ASCENTAGE PHARMA GROUP INTERNATIONAL

亞盛醫藥集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6855)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

The Board is pleased to announce the unaudited consolidated results of the Group for the Reporting Period, together with the comparative figures for the six months ended June 30, 2021.

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.

BUSINESS HIGHLIGHTS

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 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 (CML-AP) harboring T315I mutation, 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. 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 ASCO 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 announcement, 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 announcement and, where applicable, the Company's prior announcements published on the websites of the Stock Exchange and the Company.

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

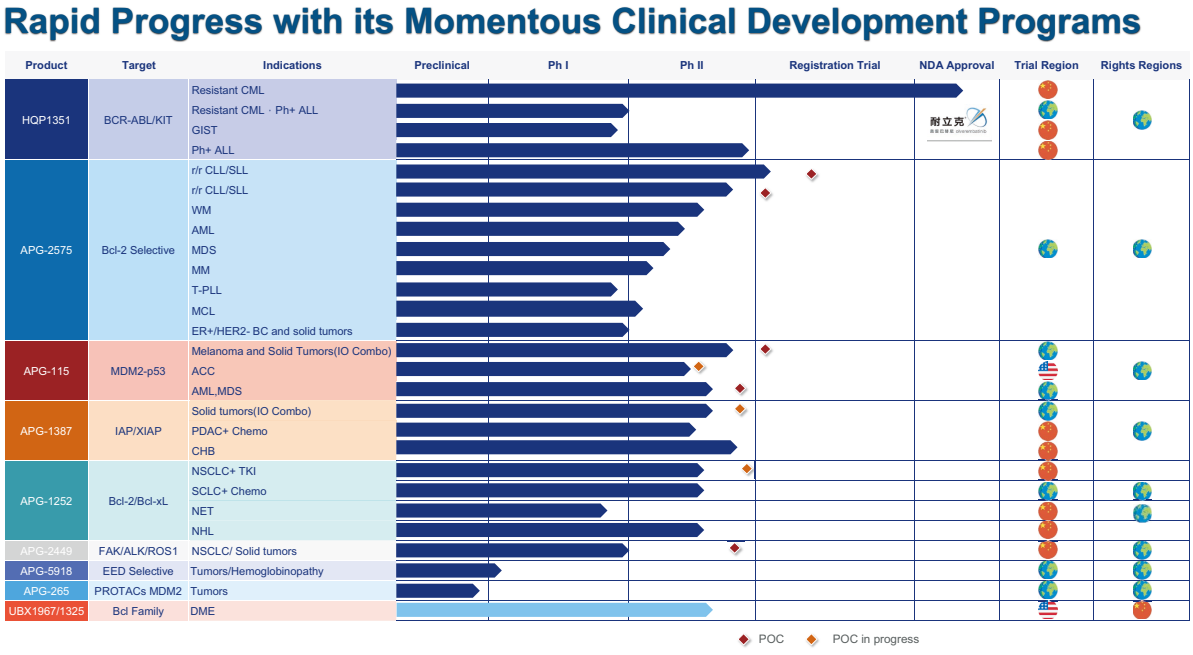
We are a global biopharmaceutical company developing novel therapies for cancers, CHB (chronic hepatitis B), and age-related diseases. Ascentage Pharma has its own proprietary platform for developing therapeutics that restore apoptosis in cancer cells and modulate immunomodulatory functions of the host 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 announcement, 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 of 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 lisaftoclax (APG-2575)

Lisaftoclax 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 lisaftoclax (APG-2575) is also the first made-in-China Bcl-2 selective inhibitor to enter clinical trials. Lisaftoclax 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 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.

- 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.

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

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

Cautionary Statement required by Rule 18A.05 of the Listing Rules: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET LISAFTOCLAX 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 announcement, 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 2022 American Association of Cancer Research (AACR) annual meeting.

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

Cautionary Statement required by Rule 18A.05 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.

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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.

Lead Pre-Clinical Assets

PROTACs MDM2 protein degrader

The Company is investigating a 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 being approved 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 addition, 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended June 30, 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
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)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
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)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**June 30, 2022 (Unaudited) *RMB'000***	December 31, 2021 (Audited) *RMB'000*
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

	Notes	June 30, 2022 (Unaudited) RMB'000	December 31, 2021 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities		**195,902**	207,979
Interest-bearing bank and other borrowings		**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	*14*	**179**	178
Treasury shares		**(3)**	(3)
Capital and reserves		**876,672**	1,234,562
Total equity		**876,848**	1,234,737

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on November 17, 2017. The registered office of the Company is located at the office of Walkers Corporate Limited, 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.

(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

	For the 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.

Information about major customers

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

	For the six months ended June 30,	
	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:

	For the 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

	For the 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

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

	For the six months ended June 30,	
	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

Other income and gains

	For the 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):

	For the 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)
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 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.

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.

	For the 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. DIVIDEND

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 1 January 2022	797,029
Additions	140,789
Disposals	(278)
Depreciation charge for the period	(18,432)
Exchange realignment	(1)
Carrying value at 30 June 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 on June 30, 2022 was RMB351,077,000 (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 ageing 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 ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	June 30, 2022	December 31, 2021
	RMB'000	*RMB'000*
	(Unaudited)	(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. SHARE CAPITAL

The share options granted under the 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.

FINANCIAL REVIEW

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

	For the 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)

1. 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.

2. 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.

3. 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.

4. 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.

5. Research and Development Expenses

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

	For the 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

6. 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.

	For the 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

7. 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.

8. 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.

9. 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.

10. 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.

11. 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[(1)]	**3.0**	5.2
Quick ratio[(2)]	**3.0**	5.2
Gearing ratio[(3)]	**N/A[(4)]**	N/A[(4)]

Notes:

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

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

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

(4) As at June 30, 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.

12. Significant Investments

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

13. Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain of our cash and bank balances, other receivables and other assets, other investments classified as financial assets 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.

14. Material Acquisitions and Disposals

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

15. 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	December 31, 2021
	RMB'000	*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

16. 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.

17. Contingent Liabilities

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

18. Liquidity and Financial Resources

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

As at June 30, 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.

19. Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as at 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules. Save for the deviation disclosed below, in the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code during the Reporting Period.

Pursuant to code provision 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 currently performs these two roles. The Board believes that such arrangement will not impair the balance of power and authority between the Board and the management of the Company, because (a) decisions to be made by the Board require approval by at least a majority of the Directors and that the Board comprises four independent non-executive Directors out of seven Directors, which represents more than half of the Board composition and satisfies the relevant requirement under the Listing Rules, and we believe that there is sufficient check and balance in the Board; (b) Dr. Yang and other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for our Group accordingly; (c) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (d) strategic decisions and other key business, financial, and operational policies of the Group are formalized collectively after thorough discussion at both Board and senior management levels.

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

Model Code

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

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

Purchase, Sale or Redemption of Listed Securities

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

Use of Net Proceeds

Use of Net Proceeds from the Global Offering

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

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

Use of proceeds		**Planned allocation of Net Proceeds** *(HKD million)*	**Planned allocation of Net Proceeds** *(RMB million)*	**Utilized amount (as at June 30, 2022)** *(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 lisaftoclax (APG-2575)	19%	70.3	62.5	62.5
Ongoing and planned clinical trials of APG-115	19%	70.3	62.5	62.5
Ongoing and planned clinical trials for the rest of the clinical programs of the Company, APG-1387 and APG-2449	6%	22.2	19.7	19.7
Working capital and general corporate purposes	1%	3.7	3.3	3.3
Total	100.0%	369.8	329.1	329.1

Notes:

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

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

Use of Net Proceeds From the 2020 Placing

The closing of the 2020 Placing of 15,000,000 Shares took place on July 15, 2020. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2020 Placing were approximately HK$689.5 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 8, 2020 and as at June 30, 2022, the Company has fully utilized the net proceeds in accordance with such intended purposes.

The table below sets out the planned applications of the net proceeds from the 2020 Placing and the actual usage up to June 30, 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 lisaftoclax (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 lisaftoclax (APG-2575)	20%	138.0	115.0	115.0
Total	100%	689.5	575.0	575.0

Notes:

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

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

Use of Net Proceeds From the 2021 Placing

On February 3, 2021, the Company entered into the 2021 Placing and subscription agreement with Ascentage Limited (the "**Vendor**") and J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited (the "**2021 Placing Agents**"), pursuant to which (i) the Vendor agreed to appoint the 2021 Placing Agents, and the 2021 Placing Agents agreed to act as agents of the Vendor to procure not less than six placees (the "**2021 Placees**"), on a best effort basis, to purchase up to 26,500,000 shares of the Company (the "**Placing Shares**") at the price of HK$44.2 per 2021 Placing Share; 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 AGM held on June 19, 2020. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2021 Placing were approximately HK$1,153.64 million. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated February 3, 2021 and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

The table below sets out the planned applications of the net proceeds from the 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, lisaftoclax (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). 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 residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

The table below sets out the planned applications of the net proceeds from the subscription of Shares by Innovent and the actual usage up to June 30, 2022.

Use of proceeds		**Planned allocation of net proceeds** *(HKD 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, lisaftoclax (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 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 subscription of Shares by Innovent were received in Hong Kong dollars and translated to RMB for application planning.

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. The net proceeds from the subscription of the 2021 Warrants will be used for the development and commercialization of the product candidates in the Company's pipeline. As at the date of this announcement, no Warrants have been exercised. For further details on the 2021 Warrants, please refer to the relevant announcements of the Company dated July 14, 2021 and October 12, 2021, as well as the circular of the Company dated August 31, 2021.

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

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement, as at the date of this announcement, there were no future plans regarding material investment or capital assets.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the six months ended June 30, 2022 and up to the date of this announcement, 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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report for the six months ended June 30, 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

Unless the context requires otherwise, the expressions used in this announcement shall have the meanings as follows:

"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)
"AACR"	American Association for Cancer Research
"AGM"	annual general meeting of the Company
"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
"lisaftoclax (APG-2575)"	our novel, orally administered Bcl-2 inhibitor
"APG-265"	a MDM2 protein degrader
"APG-5918"	our potent, orally available, and selective EED inhibitor
"Ascentage Pharma HK"	Ascentage Pharma Group Corp Limited (亞盛醫藥集團(香港)有限公司), a company incorporated in Hong Kong with limited liability on May 22, 2009, our wholly-owned subsidiary
"Ascentage Suzhou"	Suzhou Ascentage Pharma Co., Ltd. (蘇州亞盛藥業有限公司), a limited liability company incorporated in the PRC, our indirectly wholly-owned subsidiary
"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
"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
"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
"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, a Substantial Shareholder
"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. Zhai"	Dr. Zhai Yifan, our chief medical officer, a Substantial Shareholder, and spouse of Dr. Yang
"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 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%, 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 the international offering as defined 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" or "HKD"	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
"IFRSs"	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

"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
"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
"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
"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
"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
"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 announcement 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)

"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)
"SCLC"	small cell lung cancer
"SDH-"	succinate dehydrogenase-
"Shareholders"	holder(s) of the Share(s)
"Shares"	ordinary share(s) of US$0.0001 par value each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Substantial Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires refers to Dr. Yang, Dr. Guo, Dr. Wang, the Founders SPV, Dr. Zhai and HealthQuest Pharma Limited
"T315I"	a type of mutation that sometimes results in the failure of tyrosine kinase inhibitor (TKI) treatment
"TKIs"	tyrosine kinase inhibitor; a type of pharmaceutical drug that inhibits tyrosine kinases
"TOX"	Toxicology
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unity"	Unity Biotechnology, Inc., a company listed on NASDAQ
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States

"Wang Family Trust"	Shaomeng Wang Dynasty Trust, a discretionary family trust established by Dr. Wang as settlor for the benefits of Dr. Wang's family members, of which South Dakota Trust is a trustee
"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
"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
"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
"%"	per cent

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

Suzhou, the PRC, August 26, 2022

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