation of net proceeds** (HK$ million)	**Planned allocation of net proceeds** (RMB million)	**Utilized amount (as at June 30, 2022)** (RMB million)	**Expected timeline for utilizing the remaining balance of net proceeds from the subscription of Shares by Innovent**
Development and commercialization of the Company's Core Product, HQP1351	30%	116.42	97.10	0.00	June 30, 2023
Development of the Company's key product candidate, APG-2575	70%	271.64	226.40	0.00	June 30, 2023
Total	100%	388.06	323.50	0.00	

Notes:

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

(2) The expected timeline for utilizing the 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 subscription of Shares by Innovent were received in Hong Kong dollars and translated to RMB for application planning.

USE OF NET PROCEEDS FROM THE ISSUANCE OF THE 2021 WARRANTS

On July 14, 2021, the Company entered into a warrant subscription deed, pursuant to which the Company issued to Innovent 6,787,587 unlisted warrants (the "**2021 Warrants**"), conferring the rights to subscribe for an aggregate of 6,787,587 Warrant Shares at the warrant exercise price of HK$57.20 per Warrant Share (subject to adjustment). The completion of the issuance of the 2021 Warrants took place on October 11, 2021. The Warrants and the Warrant Shares upon the exercise thereof will be issued under the specific mandate which was approved by the Shareholders at the extraordinary general meeting of the Company held on September 20, 2021.

Assuming all the 6,787,587 warrants are exercised, the net proceeds (after deducting all applicable costs and expenses, including commission and levies) arising from the issuance of the 2021 Warrants are estimated to be approximately HK$388.06 million (being approximately US$49.98 million). Innovent is exempt from paying a nominal consideration for the Warrants. On this basis, the net price per Warrant Share is approximately HK$57.17. The aggregate nominal value of the Warrant Shares is US$678.7587. The closing price of the Shares on July 14, 2021, being the date on which the terms of the subscription of 2021 Warrants by Innovent was fixed, was HK$52.95. The net proceeds from the Warrant Subscription will be used for the development and commercialization of the product candidates in the Company's pipeline.

The strategic equity investment in the Company by Innovent by way of subscription of the 2021 Warrants signifies Innovent's recognition of the Company's research and development capabilities, as well as the Company's growth potential. In view of the strategic collaboration relationship between the Company and Innovent, the subscription of the 2021 Warrants allows Innovent to further share the Company's prospects, whereby strengthening the business cooperation between the two groups.

As at the date of this interim report, no 2021 Warrants have been exercised. For further details on the 2021 Warrants, please refer to the relevant announcement of the Company dated July 14, 2021 and October 12, 2021, as well as the circular of the Company dated August 31, 2021.

Effect on shareholding structure of the Company

The shareholding structure of the Company (i) as at the date of this interim report; and (ii) immediately following the full exercise of the subscription rights attaching to the 2021 Warrants (assuming there is no change in the issued share capital of the Company between the date of this interim report and the date on which such subscription rights are exercised in full) are set out below.

Shareholder	**As at the date of this interim report**		**Immediately following the full exercise of the 2021 Warrants**	
	Number of Shares held	Approximate percentage of total Shares in issue *(Note)*	Number of Shares held	Approximate percentage of total Shares in issue *(Note)*
Each of the Founders, Dr. Zhai, the Founders SPV and the Dr. Zhai SPV	64,435,559	24.42%	64,435,559	23.81%
Innovent	8,823,863	3.34%	15,611,450	5.77%
Other Shareholders	190,550,688	72.23%	190,550,688	70.42%
Total	263,810,110	100.00%	270,597,697	100.00%

Note:

Percentages may not add up to 100% due to rounding.

Notes:

(1) Founders SPV is beneficially owned by (i) Dr. Yang as to 0.84%; (ii) Dr. Wang as to 13.39%; (iii) Dr. Guo as to 4.20%; (iv) Yang Family Trust as to 44.69%; (v) Wang Family Trust as to 13.39%; and (vi) Guo Family Trust as to 23.49%. Yang Family Trust, Wang Family Trust and Guo Family Trust are discretionary family trusts respectively established by Dr. Yang, Dr. Wang and Dr. Guo as settlor for the benefits of their respective family members.

(2) Dr. Zhai SPV is beneficially owned by (i) Dr. Zhai as to 3%; and (ii) Zhai Family Trust as to 97%. The Zhai Family Trust is a discretionary family trust established by Dr. Zhai as settlor for the benefits of her family members.

(3) Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai, Founders SPV and Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been and will be actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of the Group since December 5, 2016 and will continue to act in concert after Listing. Accordingly, each of them is deemed to be interested in an aggregate of approximately 25.56% shareholding interest in the Company as at the date of this interim report and an aggregate of approximately 24.92% shareholding interest in the Company immediately following the full exercise of the 2021 Warrants.

FUND RAISING

During the Reporting Period, there was no fund raising activity carried out by the Company.

AUDIT COMMITTEE

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

The unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2022 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 future plans regarding material investment or capital assets. For the six months ended June 30, 2022, 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.

Other Information

Pursuant to code provision C.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 requires approval by at least a majority of the Directors and that the Board comprises four independent non-executive Directors out of seven Directors, which represents more than half of the Board composition and satisfies the Listing Rules requirement, and we believe that there is sufficient check and balance in the Board; (b) Dr. Yang and other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for our Group accordingly; (c) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (d) strategic decisions and other key business, financial, and operational policies of the Group are formalized collectively after thorough discussion at both Board and senior management levels.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code and the Securities Transaction Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code and the Securities Transactions 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, PRC, August 26, 2022

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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 52 to 72, 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, 2022 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 26, 2022

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2022

	Notes	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
REVENUE	5	**95,763**	12,965
Cost of sales		**(5,021)**	(2,589)
Gross profit		**90,742**	10,376
Other income and gains	6	**37,047**	23,958
Selling and distribution expenses		**(71,336)**	(10,593)
Administrative expenses		**(82,349)**	(63,927)
Research and development expenses		**(341,409)**	(317,543)
Other expenses		**(15,875)**	(8,270)
Finance costs		**(19,072)**	(8,377)
LOSS BEFORE TAX	7	**(402,252)**	(374,376)
Income tax expense	8	**(4,482)**	(2,306)
LOSS FOR THE PERIOD		**(406,734)**	(376,682)
Attributable to:			
Owners of the parent		**(406,734)**	(376,682)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
— For loss for the period (RMB)		**(1.54)**	(1.52)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2022

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
LOSS FOR THE PERIOD	**(406,734)**	(376,682)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**43,262**	(8,091)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**43,262**	(8,091)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(363,472)**	(384,773)
Attributable to:		
Owners of the parent	**(363,472)**	(384,773)

Interim Condensed Consolidated Statement of Financial Position

June 30, 2022

	Notes	**June 30, 2022 RMB'000 (Unaudited)**	December 31, 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	**919,107**	797,029
Right-of-use assets		**49,355**	47,339
Goodwill		**24,694**	24,694
Other intangible assets		**90,834**	60,411
Investment in a joint venture		**16,200**	16,200
A financial asset at fair value through profit or loss ("**FVTPL**")		**4,897**	11,645
Deferred tax assets		**46,613**	51,648
Other non-current assets		**17,742**	45,814
Total non-current assets		**1,169,442**	1,054,780
CURRENT ASSETS			
Inventories		**5,254**	3,930
Trade receivables	12	**80,677**	53,968
Prepayments, other receivables and other assets		**80,828**	83,561
Cash and bank balances		**1,698,708**	1,743,821
Total current assets		**1,865,467**	1,885,280
CURRENT LIABILITIES			
Trade payables	13	**85,734**	70,861
Other payables and accruals		**184,375**	194,183
Contract liabilities		**24,354**	24,358
Derivative financial instruments		**5,644**	22,256
Interest-bearing bank and other borrowings		**311,948**	49,451
Tax payable		**248**	—
Total current liabilities		**612,303**	361,109
NET CURRENT ASSETS		**1,253,164**	1,524,171
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,422,606**	2,578,951

Interim Condensed Consolidated Statement of Financial Position

June 30, 2022

	Notes	**June 30, 2022 RMB'000 (Unaudited)**	December 31, 2021 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Contract liabilities		**195,902**	207,979
Interest-bearing bank and other borrowings	14	**1,249,272**	1,034,839
Deferred tax liabilities		**12,951**	13,753
Long-term payables		**52,633**	52,343
Deferred income		**35,000**	35,300
Total non-current liabilities		**1,545,758**	1,344,214
Net assets		**876,848**	1,234,737
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	**179**	178
Treasury shares		**(3)**	(3)
Capital and reserves		**876,672**	1,234,562
Total equity		**876,848**	1,234,737

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

	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, 2022 (audited)	**178**	**(3)**	**5,342,072**	**(330,173)**	**(220,776)**	**(3,556,561)**	**1,234,737**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(406,734)**	**(406,734)**
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**43,262**	**–**	**43,262**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**43,262**	**(406,734)**	**(363,472)**
Equity-settled share-based payments							
– Pre-IPO share option expenses	**–**	**–**	**–**	**4,257**	**–**	**–**	**4,257**
– Restricted share unit ("**RSU**") expenses	**–**	**–**	**–**	**1,320**	**–**	**–**	**1,320**
– Exercise of pre-IPO share options	**1**	**–**	**12,284**	**(12,279)**	**–**	**–**	**6**
– Exercise of restricted share unit	**–**	**–**	**3,537**	**(3,537)**	**–**	**–**	**–**
At June 30, 2022 (unaudited)	**179**	**(3)**	**5,357,893***	**(340,412)***	**(177,514)***	**(3,963,295)***	**876,848**

	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, 2021 (audited)	154	(4)	4,130,420	(320,314)	(189,498)	(2,774,137)	846,621
Loss for the period	–	–	–	–	–	(376,682)	(376,682)
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations	–	–	–	–	(8,091)	–	(8,091)
Total comprehensive loss for the period	–	–	–	–	(8,091)	(376,682)	(384,773)
Issue of ordinary shares	17	–	977,152	–	–	–	977,169
Share issue expenses	–	–	(16,068)	–	–	–	(16,068)
Equity-settled share-based payments							
– Pre-IPO share option expenses	–	–	–	12,484	–	–	12,484
– Restricted share unit ("**RSU**") expenses	–	–	–	14,457	–	–	14,457
– Exercise of pre-IPO share options	1	–	9,414	(9,410)	–	–	5
At June 30, 2021 (unaudited)	172	(4)	5,100,918*	(302,783)*	(197,589)*	(3,150,819)*	1,449,895

* These reserve accounts comprise the consolidated capital and reserves of RMB876,672,000 in the interim condensed consolidated statement of financial position as at June 30, 2022 (June 30, 2021: RMB1,449,727,000).

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows used in operating activities	**(335,201)**	(353,575)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at FVTPL	**—**	(1,484,746)
Proceeds from disposal of financial assets at FVTPL	**—**	1,058,926
Purchases of items of property, plant and equipment	**(111,443)**	(213,242)
Proceeds from disposal of items of property, plant and equipment	**2,351**	—
Purchases of items of other intangible assets	**(33,509)**	(1,036)
Investment in a joint venture	**—**	(2,000)
Increase in time deposits with original maturity of more than three months	**—**	(362,374)
Net cash flows used in investing activities	**(142,601)**	(1,004,472)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**—**	977,169
Share issue expenses	**—**	(16,068)
Proceeds from exercise of pre-IPO share options	**6**	5
Interest paid	**(19,441)**	(8,439)
New bank loans	**487,570**	162,300
Repayment of bank loans	**(13,899)**	(33,619)
Principal portion of lease payments	**(6,479)**	(4,943)
Net cash flows from financing activities	**447,757**	1,076,405
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(30,045)**	(281,642)
Cash and cash equivalents at beginning of period	**1,706,886**	1,019,979
Effect of foreign exchange rate changes, net	**13,828**	(1,688)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,690,669**	736,649
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**1,690,669**	736,649
Restricted bank balances	**8,039**	3,987
Time deposits with original maturity of more than three months	**—**	362,374
Cash and bank balances as stated in the interim condensed consolidated statement of financial position	**1,698,708**	1,103,010

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, 190 Elgin Avenue, 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.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2021.

3. 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, 2021, 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	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to IFRS 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after January 1,2022. As there were no business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

The nature and impact of the revised IFRSs are described below: *(Continued)*

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after January 1, 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after January 1, 2021, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at January 1, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after January 1, 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the development and sale 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,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China	**95,759**	—
United States	**4**	12,965
	95,763	12,965

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

(b) Non-current assets

	June 30,	December 31,
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Mainland China	**1,117,584**	990,266
United States	**304**	965
Others	**44**	256
	1,117,932	991,487

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**71,881**	—
Customer B	**12,077**	—
Customer C	**—**	12,965
	83,958	12,965

5. REVENUE

An analysis of revenue is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**95,763**	12,965

Disaggregated revenue information for revenue from contracts with customers

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of goods or services		
Sales of pharmaceutical products	**79,452**	—
License fee income	**12,081**	12,965
Service income	**4,230**	—
	95,763	12,965
Timing of revenue recognition		
At a point in time		
Sales of pharmaceutical products	**79,452**	—
Service income	**4,230**	—
License fee income of patented IP	**—**	12,944
Over time		
Compounds library license fee income	**4**	21
Commercialization license fee income	**12,077**	—
	95,763	12,965

5. REVENUE *(Continued)*

Disaggregated revenue information for revenue from contracts with customers *(Continued)*

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,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of goods or services		
Compounds library license fee income	**4**	21
Commercialization license fee income	**12,077**	—
	12,081	21

6. OTHER INCOME AND GAINS

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value gain on derivative financial instruments	**16,612**	—
Government grants related to income	**12,906**	16,779
Bank interest income	**5,040**	3,259
Gain on disposal of items of property, plant and equipment	**2,073**	—
Gain on disposal of financial assets at FVTPL	**—**	2,883
Foreign exchange gain, net	**—**	764
Others	**416**	273
	37,047	23,958

7. LOSS BEFORE TAX

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**5,021**	—
Cost of services provided	**—**	2,589
Depreciation of property, plant and equipment *	**18,432**	5,275
Depreciation of right-of-use assets*	**7,760**	5,576
Amortization of intangible assets*	**4,852**	3,670
Research and development costs	**341,409**	317,543
Loss on long-term payables	**677**	2,396
Foreign exchange loss/(gain), net	**7,435**	(764)
Loss on fair value change of a financial asset at FVTPL	**7,111**	3,609
Gain on fair value change of derivative financial instruments	**(16,612)**	—
Gain on disposal of financial assets at FVTPL	**—**	(2,883)
Equity-settled share-based payment expenses*	**5,577**	26,941
(Gain)/loss on disposal of items of property, plant and equipment	**(2,073)**	1
Bank interest income	**(5,040)**	(3,259)
Government grants related to income	**(12,906)**	(16,779)

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets, the amortization of intangible assets and the equity-settled share-based payment expenses for the period are included in "Cost of sales", "Research and development expenses", "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

8. INCOME TAX

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

Cayman Islands

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Hong Kong

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the reporting period.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax ("**CIT**") at a rate of 25% (2021: 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.

8. INCOME TAX *(Continued)*

United States

Pursuant to the tax law and regulations in the United States, the subsidiary operating in the United States is subject to income tax at a rate of 21% (2021: 21%). No provision for income tax has been made as the Group had no assessable profit earned in the United States during the reporting period.

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current	**249**	3,107
Deferred	**4,233**	(801)
Total tax expense for the period	**4,482**	2,306

9. DIVIDENDS

The board of directors resolved not to declare any interim dividend for the six months ended June 30, 2022 (six months ended June 30, 2021: Nil).

No dividends were paid during the six months ended June 30, 2022 (six months ended June 30, 2021: Nil).

10. 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, 2022 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 263,673,369 (six months ended June 30, 2021: 247,058,524) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended June 30, 2022 and 2021 in respect of a dilution as the impact of the options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(406,734)**	(376,682)

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**263,673,369**	247,058,524

11. PROPERTY, PLANT AND EQUIPMENT

	RMB'000 (Unaudited)
Carrying value at January 1, 2022	**797,029**
Additions	**140,789**
Disposals	**(278)**
Depreciation charge for the period	**(18,432)**
Exchange realignment	**(1)**
Carrying value at June 30, 2022	**919,107**

Property, plant and equipment with a net book value of RMB278,000 was disposed of by the Group during the six months ended June 30, 2022 (June 30, 2021: RMB4,000), resulting in a net gain on disposal of RMB2,073,000 (June 30, 2021: a net loss on disposal of RMB1,000).

The Group commenced the construction of a facility in Suzhou, Jiangsu Province, PRC for research and development and manufacturing (the "**Suzhou Facility**") in 2020. Suzhou facility is expected to be fully completed in late 2022. The carrying amount of the construction in process at June 30, 2022 was RMB 351,077,000 (December 31, 2021: RMB362,859,000).

During the six months ended June 30, 2022, no impairment loss (June 30, 2021: Nil) was recognized for property, plant and equipment.

12. TRADE RECEIVABLES

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

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Within 1 month	**30,341**	53,968
1 to 6 months	**—**	—
6 to 12 months	**50,336**	—
	80,677	53,968

13. TRADE PAYABLES

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

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Within 1 month	**58,543**	44,273
1 to 3 months	**2,148**	6,159
3 to 6 months	**25,043**	16,757
6 to 12 months	**—**	3,672
	85,734	70,861

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

June 30, 2022

	Effective interest rate per annum (%)	Maturity	RMB'000
Current			
Short-term borrowing — unsecured	**4.00**	**2023**	**30,000**
Current portion of long term bank loans — unsecured	**4.25–4.75**	**2023**	**127,650**
Current portion of long term bank loans — unsecured	**1 year LPR+0.55 to 0.9**	**2023**	**136,280**
Current portion of long term bank loans — secured*	**5 year LPR+0.15**	**2023**	**5,000**
Lease liabilities	**4.00–4.35**	**2023**	**13,018**
			311,948
Non-current			
Bank loans — unsecured	**1 year LPR+0.55 to 0.9**	**2023–2027**	**484,520**
Bank loans — unsecured	**4.25–4.75**	**2023–2026**	**266,250**
Bank loans — secured*	**5 year LPR+0.15**	**2023–2030**	**490,363**
Lease liabilities	**4.00–4.35**	**2023–2026**	**8,139**
			1,249,272
			1,561,220

14. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

December 31, 2021

	Effective interest rate per annum (%)	Maturity	RMB'000
Current			
Current portion of long term bank loans — unsecured	4.35–4.75	2022	16,950
Current portion of long term bank loans — unsecured	1 year LPR+0.55 to 0.9	2022	22,850
Lease liabilities	4.00–4.35	2022	9,651
			49,451
Non-current			
Bank loans — unsecured	4.35–4.75	2023–2026	205,900
Bank loans — unsecured	1 year LPR+0.55 to 0.9	2023–2025	422,900
Bank loans — secured*	5 year — LPR+0.15	2023–2030	397,792
Lease liabilities	4.00–4.35	2023–2024	8,247
			1,034,839
			1,084,290

Note: LPR stands for the Loan Prime Rate.

* The bank loans amounting to RMB495,363,000 (December 31, 2021: RMB397,792,000) were secured by the pledge of the Group's right-of-use assets with a carrying amount of RMB29,292,000 (December 31, 2021: RMB29,858,000), construction in progress with a carrying amount of RMB351,077,000 (December 31, 2021: RMB362,859,000) and buildings with a net carrying amount of approximately 532,864,000 (December 31, 2021: RMB406,945,000) as at June 30, 2022. Such loans were also guaranteed by one of the Group's subsidiaries.

The unsecured bank loans amounting to RMB104,320,000 (December 31, 2021: RMB78,250,000) were guaranteed by one of the Group's subsidiary as at June 30, 2022.

	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Analysed into:		
Within one year	**311,948**	49,451
In the second year	**272,199**	328,674
In the third to fifth years, inclusive	**841,710**	568,373
Beyond five years	**135,363**	137,792
	1,561,220	1,084,290

15. SHARE CAPITAL

The share options relating to Pre-IPO share option scheme of approximately 700,823 share options were exercised at the price of HK$0.01 per share, resulting in the issue of 700,823 shares for a total cash consideration, before expenses, of RMB6,000. An amount of RMB12,279,000 was transferred out from the capital and other reserves to share capital and share premium upon the exercise of the share options.

In June 2022, the Company issued 91,933 ordinary shares with respect to the exercised restricted share units granted under the 2021 RSU Scheme to Selected Persons. An amount of RMB3,537,000 was transferred out from the capital and other reserves to share capital and share premiums.

16. COMMITMENTS

As at June 30, 2022, the Group had capital commitments of RMB116,571,000 relating to the construction of a research and development centre (December 31, 2021: RMB160,725,000).

17. RELATED PARTY TRANSACTIONS

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

(b) Outstanding balance with a related party:

Value of the cash consideration payable to Dr. Zhai for the acquisition of Guangzhou Healthquest Pharma Co., Ltd. ("**Healthquest Pharma**"). The balance as at June 30, 2022 was RMB72,167,000 (December 31, 2021: RMB71,490,000).

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**15,237**	15,027
Equity-settled share-based payment expenses	**2,494**	2,917
Post-employment benefits	**807**	622
Total compensation paid to key management personnel	**18,538**	18,566

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)	**June 30, 2022 RMB'000 (Unaudited)**	December 31, 2021 RMB'000 (Audited)
Financial assets				
Financial assets at FVTPL	**4,897**	11,645	**4,897**	11,645
Financial liabilities				
Derivative financial instruments	**5,644**	22,256	**5,644**	22,256
Non-current portion of long-term payables	**52,633**	52,343	**52,633**	52,343
Non-current portion of interest-bearing bank and other borrowings (other than lease liabilities)	**1,241,133**	1,026,592	**1,186,951**	978,799
	1,299,410	1,101,191	**1,245,228**	1,053,398

Management has assessed that the fair values of cash and bank balances, financial assets included in trade receivables, prepayments, other receivables and other assets, and financial liabilities included in trade payables, the current portion of long-term payables, the current portion of interest-bearing bank and other borrowings, 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 each reporting date, 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.

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

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:

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 Group's own non-performance risk for interest-bearing bank and other borrowings as at June 30, 2022 was assessed to be insignificant.

The fair value of a listed equity investment was based on quoted market prices. The fair value of an unlisted equity investment that is 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 determine the fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. The fair value measurement of the financial instruments may involve unobservable inputs such as the discount rate and possibility of payment. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

Unobservable inputs and sensitivity analysis of Level 3 assets and liabilities

Set out below is a summary of significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at June 30, 2022 and December 31, 2021:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Derivative financial instruments	Black-Scholes method	Volatility rate	As at June 30, 2022: 70.28% (2021: 70.90%)	As at June 30, 2022: 1% (December 31, 2021: 1%) increase/decrease in volatility rate would result in decrease/increase in fair value by 6% (2021: 3%)

18. 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, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Financial assets at FVTPL	**4,897**	**—**	**—**	**4,897**

As at December 31, 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Financial assets at FVTPL	11,645	—	—	11,645

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

Fair value hierarchy *(Continued)*

Liabilities measured at fair value

As at June 30, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Derivative financial instruments	**—**	**—**	**5,644**	**5,644**

As at December 31, 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Derivative financial instruments	—	—	22,256	22,256

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 for the six months ended June 30, 2022.

The movement in the fair value measurements within Level 3 during the reporting period is as follows:

	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Derivative financial instruments:		
Carrying amount at January 1	**22,256**	—
Net loss from a fair value adjustment recognized in other expenses in profit or loss	**(16,612)**	—
At June 30	**5,644**	—

19. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information of the Group for the six months ended June 30, 2022 was approved and authorized for issue by the board of directors on August 26, 2022.