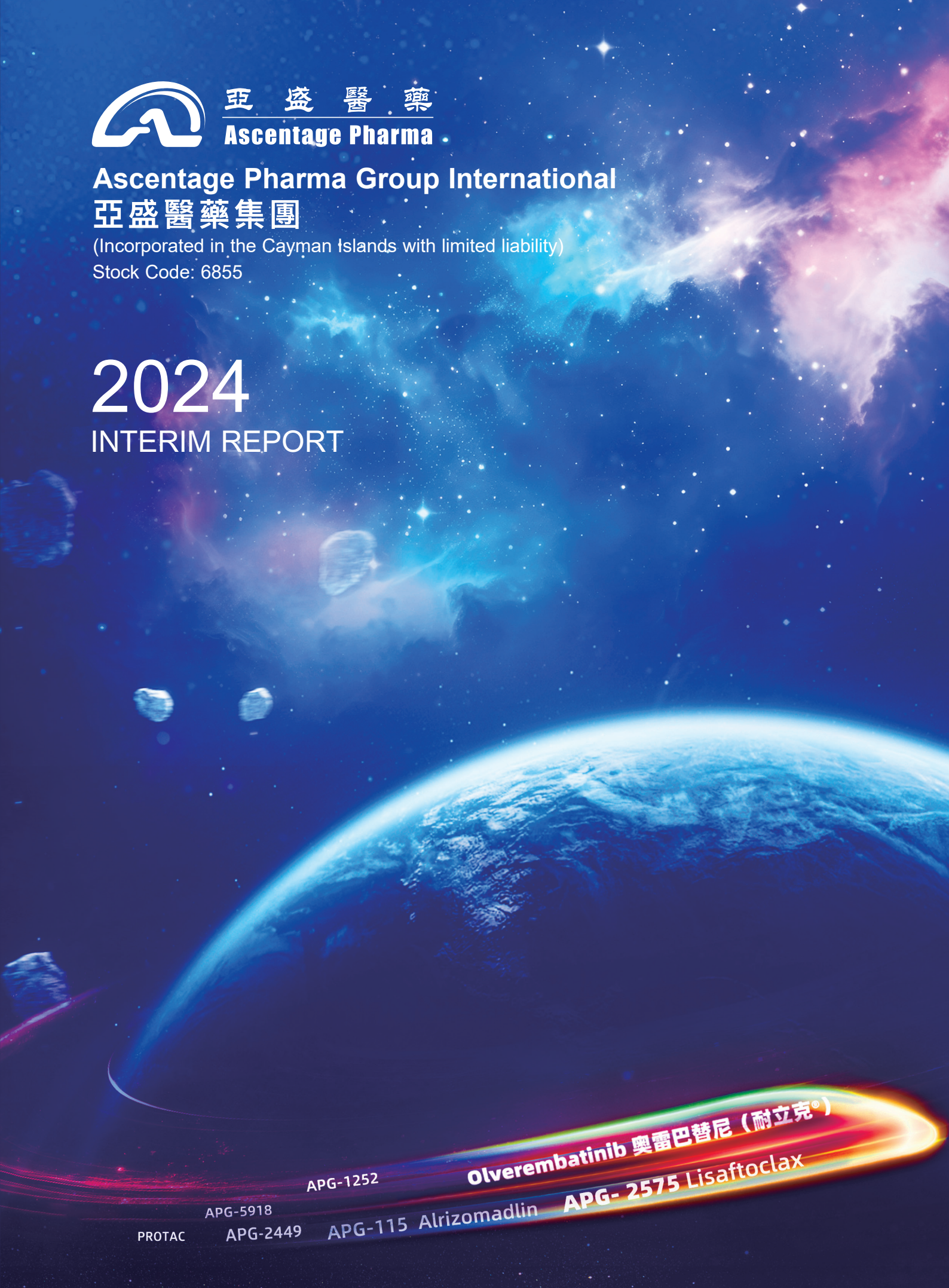
亞 盛 醫 藥
Ascentage Pharma

Ascentage Pharma Group International
亞盛醫藥集團

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

2024
INTERIM REPORT



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Definitions

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

"2018 RSU Scheme"	the restricted share unit scheme approved by the Board on July 6, 2018 (as amended from time to time)
"2020 Placing"	the placing of 15,000,000 Shares at a price of HK$46.80 each pursuant to the terms and conditions of the 2020 Placing Agreement
"2020 Placing Agreement"	the placing agreement entered into among the Company, Citigroup Global Markets Limited and J.P. Morgan Securities (Asia Pacific) Limited dated July 8, 2020 in relation to the 2020 Placing
"2021 Placing"	the placing and subscription of 26,500,000 Shares at a price of HK$44.20 each pursuant to the terms and conditions of the 2021 Placing Agreement
"2021 Placing Agreement"	the placing and subscription agreement entered into among the Company, the Founders SPV, J.P. Morgan Securities (Asia Pacific) Limited and China International Capital Corporation Hong Kong Securities Limited dated February 3, 2021 in relation to the 2021 Placing
"2021 RSU Scheme"	the restricted share unit scheme of the Company approved by the Board on February 2, 2021 for adoption, in its present form or as amended from time to time
"2021 Warrants"	the unlisted warrants issued by the Company to Innovent pursuant to the Warrant Subscription Deed
"2022 RSU Scheme"	the restricted share unit scheme approved by the Board on June 23, 2022 (as amended from time to time)
"2023 Placing"	the placing and subscription of 22,500,000 Shares at a price of HK$24.45 each pursuant to the terms and conditions of the 2023 Placing Agreement
"2023 Placing Agreement"	the placing and subscription agreement entered into among the Company, the Founders SPV, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Limited dated January 18, 2023 in relation to the 2023 Placing
"2024 Share Subscription"	the purchase of the 24,307,322 new Shares issued by the Company under the general mandate by Takeda pursuant to the Securities Purchase Agreement
"AACR"	American Association for Cancer Research
"ALK"	anaplastic lymphoma kinase
"ALL"	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
"APG-2575"	our novel, orally administered Bcl-2 inhibitor
"APG-5918"	our potent, orally available, and selective EED inhibitor
"ASCO"	American Society of Clinical Oncology
"Ascentage"	collectively, Ascentage Pharma, Ascentage HK, Ascentage GZ, Ascentage SZ
"Ascentage GZ" or "Guangzhou Healthquest"	Guangzhou Healthquest Pharma Co. Ltd.* (廣州順健生物醫藥科技有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Ascentage HK"	Ascentage Pharma Group Corp Limited (亞盛醫藥集團（香港）有限公司), a limited liability company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
"Ascentage SZ"	Suzhou Ascentage Pharma Co., Ltd.* (蘇州亞盛藥業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"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

Definitions

"BCR-ABL"	a fusion gene formed by the ABL gene from chromosome 9 joining to the BCR gene on chromosome 22, which is found in most patients with chronic myelogenous leukemia (CML), and in some patients with acute lymphoblastic leukemia (ALL) or acute myelogenous leukemia (AML)
"Board"	the board of directors of the Company
"Board Committees"	the Audit Committee, the Remuneration Committee and the Nomination Committee
"BTK"	Bruton's tyrosine kinase
"BVI"	the British Virgin Islands
"CDE"	the center of drug evaluation of China
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"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
"Closing"	closing under the Securities Purchase Agreement
"CML"	chronic myeloid/myelogenous leukemia; a type of cancer that affects the blood and bone marrow
"CML-AP"	accelerated-phase CML
"CML-CP"	chronic-phase chronic myeloid leukemia
"CMML"	chronic myelomonocytic leukemia
"Company" or "Ascentage Pharma"	Ascentage Pharma Group International (亞盛醫藥集團) (stock code: 6855), an exempted company incorporated in the Cayman Islands with limited liability on November 17, 2017
"Concert Party Confirmation Deed"	the concert party confirmation deed dated August 11, 2018 executed by Dr. Yang, Dr. Wang, Dr. Guo, Dr. Zhai, the Founders SPV and the Dr. Zhai SPV, to confirm, agree and acknowledge, among other things, that they are parties acting in concert in relation to our Group since December 5, 2016 and will continue to act in concert after the Listing
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules
"CRc"	composite complete remission
"Director(s)"	the director(s) of the Company or any one of them
"Dr. Guo"	Dr. Guo Edward Ming, our Substantial Shareholder

"Dr. Sidransky"	Dr. David Sidransky, an independent non-executive Director
"Dr. Wang"	Dr. Wang Shaomeng, our non-executive Director and Substantial Shareholder
"Dr. Yang"	Dr. Yang Dajun, our executive Director, Chairman, chief executive officer, a Substantial Shareholder, and spouse of Dr. Zhai
"Dr. Yin"	Dr. Yin Zheng, an independent non-executive Director
"Dr. Zhai"	Dr. Zhai Yifan, our chief medical officer, Substantial Shareholder, and spouse of Dr. Yang
"Dr. Zhai SPV"	HealthQuest Pharma Limited, a company incorporated in BVI with limited liability and wholly owned by Dr. Zhai (for herself and as settlor of the Zhai Family Trust), our Substantial Shareholder
"EED"	Embryonic Ectoderm Development
"EGFR"	epidermal growth factor receptor
"EU"	European Union
"Exclusive Option Agreement"	the exclusive option agreement dated June 14, 2024 entered into among the Group and Takeda in relation to, among other things, research, development, import, export, manufacture, usage, commercialization and exploitation of olverembatinib
"FAK"	focal adhesion kinase; an enzyme involved in cellular adhesion (how cells stick to each other and their surroundings) and spreading processes (how cells move around)
"FDA"	U.S. Food and Drug Administration
"Founders"	Dr. Yang, Dr. Wang and Dr. Guo
"Founders Family Trusts"	Yang Family Trust, Wang Family Trust and Guo Family Trust
"Founders SPV"	Ascentage Limited, a company incorporated in BVI with limited liability which is owned by Dr. Yang (for himself and as settlor of the Yang Family Trust) as to 45.53%, Dr. Guo (for himself and as settlor of the Guo Family Trust) as to 27.69% and Dr. Wang (for himself and as settlor of the Wang Family Trust) as to 26.78%, and as at the date of this interim report, our Substantial Shareholder
"FVTPL"	fair value through profit or loss
"GC"	gastric cancer
"GIST"	gastrointestinal stromal tumor
"Global Offering"	the Hong Kong public offering and international offering as described in the Prospectus
"GMP"	Good Manufacturing Practices

Definitions

"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
"Healthquest Pharma"	Guangzhou Healthquest Pharma Co., Ltd. (廣州順健生物醫藥科技有限公司), a limited liability company incorporated in the PRC on July 3, 2012, our indirectly wholly-owned subsidiary
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HQP1351"	formerly known as D824, or GZD824; our third-generation BCR-ABL inhibitor, which was designed to overcome drug resistance caused by BCR-ABL kinase mutants such as T315I mutants
"IAP"	inhibitors of apoptosis protein
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug, an application and approval process required before drug candidates may commence clinical trials
"Independent Auditor"	Ernst & Young
"Innovent Biologics" or "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 Biologics
"IP"	intellectual property
"IPO"	the initial public offering of the Company, having become unconditional in all aspects on October 28, 2019
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	October 28, 2019, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended 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 C3 to the Listing Rules
"Mr. Ren"	Mr. Ren Wei, an independent non-executive Director
"Mr. Ye"	Mr. Ye Changqing, an independent non-executive Director
"NCCN"	National Comprehensive Cancer Network
"NDA"	New Drug Application
"NHL"	non-Hodgkin's lymphoma
"NMPA"	National Medical Products Administration of the PRC, formerly known as the China National Drug Administration, or CNDA, and the China Food and Drug Administration, or CFDA
"Nomination Committee"	the nomination committee of the Board
"NRDL"	National Reimbursement Drug List
"NSCLC"	non-small cell lung cancer
"ODD"	Orphan Drug Designations
"ORR"	overall response rate
"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
"Ph+ ALL"	Philadelphia positive acute lymphoblastic leukemia
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved by the Board on September 28, 2019 as amended from time to time
"PRC" or "China" or "Mainland China"	the People's Republic of China and for the purposes of this interim report only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan

Definitions

"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
"R/R" or "r/r"	disease or condition which become progressive after treatment (relapsed) or does not respond to the initial treatment (refractory)
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six-month period from January 1, 2024 to June 30, 2024
"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)
"RSU Holdco"	Best Elevation Limited, a business company incorporated in the BVI with limited liability which holds the Shares of the Company on trust for the benefits of selected future employees of the Company
"SCLC"	small cell lung cancer
"SDH-"	succinate dehydrogenase
"Securities Purchase Agreement"	the securities purchase agreement dated June 14, 2024 entered into between the Company and Takeda in relation to the 2024 Share Subscription
"Selected Person(s)"	eligible person(s) selected by the Board to be granted RSUs under the 2018, 2021 and 2022 RSU Scheme at its discretion
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of Share(s)
"Shares"	ordinary share(s) of US$0.0001 par value each in the share capital of the Company
"Share Purchase Price"	HK$24.09850 (equivalent to approximately US$3.08549), which is the share purchase price for each Subscription Share under the Securities Purchase Agreement
"Share Subscription Conditions Precedent"	the conditions precedent to the 2024 Share Subscription
"SLL"	small lymphocytic leukemia

"South Dakota Trust"	South Dakota Trust Company LLC, the trustee of each of Founders Family Trusts and Zhai Family Trust
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Subscription Shares"	the 24,307,322 shares which the Company agreed to issue and allot, and Takeda agreed to subscribe pursuant to the Securities Purchase Agreement
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires refers to the Founders, the Founders SPV, Dr. Zhai and the Dr. Zhai SPV
"T315I"	a type of mutation that sometimes results in the failure of tyrosine kinase inhibitor (TKI) treatment
"Takeda"	Takeda Pharmaceuticals International AG, a company established under the laws of Switzerland
"TKIs"	tyrosine kinase inhibitor; a type of pharmaceutical drug that inhibits tyrosine kinases
"TOX"	Toxicology
"Trustee"	the trustee(s) to be appointed by the Board to hold Shares for the purpose of the 2021 RSU Scheme and 2022 RSU Scheme
"the United States" or "U.S."	the United States of America, its territories, its possession and all areas subject to its jurisdiction
"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
"Warrants"	the 6,787,587 unlisted warrants, each conferring to Innovent the right to subscribe for one (1) new Share at the Warrant Exercise Price during the period commencing on the date of issuance of the Warrants and ending on the date that is 24 months after the date of issuance of the Warrants, in accordance with the terms and conditions of the Warrant Subscription Deed entered into between the Company and Innovent on July 14, 2021
"Warrant Exercise Price"	the exercise price per Warrant (subject to adjustment) at which the holder of each Warrant may subscribe for a Warrant Share
"Warrant Share(s)"	up to initially 6,787,587 new Shares (subject to adjustment) to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
"Warrant Subscription"	the subscription of the Warrants by Innovent pursuant to the Warrant Subscription Deed

Definitions

"Warrant Subscription Deed"	the warrant subscription deed dated July 14, 2021 entered into between the Company and Innovent in relation to the Warrant Subscription
"WM"	waldenstrom macroglobulinemia
"Yang Family Trust"	Dajun Yang Dynasty Trust, a discretionary family trust established by Dr. Yang as settlor for the benefits of Dr. Yang's family members, of which South Dakota Trust is a trustee
"Zhai Family Trust"	Yifan Zhai Dynasty Trust, a discretionary family trust established by Dr. Zhai as settlor for the benefits of Dr. Zhai's family members, of which South Dakota Trust is a trustee
"%"	per cent

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

BOARD OF DIRECTORS

Executive Director

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

Non-executive Directors

Dr. Wang Shaomeng
Dr. Lu Simon Dazhong

Independent non-executive Directors

Mr. Ye Changqing
Dr. Yin Zheng *(resigned with effect from June 7, 2024)*
Mr. Ren Wei
Dr. David Sidransky

COMPANY SECRETARY

Mr. Wong Cheung Ki Johnny, *FCPA, FCG (CS, CGP), HKFCG (CS, CGP)*

AUTHORISED REPRESENTATIVES

Dr. Yang Dajun
Mr. Wong Cheung Ki Johnny

AUDIT COMMITTEE

Mr. Ye Changqing *(Chairman)*
Dr. Lu Simon Dazhong
Dr. Yin Zheng *(resigned with effect from June 7, 2024)*
Mr. Ren Wei *(appointed with effect from June 7, 2024)*

REMUNERATION COMMITTEE

Dr. Yin Zheng *(Chairman) (resigned with effect from June 7, 2024)*
Mr. Ren Wei *(Chairman) (appointed as a chairman with effect from June 7, 2024)*
Dr. Yang Dajun
Mr. Ye Changqing *(appointed with effect from June 7, 2024)*

NOMINATION COMMITTEE

Dr. Yang Dajun *(Chairman)*
Mr. Ye Changqing *(resigned with effect from June 7, 2024)*
Mr. Ren Wei
Dr. David Sidransky *(appointed with effect from June 7, 2024)*

AUDITOR

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

68 Xinqing Road
Suzhou Industrial Park
Suzhou, Jiangsu
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKER

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

HONG KONG LEGAL ADVISER

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

STOCK CODE

Stock Code: 6855

WEBSITE

www.ascentagepharma.com

Financial Highlights

- Revenue for the six months ended June 30, 2024 increased to RMB823.7 million, as compared to RMB142.7 million for the six months ended June 30, 2023, representing an increase of RMB681.0 million, or 477.2%. For the six months ended June 30, 2024, revenue was generated from the intellectual property income, sales of pharmaceutical products, commercialization rights income of patented IP and service income from customers.

- Other income and gains for the six months ended June 30, 2024 increased to RMB17.3 million, as compared to RMB17.0 million for the six months ended June 30, 2023, representing an increase of RMB0.3 million, or 1.8%, which was primarily attributable to (i) the increase in bank interest income; and (ii) the decrease in government grants.

- Selling and distribution expenses increased by RMB6.3 million, or 7.6%, to RMB89.6 million for the six months ended June 30, 2024, as compared to RMB83.3 million for the six months ended June 30, 2023. The increase was attributable to the increase in selling and distribution expenses incurred in the commercialization of olverembatinib and other products.

- Research and development expenses increased by RMB134.3 million, or 43.4%, to RMB444.1 million for the six months ended June 30, 2024, as compared to RMB309.8 million for the six months ended June 30, 2023, primarily due to increased internal research and development expenses.

- Administrative expenses decreased by RMB4.3 million, or 4.7%, to RMB87.0 million for the six months ended June 30, 2024, as compared to RMB91.3 million for the six months ended June 30, 2023, primarily due to the decreased labor cost and operation and depreciation expenses of the Suzhou facility.

- For the six months ended June 30, 2024, the Group reported other expenses of RMB7.1 million, as compared to other expenses of RMB4.2 million for the six months ended June 30, 2023, which represented an increase of RMB2.9 million, or 69.0%. The increase was primarily attributable to the increase in donations.

- As a result of the foregoing, net income for the six months ended June 30, 2024 increased to RMB162.8 million, as compared to the loss of RMB402.3 million for the six months ended June 30, 2023, representing an increase in income of RMB565.1 million.

- As at June 30, 2024, the Group's cash and bank balances were RMB1,100.3 million, which increased by RMB6.5 million, or 0.6% when compared with RMB1,093.8 million as at December 31, 2023. In addition, in July 2024, we have received US$100.0 million from Takeda related to intellectual property income and option payment under the Exclusive Option Agreement.

- As of June 30, 2024, our core product and first lead asset olverembatinib (HQP1351), a third generation BCR-ABL inhibitor, has realized an accumulated invoiced sales revenue amount of RMB489.7 million (inclusive of value added tax) since its launch in November 2021. In the first six months of 2024, sales revenue from olverembatinib increased 120% and 5% compared to the second half and the first half of 2023, respectively. As of June 30, 2024, the number of hospitals olverembatinib has entered into increased 79%, compared to the end of 2023. In terms of global development and commercialization, olverembatinib has been approved by the Pharmaceutical Administration Bureau (ISAF) of the Macau Special Administrative Region of the People's Republic of China for the treatment of adult patients with tyrosine kinase inhibitors (TKI)-resistant chronic-phase chronic myeloid leukemia (CML-CP) or accelerated-phase CML (CML-AP) harboring the T315I mutation; and adult patients with CML-CP resistant to and/or intolerant of first-and second-generation TKIs in July 2024.

- In June 2024, we and Takeda Pharmaceuticals International AG entered into an exclusive option agreement, pursuant to which we granted Takeda an exclusive option (the "**Option**") to enter into an exclusive license agreement for olverembatinib. If exercised, the Option would allow Takeda to license global rights to develop and commercialize olverembatinib in all territories outside of, among others, the People's Republic of China, Hong Kong, Macau and Taiwan. The Exclusive Option Agreement calls for Ascentage Pharma to receive US$100 million related to intellectual property income and option payment under the Exclusive Option Agreement. Additionally, Ascentage Pharma is eligible for an option exercise fee and additional potential milestone payments of up to approximately US$1.2 billion and double-digit royalties on annual net sales. On July 2, 2024, Ascentage Pharma has received US$100 million related to intellectual property income and option payment under the Exclusive Option Agreement.

- Additionally, in June 2024, Ascentage Pharma issued and allotted to Takeda 24,307,322 Shares for an aggregate purchase price of US$75 million (equivalent to approximately HK$585.77 million).

- In May 2024, olverembatinib received clearance from the Center for Drug Evaluation (CDE) of China's National Medical Product Administration (NMPA) for a registrational Phase III trial of olverembatinib, in patients with succinate dehydrogenase (SDH)-deficient gastrointestinal stromal tumor (GIST) who had failed prior systemic treatment. (POLARIS-3). In February 2024, olverembatinib received clearance from the FDA to initiate a Phase III registrational trial in previously treated patients with CML-CP, both with and without the T315I mutation (POLARIS-2).

- Recently, our other key clinical asset, lisaftoclax (APG-2575) received clearance from the Center for Drug Evaluation (CDE) of China's National Medical Product Administration (NMPA) for a multicenter, registrational Phase III study of lisaftoclax in combination with azacitidine in patients with newly diagnosed high-risk myelodysplastic syndrome (MDS). (GLORA-4)

- In June 2024, the updated results from three studies of olverembatinib (HQP1351) have been released in posters at the 2024 European Hematology Association Hybrid Congress (EHA 2024). In June 2024, we released updated clinical data of olverembatinib (HQP1351), in patients with TKI-resistant SDH-deficient GIST, in an oral report at the 60th American Society of Clinical Oncology (ASCO) Annual Meeting. In April 2024, we released updated clinical data of olverembatinib at the 2024 AACR annual meeting, demonstrating its antitumor activity in preclinical models of SDH-deficient neoplasms.

Business Highlights

- In June 2024, we released updated data of lisaftoclax combined with novel therapeutic regimens in patients with relapsed/refractory (R/R) multiple myeloma (MM) or immunoglobulin light-chain (AL) amyloidosis, in a poster presentation at EHA 2024. In June 2024, we released updated results from a global, multicenter Phase Ib/II study of lisaftoclax alone or in combinations for the treatment of patients with Waldenström macroglobulinemia (WM), in a poster presentation at the 60th American Society of Clinical Oncology (ASCO) Annual Meeting as well as latest results from a Phase Ib/II study of lisaftoclax in combination with azacitidine (AZA) in patients with treatment-naïve (TN) or relapsed/refractory (R/R) acute myeloid leukemia (AML).

- In March 2024, the clinical results of a phase 1/2 study showed that alrizomadlin (APG-115) demonstrated efficacy and was tolerated in progressive salivary gland cancer, including those patients with adenoid cystic carcinoma (ACC) were presented during the 2024 Multidisciplinary Head and Neck Cancers Symposium.

- We released updated data of APG-2449, in patients with non-small-cell lung cancer (NSCLC) in a poster presentation at the 60th American Society of Clinical Oncology (ASCO) Annual Meeting. This is the third consecutive year in which clinical data from this study of APG-2449 were selected for presentations at the ASCO Annual Meeting. In June 2024, we released the updated preclinical results of our other high-potential asset APG-5918 at EHA 2024, demonstrating that APG-5918 improves Chronic Kidney Disease- (CKD)-Induced Hemoglobin (HB) Insufficiency in preclinical models of anemia. In April 2024, we released updated preclinical data of APG-5918 at 2024 AACR annual meeting, demonstrating that APG-5918 and alrizomadlin (APG-115) synergistically inhibit tumor growth in preclinical models of prostate cancer (PCa).

- As of the date of this interim report, Ascentage Pharma has obtained 2 Fast Track Designations, 2 Rare Pediatric Disease (RPD) designations and a total of 17 Orphan Drug Designations (ODDs) from the US Food and Drug Administration (FDA) and the European Commission (EC).

- In the first half of 2024, the Suzhou manufacturing center completed the technical transfer and GMP batch production of olverembatinib tablets, which allows us to supply olverembatinib tablets for both global and China clinical trials from Ascentage Pharma owned facility.

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

OVERVIEW

We are a global, integrated biopharmaceutical company engaged in discovering, developing and commercializing both first- and best-in-class therapies to address global unmet medical needs primarily in hematological malignancies. For more than two decades, our founders and team have leveraged their deep expertise to develop our proprietary drug discovery platform to pursue particularly challenging targets and significant unmet global medical needs.

The Company has built a global and talented team with experience in the research and development of innovative drugs and is establishing high-quality commercial manufacturing and sales and marketing capabilities. Our technical expertise in structure-based drug design and our innovative drug discovery engine have allowed us to develop small molecule and degrader therapies targeted at Bcl-2, Bcl-2/Bcl-xL, IAP and MDM2, in addition to building next-generation cell signaling inhibitors (i.e., BCR-ABL1, ALK, FAK inhibitors) and epigenome-modifying agents (i.e., EED inhibitor). Ascentage Pharma is also, as at the date of this interim report, the only company in the world with active clinical programs targeting all three known classes of key apoptosis regulators. The Company is conducting more than 40 Phase I/II clinical trials in China, the United States, Australia, and Europe.

Our first lead asset, olverembatinib, is the first and only third generation BCR-ABL1 TKI approved in China for treatment of patients with CML in chronic phase, or CML-CP, with T315I mutations, CML in accelerated phase, or CML-AP, with T315I mutations, and CML-CP that is resistant or intolerant to first and second-generation TKIs. We are currently commercializing olverembatinib in China. In June 2024, we entered into an Exclusive Option Agreement with Takeda Pharmaceuticals International AG, or Takeda, pursuant to which we granted Takeda an exclusive option to enter into an exclusive license agreement for olverembatinib (HQP1351). If exercised, the Option would allow Takeda to license global rights to develop and commercialize olverembatinib in all territories outside of, among others, People's Republic of China, Hong Kong, Macau and Taiwan.

Leveraging our robust research and development capabilities, Ascentage Pharma has built a portfolio of global intellectual property rights. As of June 30, 2024, we had 520 issued patents globally, among which 367 issued patents were issued outside of China. We have also established collaborations and other relationships with numerous leading biotechnology and pharmaceutical companies around the world, including a collaboration and license agreement with Innovent, clinical collaboration agreements with AstraZeneca, Merck and Pfizer, and research and development relationships with leading research institutions, such as Dana-Farber Cancer Institute, Mayo Clinic, MD Anderson Cancer Center, National Cancer Institute and the University of Michigan. 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 "becoming a leading global integrated biopharmaceutical company engaged in discovering, developing and commercializing both first- and best-in-class therapies to address global unmet medical needs primarily in hematological malignancies".

Product Pipeline

We have a pipeline of six clinical-stage small-molecule drug candidates. The following table summarizes our pipeline and the development status of each candidate as of June 30, 2024:

BUSINESS REVIEW

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

Compounds	Target	Indications	Phase I	Phase II	Phase III	Commercial	Trial Region[3]	Right Region[4]
Key Clinical Assets								
Olverembatinib (HQP1351)	BCR-ABL/KIT	CML CML, Ph+ ALL, SDH-deficient GIST						
Lisaftoclax (APG-2575)	Bcl-2	r/r CLL/SLL[1] CLL/SLL, AML, MDS, MM[2]						
Alrizomadlin (APG-115)	MDM2-p53	ACC, MPNST, AML, MDS, Pediatric solid tumor						
Pelcitoclax (APG-1252)	Bcl-2/Bcl-xL	NSCLC, SCLC, neuroendocrine tumor, NHL						
APG-5918	EED	Anemia, oncology						
Other Assets								
APG-2449	FAK/ALK/ ROS1	NSCLC/Solid Tumors						

(1) Registrational Phase II trial completed and is expected to submit a NDA in 2024.

(2) Registrational trials for ongoing CLL/SLL, AML and MDS; Phase 2 trials ongoing for MM.

(3) The globe icon refers to trials that have received clearance, or for which we plan to obtain clearance, in three or more countries or regions. The U.S. flag refers to trials for which we have received clearance from the FDA to conduct trials in the United States. The China flag refers to trials for which we have conducted, currently conduct or plan to conduct only in China.

(4) The globe icon indicates having global development and commercialization rights.

Core Product Candidate

Olverembatinib (HQP1351)

Our first lead asset, olverembatinib, is a novel, next-generation TKI. Olverembatinib is the first and only third generation BCR-ABL1 TKI approved in China for treatment of patients with CML-CP with T315I mutations, CML-AP with T315I mutations and CML-CP that is resistant and/or intolerant to first and second-generation TKIs. Olverembatinib received support from the National Major New Drug Discovery and Manufacturing Program. In January 2023, olverembatinib has been included into the China 2022 NRDL, which bolstered the affordability and accessibility of the drug in China.

Olverembatinib was included as an Emerging Treatment Option in the 2024 National Comprehensive Cancer Network, or NCCN, guidelines for the management of CML and received recommendation from the Chinese Society of Clinical Oncology, or CSCO, guideline for the treatment of CML and Ph+ ALL. As of the date of this interim report, the Food and Drug Administration (FDA) has granted four ODDs to olverembatinib, including for CML, ALL, AML and gastrointestinal stromal tumor (GIST), and Fast-Track Designation for treatment of CML in patients with certain genetic markers who have failed to respond to prior TKIs. Olverembatinib was also granted an Orphan Designation by the European Medicines Agency, or EMA, for the treatment of CML.

The recent progress of olverembatinib is as follows:

Approval, recommendation and NRDL coverage

- In July 2024, olverembatinib was approved by the Pharmaceutical Administration Bureau (ISAF) of the Macau Special Administrative Region of the People's Republic of China for the treatment of adult patients with tyrosine kinase inhibitors (TKI)-resistant chronic-phase chronic myeloid leukemia (CML-CP) or accelerated-phase CML (CML-AP) harboring the T315I mutation; and adult patients with CML-CP resistant to and/or intolerant of first- and second-generation TKIs.

- In May 2024, olverembatinib was included in 2024 "Chinese Society of Clinical Oncology (CSCO) guideline for Diagnosis and Treatment of Hematological Malignancies" guideline for the treatment of CML and Ph+ ALL.

- In December 2023, olverembatinib was included in 2024 National Comprehensive Cancer Network (NCCN) guidelines for the management of CML.

Clinical progress

- In May 2024, olverembatinib received clearance from the Center for Drug Evaluation (CDE) of China's National Medical Product Administration (NMPA) for a registrational Phase III study, in patients with succinate dehydrogenase (SDH)-deficient gastrointestinal stromal tumor (GIST) who had failed prior systemic treatment (POLARIS-3).

- In February 2024, olverembatinib received clearance from FDA to initiate a Phase III registrational trial in previously treated patients with CML-CP, both with and without the T315I mutation (POLARIS-2).

Data publication

- In June 2024, the updated results from three studies of olverembatinib (HQP1351) have been released in posters at the 2024 European Hematology Association Hybrid Congress (EHA 2024). We released the updated median 1-year follow-up data of olverembatinib in patients with chronic myeloid leukemia (CML) and Ph+ ALL. In the results, olverembatinib showed durable clinical benefits and favorable long-term tolerability in patients who had been treated with multiple TKIs (including those who were resistant to ponatinib and/or asciminib), regardless of whether they harbored the T315I mutation.

- In June 2024, we released updated clinical data of olverembatinib (HQP1351), in patients with TKI-resistant succinate dehydrogenase (SDH)-deficient gastrointestinal stromal tumor (GIST), in an oral report at the 60th American Society of Clinical Oncology (ASCO) Annual Meeting. The oral report features the latest data that further validated the promising efficacy and manageable safety of olverembatinib in SDH-deficient GIST. This is the third consecutive year in which clinical data from this study of olverembatinib were selected for presentations at the ASCO Annual Meeting.

- In April 2024, we released updated clinical data of olverembatinib at the 2024 AACR annual meeting, demonstrating its superior antitumor activity in preclinical models of succinate dehydrogenase (SDH)-deficient neoplasms.

The expected progress of olverembatinib in 2024 is as follows:

- We will continue to execute the registrational phase III trial for CML patients (POLARIS-2), global registrational clinical trial for Ph+ ALL patients (POLARIS-1) and registrational phase 3 trial for SDH-deficient GIST (POLARIS-3).

- We will apply to include the indication approved for adult patients with CML-CP resistant to and/or intolerant of first and second-generation TKIs to the 2024 NRDL, which is expected to become effective in the beginning of 2025.

Key Product Candidates

Lisaftoclax (APG-2575)

Lisaftoclax (APG-2575) is a novel, oral Bcl-2 inhibitor developed to treat a variety of hematologic malignancies and solid tumors by selectively blocking Bcl-2 to restore the normal apoptosis process in cancer cells. We plan to submit an NDA for lisaftoclax for the treatment of r/r CLL/SLL to the Center of Drug Evaluation, or CDE, of China's National Medical Products Administration, or NMPA, in 2024 and expect it will be the second Bcl-2 inhibitor for which an NDA application is filed in the world and the first in China for the CLL/SLL indication. Currently, lisaftoclax has received clearances and approvals for 21 Phase Ib/II clinical studies in China, the United States, Australia, and Europe, with indications including chronic lymphocytic leukemia/small lymphocytic lymphoma (CLL/SLL), non-Hodgkin's lymphoma (NHL), AML, multiple myeloma (MM), Waldenström's macroglobulinemia (WM), and certain solid tumors. As of June 30, 2024, more than 1,000 patients have been treated so far with lisaftoclax (APG-2575), among whom approximately 400 patients have CLL/SLL. Furthermore, FDA has granted five ODDs to lisaftoclax (APG-2575) for the treatment of patients with follicular lymphoma (FL), WM, CLL, MM, or AML.

The clinical development of lisaftoclax (APG-2575) is as follows:

Clinical progress

- Recently, lisaftoclax (APG-2575) received clearance from the Center for Drug Evaluation (CDE) of China's National Medical Product Administration (NMPA) for a multicenter, registrational Phase III study of lisaftoclax (APG-2575) in combination with azacitidine in patients who are newly diagnosed with high-risk myelodysplastic syndrome (MDS) (GLORA-4).

- A registrational Phase III clinical trial for lisaftoclax (APG-2575) in newly diagnosed old or unfit patients with AML is ongoing (GLORA-3).

- A registrational Phase III study designed to evaluate lisaftoclax (APG-2575), in combination with the BTK inhibitor acalabrutinib, versus immunochemotherapy in treatment-naïve patients with CLL/SLL, aiming to validate the combination regimen as a first-line treatment for CLL/SLL is ongoing (GLORA-2).

- A global registrational Phase III clinical trial for lisaftoclax (APG-2575) in combination with BTK inhibitors in patients with CLL/SLL previously treated with BTK inhibitors is ongoing (GLORA).

- Phase Ib/II studies of lisaftoclax (APG-2575) as a single agent or in combinations for the treatment of patients with AML/MDS are ongoing in China.

- Phase Ib/II studies of lisaftoclax (APG-2575) in combinations for the treatment of patients with AML/MDS are also ongoing in the United States.

- A Phase Ib/II study of lisaftoclax (APG-2575) in combination for the treatment of patients with MM is ongoing in China.

- A Phase Ib/II study of lisaftoclax (APG-2575) in combination for the treatment of patients with MM is also ongoing in the United States.

- A global Phase Ib/II study of lisaftoclax (APG-2575), both as a single agent and in combinations with BTK inhibitor ibrutinib/rituximab for the treatment of patients with WM, is ongoing in the United States, Australia, and China.

Data publication

- In June 2024, we released updated data of lisaftoclax combined with novel therapeutic regimens in patients with relapsed/refractory (R/R) MM or immunoglobulin light-chain (AL) amyloidosis, in a poster presentation at EHA 2024. In Arm A (lisaftoclax in combination with pomalidomide and dexamethasone), 27 patients with r/r MM were efficacy evaluable, of whom 10 had PR, seven very good PR, or VGPR, and two CR. The ORR was 70.4%. Moreover, the study reported an incidence of Grade 3 or higher treatment-related neutropenia of 14.3%.

- In June 2024, we released updated results from a global, multi-center Phase Ib/II study of lisaftoclax alone or in combinations for the treatment of patients with WM, in a poster presentation at the 60th ASCO Annual Meeting. This is the second consecutive year in which this study of lisaftoclax (APG-2575) was selected for presentations at the ASCO Annual Meeting. We also released the latest results from a Phase Ib/II study of lisaftoclax in combination with azacitidine (AZA) in patients with treatment-naïve (TN) or R/R AML, in a poster presentation. Among the 39 elderly/unfit patients with newly diagnosed AML, ORR and CRc were 64.1% and 51.3%, respectively. 10.5% of patients reported febrile neutropenia. No TLS was reported, and the 30-/60-day mortality rates were 1.3% and 3.9%, respectively.

The expected progress of lisaftoclax (APG-2575) in 2024 is as follows:

- We expect to submit a new drug application (NDA) in China for lisaftoclax for the treatment of R/R CLL/SLL in 2024.

- We expect to continue to execute the registrational clinical trials including GLORA, GLORA-2, GLORA-3 and GLORA-4 trials.

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

Alrizomadlin (APG-115)

Alrizomadlin (APG-115) is a novel, orally bioavailable, highly selective, small-molecule inhibitor of MDM2-p53 protein-protein interactions (PPIs). Alrizomadlin (APG-115) was designed to restore activation of p53 tumor suppressor activity by blocking the MDM2-p53 interaction. It is undergoing multiple clinical studies in China, United States, and Australia as a single agent or in combination with immunotherapy or chemotherapy in treating solid tumors as well as hematologic malignancies.

The FDA has granted six ODDs for alrizomadlin (APG-115) for the treatment of soft-tissue sarcoma, gastric cancer (GC), AML, retinoblastoma, stage IIB-IV melanoma, and neuroblastoma. In addition, alrizomadlin (APG-115) has been granted two Rare Pediatric Disease Designations (RPDD) designation by the FDA for the treatment of neuroblastoma and retinoblastoma.

The recent progress of alrizomadlin (APG-115) is as follows:

Clinical progress

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

- A Phase 1b/2 study of alrizomadlin (APG-115) monotherapy or in combination with pembrolizumab in patients with unresectable or metastatic melanoma (in collaboration with Merck & Co.) or other advanced solid tumors.
- A Phase 1b/2 study of alrizomadlin (APG-115) alone or in combination with azacitidine in patients with relapsed/refractory (R/R) AML, chronic myelomonocytic leukemia (CMML), or MDS.
- A phase 2a study evaluating the pharmacokinetics, safety and efficacy of APG-115 as a single agent or in combination with APG-2575 in subjects with relapsed/refractory T-cell Prolymphocytic Leukemia (R/R T-PLL) or Non-Hodgkin's Lymphoma (NHL).
- An investigator-initiated trial (IIT) of alrizomadlin (APG-115) monotherapy or in combination with chemotherapy in a Phase 2 study for the treatment of salivary gland cancer.

In addition, CDE has granted approval for the following clinical trials of alrizomadlin (APG-115) in China:

- A Phase 1b/2 clinical study of alrizomadlin (APG-115) in combination with anti-PD-1 antibody (JS001) toripalimab, for the treatment of patients with advanced liposarcoma (LPS) or other advanced solid tumors.
- A Phase 1b study of alrizomadlin (APG-115) single agent or in combination with azacitidine or cytarabine in patients with R/R AML and relapsed/progressed high-/very high-risk MDS.
- A phase 1 clinical study of alrizomadlin (APG-115) alone or in combination with lisaftoclax (APG-2575) in children with recurrent or refractory neuroblastoma or other solid tumors.

Data publication

- In March 2024, the clinical results of a phase 1/2 study of APG-115 in progressive salivary gland cancer, including patients with adenoid cystic carcinoma (ACC), were presented during the 2024 Multidisciplinary Head and Neck Cancers Symposium.
- In April 2024, we released updated data of APG-115 at 2024 AACR annual meeting, demonstrating that APG-5918 and APG-115 synergistically inhibit tumor growth in preclinical models of prostate cancer (PCa).
- By June 2024, we submitted and had received acceptance for publication in Targeted Oncology for Malignant Peripheral Nerve Sheath Tumor (MPNST).

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

Pelcitoclax (APG-1252)

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

As of December 20, 2023, a total of 203 patients have been treated with pelcitoclax (APG-1252) as a monotherapy or in combination with other antitumor agents across clinical trials conducted in the United States, Australia and China. Pelcitoclax (APG-1252) was well tolerated with either weekly or biweekly intermittent dosing schedules. Preliminary anti-tumor activity was observed as a single agent in heavily pretreated patients.

The recent progress of pelcitoclax (APG-1252) is as follows:

Clinical progress

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

- A Phase 1b study of pelcitoclax (APG-1252) plus osimertinib in patients with epidermal growth factor receptor (EGFR) mutant NSCLC, in China;

- A Phase 1b study of pelcitoclax (APG-1252) as a monotherapy in neuroendocrine tumors from the pancreas or other parts of the gastrointestinal tract, in China; and

- A Phase 1b/2 study of pelcitoclax (APG-1252) as a single agent or in combination with other therapeutic agents in patients with R/R NHL, in China.

Data publication

- In February 2024, we published results of the first-in-human study with preclinical data of pelcitoclax in locally advanced or metastatic solid tumors.

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

APG-5918

APG-5918 is a potent, orally available, and highly selective inhibitor embryonic ectoderm development (EED) a sub-unit of the Polycomb Repressive Complex 2, or PRC2. Preliminary study results from our preclinical models of anemia demonstrated APG-5918 has potential to improve CKD induced hemoglobin, or Hb, insufficiency.

We also initiated an FDA-regulated multi-center, open-label, Phase 1 trial of APG-5918 to evaluate the safety, pharmacokinetics and efficacy of APG-5918 in advanced solid tumors or lymphomas, including non-Hodgkin's lymphoma, that have progressed or are intolerant after treatment with approved therapies or for which there are no standard therapies available.

The recent progress of APG-5918 is as follows:

- In June 2024, we released the updated preclinical results of APG-5918 at the 2024 European Hematology Association Hybrid Congress (EHA 2024), demonstrating that APG-5918 improves Chronic Kidney Disease-(CKD)-Induced Hemoglobin (HB) insufficiency in preclinical models of anemia.

- In April 2024, we released updated preclinical data of APG-5918 at 2024 AACR annual meeting, demonstrating that APG-5918 and alrizomadlin (APG-115) synergistically inhibit tumor growth in preclinical models of prostate cancer (PCa).

- In January 2023, APG-5918 obtained approval from CDE to initiate a clinical study in patients with anemia-related indications. During the Reporting Period, the first part of the single ascending dose study in healthy subjects has been completed, and the second part of multiple ascending dose phase in anemic subjects has been initiated.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET PELCITOCLAX (APG-5918) SUCCESSFULLY.

Other Clinical Stage Candidates

APG-2449

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

The recent progress of APG-2449 is as follows:

- In June 2024, we released updated data of APG-2449, in patients with non-small-cell lung cancer (NSCLC) in a poster presentation at the 60th ASCO Annual Meeting. This is the third consecutive year in which clinical data from this study of APG-2449 were selected for presentations at the ASCO Annual Meeting. Preliminary efficacy was demonstrated in patients with NSCLC who were TKI naïve and resistant to second-generation ALK TKIs, as well as early antitumor activity in brain metastases.

- In April 2024, we released updated preclinical data of APG-2449 at 2024 AACR annual meeting, demonstrating that it inhibits metastasis and enhances the antitumor efficacy of PEGylated liposome doxorubicin (PLD) in epithelial ovarian cancer (EOC).

- A Phase 1b/2 study of APG-2449 in combination with liposomal doxorubicin hydrochloride in platinum-resistant ovarian cancer is ongoing.

Cautionary Statement required by Rule 18A.08(3) of the Listing Rules: WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET APG-2449 SUCCESSFULLY.

Discovery Pipeline

Protein degraders

Our deep understanding of heterobifunctional molecules and ligase biology has allowed us to develop protein degraders targeting traditionally undruggable proteins of interest implicated in key oncologic pathways. We believe we have the ability to develop differentiated degraders with improved PK/PD profiles that exhibit less off-target effects than other degraders in clinical development. Through our degrader platform, we also believe we can develop cancer therapeutics targeted at resistance mechanisms that have traditionally plagued small molecule inhibitors.

We have identified and nominated our first targeted protein degrader, or TPD, candidate for pre-clinical development. This orally bioavailable degrader is targeting the p53-MDM2 pathway. In the last twenty years, many highly potent and orally active MDM2 inhibitors have been developed as a way to activate the p53 tumor suppressor gene, and several are currently in clinical development, including alrizomadlin. However, inhibition of p53 have often resulted in upregulation of MDM2, which has then limited the efficacy of these MDM2 inhibitors, so we believe that a degrader approach could be pursued as the next generation strategy.

We have also identified several compounds that are capable of rapidly reducing the levels of the Bcl-xL protein in human cancer cell lines and thereby inhibiting cancer cell growth in human cancer cell lines that are dependent on Bcl-xL. Based on our initial studies, we believe we are developing a Bcl-xL protein degrader that has the potential to exhibit strong activity with low levels of platelet toxicity. We expect to select and nominate our first Bcl-xL degrader as a candidate for pre-clinical development by the end of the year.

RESEARCH AND DEVELOPMENT

We have a proven track record of accomplishment in researching, developing and commercializing biopharmaceuticals. We plan to continue to diversify and expand our product pipeline through both in-house research and development and collaboration with biotechnology and pharmaceutical companies, as well as academic institutions. We have an experienced scientific advisory board (SAB), chaired by Dr. Shaomeng 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 periodically provide us with assistance and guide our clinical development programs through regularly scheduled SAB meetings.

For the six months ended June 30, 2023 and 2024, our research and development expenses were RMB309.8 million and RMB444.1 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 rights to issue patents or patent applications worldwide with respect to our product candidates. As of June 30, 2024, we had 520 issued patents globally, among which 367 issued patents were issued outside of China.

COMMERCIALIZATION

We attach great importance to building Ascentage Pharma's commercialization capability, including developing sound strategies and feasible infrastructure.

As of June 30, 2024, our core product olverembatinib achieved RMB112.92 million invoiced sales revenue for the first half of 2024. We have established a fully functional commercialization team consisting of more than 100 staff. Our team, together with Innovent Biologics, Inc. (1801.HK), had covered 117 distributors and around 800 hospitals in China. By the end of June 30, 2024, we have entered 670 direct-to-pharmacy (DTP) pharmacies and hospitals. Ascentage Pharma's commercial team organized a variety of online and offline promotional activities. They also educated health care professionals (HCPs) concerning olverembatinib's clinical benefits, which enhanced brand awareness of olverembatinib among HCPs and patients.

In addition, since the new indication of olverembatinib was approved in November 2023, as of June 30, 2024, it has been reimbursed by 114 projects in 83 cities in 20 provinces by supplementary insurance or Huimin Insurance for major diseases, among which 20 provincial or prefecture-level cities, including Hebei Province, Hainan Province, Inner Mongolia Autonomous Region, Wuxi, Huzhou, Shenzhen, and Yantai, have been included in the special drug catalog of Huiminbao, which greatly reduces the burden of medical treatment on patients and improves drug accessibility.

Furthermore, in January 2023, olverembatinib was successfully included in the 2022 NRDL for the indication of T315I-mutant CML-CP and CML-AP. The new version of the NRDL took effect on March 1, 2023, in China. The inclusion will bolster the accessibility of olverembatinib, allowing more CML patients to easily and affordably access the medication. We will collaborate with Innovent Biologics to accelerate the target hospital listings and medical insurance pharmacies, bolstering the accessibility of olverembatinib and laying a solid foundation for accessibility of our products for new approved indications in the future.

In July, 2024, olverembatinib, has been approved by the Pharmaceutical Administration Bureau (ISAF) of the Macau Special Administrative Region of the People's Republic of China for the treatment of adult patients with tyrosine kinase inhibitors (TKI)-resistant chronic-phase chronic myeloid leukemia (CML-CP) or accelerated-phase CML (CML-AP) harboring the T315I mutation; and adult patients with CML-CP resistant to and/or intolerant of first-and second-generation TKIs. We will actively consider and apply for the inclusion of new indications in the NRDL in July 2024. We also actively promote the inclusion of commercial medical insurance projects in various cities to enhance affordability for patients.

Recently, olverembatinib was also included in the NCCN guidelines for the management of CML, 2022 version of "Chinese Guidelines for Integrated Cancer Diagnosis and Treatment (CACA)" and 2024 version of "CSCO guideline for Diagnosis and Treatment of Hematological Malignancies" for the treatment of CML and Ph+ ALL. Ascentage Pharma is committed to the expansion of commercialization and availability of olverembatinib in the China market and abroad.

CHEMISTRY, MANUFACTURING AND CONTROL

We have established our own Suzhou facility as our global R&D center and manufacturing facility. The R&D center and the manufacturing centers were implemented into use in the second half of 2021 and the fourth quarter of 2022, respectively.

The Suzhou manufacturing center has more than 20,000 square meters of floor area, and the manufacturing capacity for both oral solid tablets and capsules is up to 250 million dosage units per year. We also maintain manufacturing capability for injectable drug products, including lyophilized formulations at the Suzhou center. In the fourth quarter of 2022, the Company was issued a Drug Manufacturing License (Certificate A), which will allow us to produce innovative drugs with global patents and global market potential in Suzhou and supply the drugs to the global market. Ascentage Pharma's global manufacturing center is enabling further transformation from a biotech company to a biopharma company.

In April 2023, the Company received a zero-deficiency report from the Good Manufacturing Practices (GMP) compliance audit of Ascentage Pharma's global manufacturing center by a Qualified Person (QP) of the EU. We believe this report indicates that the Company's Global Manufacturing Center and quality management system implemented at the site are compliant with the standards of the EU GMP, marking the achievement of a major milestone that will pave the way for the Company's continued global expansion.

In 2023, we completed the technical transfer of the lisaftoclax (APG-2575) tablets, which allows us to internalize the production and supply of the drug for its global clinical trials. We completed the drug tablet coating and debossing development and the GMP production of olverembatinib tablets, preparing for the future applications to the global regulatory authorities including the FDA. Our manufacturing facilities will continue to support the clinical and commercial production of drug supply and product development and regulatory filings.

In the first half year of 2024, the Suzhou manufacturing center completed the technical transfer and GMP batch production of olverembatinib tablets, which allows us to supply olverembatinib tablets for both global and China clinical trials from Ascentage Pharma owned facility.

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

BUSINESS DEVELOPMENT

In addition to our strong in-house research and development team, we have established global collaboration and other relationships with leading biotechnology and pharmaceutical companies and academic institutions. We will continue to seek partnerships to maximize the value of our pipeline products.

On June 14, 2024, Ascentage Pharma, Ascentage HK, Ascentage GZ, Ascentage SZ and Takeda entered into an exclusive option agreement, pursuant to which we granted Takeda an exclusive option to enter into an exclusive license agreement for olverembatinib. If exercised, the Option would allow Takeda to license global rights to develop and commercialize olverembatinib in all territories outside of, among others, People's Republic of China, Hong Kong, Macau and Taiwan. Pursuant to the Exclusive Option Agreement, Ascentage shall be solely responsible for all clinical development of olverembatinib before the potential exercise of the Option. The Exclusive Option Agreement calls for Ascentage to receive an option payment of US$100 million related to intellectual property income and option payment under the Exclusive Option Agreement. Additionally, Ascentage is eligible for an option exercise fee and additional potential milestone payments of up to approximately US$1.2 billion and double-digit royalties on annual net sales. On July 2, 2024, Ascentage has received the option payment related to intellectual property income and option payment under the Exclusive Option Agreement.

The Exclusive Option Agreement would allow Ascentage to leverage the global commercial expertise of Takeda with a proven record of accomplishment and global oncology footprint to potentially broaden the impact that olverembatinib could have on patients in need around the world.

Additionally, on June 20, 2024, pursuant to the securities purchase agreement dated June 14, 2024 entered into between the Company and Takeda, Ascentage issued and allotted to Takeda 24,307,322 Shares at a price per share equal to HK$24.09850 per Share (equivalent to approximately US$3.08549), and with the aggregate purchase price of US$75 million (equivalent to approximately HK$585.77 million). The Share Purchase Price represents a 25.12% premium to the 20-day average closing price of the Shares prior to the date of the Securities Purchase Agreement (being HK$19.26 per Share). Pursuant to the Securities Purchase Agreement, Takeda has agreed to certain lock-up arrangements in connection with the Shares until June 20, 2025.

For further details on the Exclusive Option Agreement, the Securities Purchase Agreement and the transactions contemplated thereunder, please refer to the relevant announcements of the Company dated June 14, 2024, June 21, 2024 and July 4, 2024.

FINANCIAL REVIEW

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Revenue	**823,746**	142,701
Other income and gains	**17,346**	17,021
Selling and distribution expenses	**(89,637)**	(83,319)
Research and development expenses	**(444,079)**	(309,814)
Administrative expenses	**(86,988)**	(91,340)
Finance costs	**(34,076)**	(52,719)
Other expenses	**(7,106)**	(4,175)
Profit/(loss) for the period	**162,826**	(402,349)
Total comprehensive income/(loss) for the period	**165,095**	(362,569)

1. Overview

For the six months ended June 30, 2024, the Group recorded revenue of RMB823.7 million, as compared with RMB142.7 million for the six months ended June 30, 2023, and the total comprehensive income of RMB165.1 million, as compared with the total comprehensive loss of RMB362.6 million for the six months ended June 30, 2023. The profit of the Group was RMB162.8 million for the six months ended June 30, 2024, as compared with the loss of RMB402.3 million for the six months ended June 30, 2023. The selling and distribution expenses of the Group was RMB89.6 million for the six months ended June 30, 2024, as compared with RMB83.3 million for the six months ended June 30, 2023. The research and development expenses of the Group was RMB444.1 million for the six months ended June 30, 2024, as compared with RMB309.8 million for the six months ended June 30, 2023. The administrative expenses of the Group was RMB87.0 million for the six months ended June 30, 2024, as compared with RMB91.3 million for the six months ended June 30, 2023.

2. Revenue

For the six months ended June 30, 2024, the Group generated revenue of RMB823.7 million from the intellectual property income, sales of pharmaceutical products, commercialization rights income from Innovent Suzhou and service income, as compared to RMB142.7 million for the six months ended June 30, 2023, representing an increase of RMB681.0 million, or 477.2%.

3. Other Income and Gains

The Group's other income and gains primarily consist of (i) interest income on time deposit at banks; and (ii) government grants related to income. 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, 2024 was RMB17.3 million, as compared to RMB17.0 million for the six months ended June 30, 2023, representing an increase of RMB0.3 million, or 1.8%, which was primarily attributable to (i) the increase in bank interest income to RMB9.4 million for the six months ended June 30, 2024, as compared with RMB6.0 million for the six months ended June 30, 2023; and (ii) the decrease in government grants related to income to RMB6.7 million for the six months ended June 30, 2024, as compared with RMB7.5 million for the six months ended June 30, 2023.

4. Selling and Distribution Expenses

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

For the six months ended June 30, 2024, the selling and distribution expenses of the Group increased by RMB6.3 million, or 7.6%, to RMB89.6 million, as compared to RMB83.3 million for the six months ended June 30, 2023. The increase was attributable to the increase in selling and distribution expenses incurred in the commercialization of olverembatinib and other products.

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 RSU expenses of research and development staff.

For the six months ended June 30, 2024, the research and development expenses of the Group increased by RMB134.3 million, or 43.4% to RMB444.1 million from RMB309.8 million for the six months ended June 30, 2023. The increase was primarily attributable to increased internal research and development expenses.

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,	
	2024	2023
	RMB'000	RMB'000
Internal research and development expenses	**185,729**	76,028
External research and development expenses	**43,622**	43,763
Staff costs	**156,345**	134,380
IP expenses	**4,100**	5,378
Materials	**12,860**	5,780
Depreciation and amortization	**17,304**	14,721
Share option and RSU expenses of R&D staff	**7,287**	14,301
Others	**16,832**	15,463
Total	**444,079**	309,814

6. Administrative Expenses

For the six months ended June 30, 2024, the administrative expenses of the Group decreased by RMB4.3 million, or 4.7% to RMB87.0 million from RMB91.3 million for the six months ended June 30, 2023. The decrease was primarily attributable to the decreased labor cost and 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,	
	2024	2023
	RMB'000	RMB'000
Share option and RSU expenses	**1,161**	2,850
Staff costs	**32,502**	34,034
Depreciation and amortization	**25,645**	26,861
Others	**27,680**	27,595
Total	**86,988**	91,340

7. Finance Costs

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

For the six months ended June 30, 2024, the finance costs of the Group decreased by RMB18.6 million, or 35.3% to RMB34.1 million from RMB52.7 million for the six months ended June 30, 2023. The decrease was primarily attributable to decreased interest incurred in relation to bank borrowings.

8. Other Expenses

The Group's other expenses mainly consisted of donations.

For the six months ended June 30, 2024, the Group reported other expenses of RMB7.1 million, as compared to other expenses of RMB4.2 million for the six months ended June 30, 2023, which represented an increase of RMB2.9 million, or 69.0%. The increase was primarily attributable to the increase in donations to RMB5.1 million for the six months ended June 30, 2024, as compared to RMB2.5 million for the six months ended June 30, 2023.

9. Profit/(Loss) for the Reporting Period

As a result of the foregoing, the profit of the Company increased by RMB565.1 million, to RMB162.8 million for the six months ended June 30, 2024 from the loss of RMB402.3 million for the six months ended June 30, 2023.

10. Cash Flows

For the six months ended June 30, 2024, net cash outflows used in operating activities of the Group amounted to RMB354.4 million, as compared to that of RMB368.5 million for the six months ended June 30, 2023, mainly due to (i) the decrease in trade receivables and other receivables; and (ii) the increase in trade payables and other payables.

For the six months ended June 30, 2024, net cash outflows used in investing activities of the Group amounted to RMB131.3 million, which consisted of (i) the net increase in property, plant and equipment and other intangible assets of RMB16.5 million; (ii) the net increase in investment in a joint ventures of RMB16.0 million; and (iii) the net increase in time deposits of RMB98.8 million. For the six months ended June 30, 2023, net cash outflow from investing activities amounted to RMB64.8 million, which consisted of (i) the net increase in property, plant and equipment and other intangible assets of RMB34.8 million; and (ii) the net increase in time deposits of RMB30.0 million.

For the six months ended June 30, 2024, net cash inflows from financing activities of the Group amounted to RMB396.9 million, which mainly consisted of (i)* net proceeds arising from the 2024 Share Subscription of RMB532.0 million; (ii) net repayment of bank loans which amounted to RMB93.7 million; and (iii) interest paid which amounted to RMB33.2 million. For the six months ended June 30, 2023, net cash inflows from financing activities amounted to RMB455.6 million, which mainly consisted of (i) net proceeds of RMB470.1 million from the issuance of shares through the 2023 Placing; (ii) net repayment of bank loans which amounted to RMB115.8 million; and (iii) interest paid which amounted to RMB54.4 million.

* representing proceeds from issue of shares minus cash payment of share issue expenses recorded as a deduction of share premium for the six months ended June 30, 2024.

11. Key Financial Ratios

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

	As at June 30, 2024	As at December 31, 2023
Current ratio[(1)]	**1.8**	1.4
Quick ratio[(2)]	**1.8**	1.4
Gearing ratio[(3)]	**77.2%**	993.5%

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%.

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 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, 2024.

15. Bank Loans and Other Borrowings

As at June 30, 2024, we had bank loans of RMB1,679.2 million denominated in RMB and lease liabilities of RMB20.9 million.

As at June 30, 2024, RMB725.4 million of the Group's borrowings were at fixed interest rates.

June 30, 2024

	Effective interest rate per annum (%)	Maturity	RMB'000
Current			
Short-term borrowing – unsecured	**3.15**	**2024**	**120,000**
Current portion of long term bank loans – unsecured	**2.80-4.75**	**2024-2025**	**333,870**
Current portion of long term bank loans – unsecured	**1 year LPR-0.15 to 0.65 or 1 year LPR+0.55 to 0.70**	**2024-2025**	**259,350**
Current portion of long term bank loans – secured*	**5 year LPR-0.85**	**2024-2025**	**6,875**
Lease liabilities	**4.00-4.35**	**2024-2025**	**9,445**
Subtotal			**729,540**
Non-current			
Bank loans – unsecured	**1 year LPR-0.15 to 0.65**	**2025-2026**	**112,150**
Bank loans – unsecured	**2.80-4.50**	**2025-2028**	**250,685**
Bank loans – secured*	**5 year LPR-0.85**	**2025-2038**	**596,307**
Lease liabilities	**4.00-4.35**	**2025-2028**	**11,413**
Subtotal			**970,555**
Total			**1,700,095**

Note: LPR stands for the Loan Prime Rate.

* The bank loans amounting to RMB603,182,000 (December 31, 2023: RMB602,794,000) were secured by the pledge of the Group's buildings with a net carrying amount of approximately RMB750,960,000 (December 31, 2023: RMB769,776,000) and right-of-use assets with a net carrying amount of approximately RMB27,033,000 (December 31, 2023: RMB27,598,000) as at June 30, 2024. Such loans were also guaranteed by two of the Group's subsidiaries.

The unsecured bank loans amounting to RMB366,055,000 (December 31, 2023: RMB377,620,000) were guaranteed by the Group's subsidiaries as at June 30, 2024.

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

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Analysed into:		
Within one year	**729,540**	616,404
In the second year	**275,511**	428,783
In the third to fifth years, inclusive	**190,269**	238,580
Beyond five years	**504,775**	511,828
Total	**1,700,095**	1,795,595

16. Charges on Group Assets

As at June 30, 2024, the Group had pledged the Group's right-of-use assets with a carrying amount of approximately RMB27.0 million, the buildings with a carrying amount of approximately RMB751.0 million.

17. Contingent Liabilities

As at June 30, 2024, 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 time deposits with authorized institutions in Hong Kong and China.

As at June 30, 2024, the Group's cash and bank balances was RMB1,100.3 million, which remained relatively constant when compared with RMB1,093.8 million as at December 31, 2023.

As at June 30, 2024, the Group's cash and bank balances were held mainly in U.S. dollars, Hong Kong dollars and RMB.

As at June 30, 2024, the Group had not used any financial instruments for hedging purposes.

As at June 30, 2024, the current assets of the Group were RMB1,963.8 million, including cash and bank balances of RMB1,100.3 million, inventory balances of RMB10.7 million, trade receivable balances of RMB743.5 million and other current assets of RMB109.3 million. As at June 30, 2024, the current liabilities of the Group were RMB1,065.4 million, including trade payables of RMB83.1 million, other payables and accruals of RMB215.2 million, borrowings of RMB729.5 million and contract liabilities of RMB37.5 million. As at June 30, 2024, the non-current liabilities of the Group were RMB1,265.3 million, including long term borrowings of RMB970.6 million, contract liabilities of RMB233.4 million, other long term payables and deferred income of RMB55.5 million and deferred tax liabilities of RMB5.8 million.

19. Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as at June 30, 2024 by function:

Function	Number	%
Research and Development	407	70.9
Commercial	101	17.6
Administrative and others	66	11.5
Total	574	100.0

As at June 30, 2024, we had 574 full-time employees, including a total of 50 employees with M.D. or Ph.D. degrees. Of these, 407 are engaged in full-time research and development and laboratory operations and 167 are engaged in full-time general and administrative and commercial functions, and business development function. Our research and development personnel includes 44 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, 2024, we had 172 senior employees who have an average of 15 to 20 years of experience in relevant fields.

We have also enjoyed more than 87% 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, 2023 and 2024, employee benefit expense amounted to RMB201.2 million and RMB218.9 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.

The Company did not grant any share options or RSUs during the Reporting Period.

For further details of the Pre-IPO Share Option Scheme and the Post-IPO Share Option 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 2018 RSU Scheme and the grant of RSUs thereunder, please refer to the prospectus of the Company dated October 16, 2019 and the relevant announcements of the Company dated February 2, 2021 and May 29, 2023. 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, July 23, 2021 and May 29, 2023 as well as the circular of the Company dated August 31, 2021 and the poll results announcement of the Company dated September 20, 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, July 14, 2022, May 8, 2023 and May 29, 2023.

FUTURE AND OUTLOOK

Leveraging our extensive experience in the global biotechnology industry, we will continue to accelerate our development of six drug candidates in our highly differentiated novel clinical pipeline to next phases and apply for NDAs across the globe.

We will invest more resources to support our key product development through accelerating clinical trial sites development, boosting clinical trial recruitment and increasing material communications with competent authorities. Meanwhile, we also expect to report significant near-term milestones for several key products in global academic conferences on our encouraging preclinical or clinical data, so as to increase our awareness and seek global collaboration 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 of 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, 2024, we had 520 issued patents globally, among which, 367 were issued outside of China. We will further enhance our comprehensive and growing global intellectual property portfolio in the future.

Looking forward, we will constantly extend our capability to develop the innovative therapies with better efficacy and affordable costs for patients to address the unmet medical needs, improve patient health and bring benefits to the society globally. At the same time, we will constantly strive to consolidate our position as a leading biotechnology company and maintain good financial health to protect the interests of our Shareholders.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the six months ended June 30, 2024 and up to the date of this interim report, no important events affecting the Company has taken place that is required to be disclosed.

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2024.

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

As at June 30, 2024, the interests and short positions of the Directors or chief executives of our Company in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director or chief executive	Nature of Interest	Number of Ordinary Shares	Approximate percentage of shareholding interest
Dr. Yang	Interest of controlled corporation[4] Interests held jointly with other persons[2] Interest of spouse[3] Settlor of a discretionary trust[4] Beneficial owner[11]	78,020,240	24.80%
Dr. Wang	Interest of controlled corporation[4] Interests held jointly with other persons[2] Settlor of a discretionary trust[4]	78,020,240	24.80%
Dr. Zhai	Interest of controlled corporation[5] Interest held jointly with other persons[2] Interest of spouse[3] Settlor of a discretionary trust[5] Beneficial owner[10]	78,020,240	24.80%
Dr. Lu Dazhong Simon	Beneficial owner[6]	41,457	0.01%
Mr. Ye Changqing	Beneficial owner[7]	8,964	0.00%
Mr. Ren Wei	Beneficial owner[8]	8,964	0.00%
Dr. David Sidransky	Beneficial owner[9]	10,641	0.00%

Notes:

1. All interests stated are long position.

2. Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai and Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of our Group since December 5, 2016 and will continue to act in concert after Listing. Accordingly, each of Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai and Dr. Zhai SPV is deemed to be interested in an aggregate of 24.80% shareholding interest in our Company.

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

4. The Yang Family Trust, the Wang Family Trust and the Guo Family Trust were respectively established by Dr. Yang, Dr. Wang and Dr. Guo as settlor for the benefits of their respective family members. South Dakota Trust is the trustee of each of the Founders Family Trusts.

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

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

7. Mr. Ye Changqing is interested in RSUs granted to him under the 2021 RSU Scheme entitling him to receive 8,964 shares. As at June 30, 2024, 2,241 RSUs remain unvested.

8. Mr. Ren Wei is interested in RSUs granted to him under the 2021 RSU Scheme entitling him to receive 8,964 shares. As at June 30, 2024, 2,241 RSUs remain unvested.

9. Dr. David Sidransky is interested in RSUs granted to him under the 2021 RSU Scheme entitling him to receive 10,641 shares. As at June 30, 2024, 10,641 RSUs remain unvested.

10. Dr. Zhai is interested in RSUs granted to her under the 2022 RSU Scheme entitling her to receive 100,000 shares, as at June 30, 2024, 70,000 RSUs remain unvested. On May 19, 2023, Dr. Zhai was granted 126,000 RSUs under the 2018 RSU Scheme, as at June 30, 2024, all RSUs granted under the 2018 RSU Scheme has been vested.

11. On May 19, 2023, Dr. Yang was granted 46,972 RSUs under the 2018 RSU Scheme, as at June 30, 2024, all RSUs granted under the 2018 RSU Scheme has been vested.

12. All interests are calculated based on the total Shares in issue as at June 30, 2024, being 314,654,405.

Save as disclosed above, as at June 30, 2024, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

As at June 30, 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Substantial Shareholder	Nature of Interest	Number of Ordinary Shares	Approximate percentage of shareholding interest
Li Ju-Yun	Interest of spouse[2]	78,020,240 (L)	24.80%
Dr. Guo	Interest of controlled corporation Interest held jointly with other persons[3, 5] Settlor of discretionary trust	78,020,240 (L)	24.80%
Gao Sharon Xia	Interest of spouse[4]	78,020,240 (L)	24.80%
Dr. Zhai SPV	Beneficial owner Interest held jointly with other persons[3]	78,020,240 (L)	24.80%
South Dakota Trust	Trustee[5,6]	53,801,751 (L)	17.10%
Takeda Pharmaceuticals Company Limited	Interest of controlled corporation[7]	24,307,322 (L)	7.73%
Takeda Pharmaceuticals International AG	Beneficial owner	24,307,322 (L)	7.73%
Future Industry Investment Co., Limited (先進製造產業投資有限公司)	Beneficial owner	16,615,440 (L)	5.28%
Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥))	Interest of controlled corporation[8]	16,615,440 (L)	5.28%
SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司)	Interest of controlled corporation[8]	16,615,440 (L)	5.28%

Notes:

1. (L) -Long position; (S) -Short position.

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

3. Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai and Dr. Zhai SPV are parties to the Concert Party Confirmation Deed, according to which they have been and will be actively cooperating, communicating and acting in concert with each other with respect to their interests in or the business of the relevant members of our Group since December 5, 2016 and will continue to act in concert after Listing. Accordingly, each of Dr. Yang, Dr. Guo, Dr. Wang, Dr. Zhai and Dr. Zhai SPV is deemed to be interested in an aggregate of 24.80% shareholding interest in our Company.

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

5. The Yang Family Trust, the Wang Family Trust and the Guo Family Trust were respectively established by Dr. Yang, Dr. Wang and Dr. Guo as settlor for the benefits of their respective family members. South Dakota Trust is the trustee of each of the Founders Family Trusts.

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

7. Takeda Pharmaceuticals International AG is beneficially owned by Takeda Pharmaceuticals Company Limited. Therefore, Takeda Pharmaceuticals Company Limited is deemed to be interested in the Shares held by Takeda Pharmaceuticals International AG.

8. Future Industry Investment Co., Limited (先進製造產業投資有限公司) is beneficially owned by Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥)), which is beneficially owned by SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司). Therefore, Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥)) and SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司) are deemed to be interested in the Shares held by Future Industry Investment Co., Limited (先進製造產業投資有限公司).

9. All interests are calculated based on the total Shares in issue as at June 30, 2024, being 314,654,405.

EQUITY PLANS

1. Pre-IPO Share Option Scheme

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

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

Eligible Participants

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

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

Maximum Entitlement of Each Participant

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

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

The overall limit on the number of underlying shares which may be delivered pursuant to share options granted under the Pre-IPO Share Option Scheme is 12,307,533 Shares, representing 3.91% of the issued capital of the Company, with a par value of US$0.0001 each as at June 30, 2024 and 3.90% of the issued capital of the Company as at the date of this interim report. As the overall limit of the Pre-IPO Share Option Scheme has been fully utilized, no further options are available for grant at the beginning and end of the Reporting Period.

Consideration

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

Determination of Exercise Price

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

Life of the Pre-IPO Share Option Scheme

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

Outstanding Share Options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Scheme as at June 30, 2024. All the options under the Pre-IPO Share Option Scheme were granted on or before the Listing Date and no further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date. For further details on the movement of the options during the Reporting Period, please see the below summary:

Relevant Grantee	Number of underlying Shares to be issued upon exercise of the option in full	Date of Grant	Outstanding as at January 1, 2024	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024
Directors of the Company							
Tian Yuan (resigned on May 20, 2022)	292,714	August 15, 2018	292,714	–	–	–	292,714
Zhao Qun (resigned on March 31, 2021)	292,714	August 15, 2018	292,714	–	–	–	292,714
Lu Dazhong Simon	41,457	August 15, 2018	41,457	–	–	–	41,457
Liu Qian (resigned on May 20, 2022)	37,688	August 15, 2018	37,688	–	–	–	37,688
Other grantees							
45 administrative and other staff	1,376,454	Between August 15, 2018 to September 16, 2019	281,790	6.600	–	–	275,190
316 research and development staff	10,263,455		2,317,285	78,889	–	–	2,238,396
Total			3,263,648	85,489	–	–	3,178,159

Notes:

1. The vesting dates of the options and the period during which the options can be exercised are set forth in the relevant grant letters in accordance with the Pre-IPO Share Option Scheme and disclosed in the Prospectus.

2. All the options are exercisable upon vesting at an exercise price of HK$0.01 per Share. The weighted average closing price of the Shares immediately before the dates on which the options were exercised by the employees of the Group is HK$22.097.

2. Post-IPO Share Option Scheme

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

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

Eligible Participants

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

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

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

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

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

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

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

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

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

The number of options available for grant under the overall limit of the Post-IPO Share Option Scheme is 20,707,462 Shares at the beginning of the Reporting Period and 20,707,462 Shares at the end of the Reporting Period.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes of our Group is 20,707,462, being no more than 10% of the Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**"), representing 6.58% of the total issued shares of the Company as of the date of this interim report.

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

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

As at June 30, 2024, no options had been granted, agreed to be granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme and therefore the total number of Shares available for grant under the Post-IPO Share Option Scheme was 20,707,462 Shares, representing 6.58% of the issued share capital of the Company as at June 30, 2024 and 6.58% of the issued share capital of the Company as at the date of this interim report.

Maximum entitlement of Each Participant

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

Life of the Post-IPO Share Option Scheme

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

Exercise Price

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

Consideration

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

Minimum Holding Period, Vesting and Performance Target

Subject to the provisions of the Listing Rules, our Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Post-IPO Share Option Scheme as our Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of all or any of our Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Post-IPO Share Option Scheme.

Subscription Price

The subscription price of a Share in respect of any particular Option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of (i) the nominal value of a Share; (ii) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (iii) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 business days (as defined in the Listing Rules) immediately preceding the date of grant.

Exercise of Options

An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the Option period in the manner as set forth in the Post-IPO Share Option Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. The exercise of any Option may be subject to a vesting schedule to be determined by the Board in its absolute discretion, which shall be specified in the offer letter. The exercise of any Option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised Share capital of our Company.

3. 2018 RSU Scheme

The purpose of the 2018 RSU Scheme is to incentivize the existing and incoming Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

Eligible Participants

Persons eligible to receive RSUs under the 2018 RSU Scheme are existing or incoming employees, directors (whether executive or non-executive) or officers of our Company or any member of our Group. Our Board selects the eligible persons to receive RSUs under the 2018 RSU Scheme at its discretion.

Maximum Entitlement of Each Participant

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

Maximum Number of Shares pursuant to RSUs

The maximum number of RSUs that may be granted under the 2018 RSU Scheme in aggregate shall be 5,274,657 ordinary shares representing 1.68% of the issued shares of the Company as at June 30, 2024 and 1.68% of the issued capital of the Company as at the date of this interim report. The number of RSUs available for grant under the overall limit of the 2018 RSU Scheme is 2,087,693 Shares as at the beginning of the Reporting Period and 2,087,693 Shares as at the end of the Reporting Period.

Life of the 2018 RSU Scheme

The 2018 RSU Scheme will be valid and effective for a period of ten years, commencing on July 6, 2018. The remaining life of the 2018 RSU Scheme is approximately three years and ten months.

Voting Rights

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

Grant of RSUs under the 2018 RSU Scheme

On May 19, 2023, the Company granted 1,237,884 RSUs (the "**2018 Awards**") under the 2018 RSU Scheme (the "**2018 Further Grant**"), representing 1,237,884 Shares to 73 Selected Persons, who are the employees of the Group, among which 46,972 RSUs, representing 46,972 Shares, were granted to Dr. Yang, our executive Director and the chief executive officer, and 126,000 RSUs, representing 126,000 Shares, were granted to Dr. Zhai, our chief medical officer and a substantial shareholder, each of them is a connected person of the Company under Chapter 14A of the Listing Rules. However, (i) as no new Shares will be allotted and issued upon the vesting of such 2018 Awards granted to Dr. Yang under the 2018 Further Grant; and (ii) the grant of 2018 Awards to Dr. Yang under the 2018 Further Grant was made pursuant to his service contract with the Company and form part of his remuneration package thereunder, the grant of 2018 Awards to Dr. Yang under the 2018 Further Grant is exempt from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.73(6) and Rule 14A.95 of the Listing Rules. Further, based on the closing price of HK$19.28 as quoted on the Stock Exchange on May 19, 2023 (being the date of the abovementioned grant of RSUs), (i) the aggregate market value of the underlying Shares in relation to the RSUs granted to Dr. Zhai amounts to HK$2,429,280; (ii) the aggregate market value of the underlying Shares in relation to the RSUs granted to Dr. Yang amounts to HK$905,620.16; and (iii) the aggregate market value of the underlying Shares in relation to the 1,064,912 RSUs granted to the remaining 71 Selected Persons amounts to HK$20,531,503.36.

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.

The abovementioned RSUs shall vest in accordance with the vesting criteria, conditions and time schedule as determined by the Board in its sole and absolute discretion with reference to, among other things, the location at which the abovementioned 2018 Selected Persons are based and the commencement date or duration of their employment. The Board has determined that vesting shall take place on May 19, 2023. The closing price of the shares on May 18, 2023, being the date immediately before the date on which the abovementioned RSUs were granted, was HK$19.82.

As at June 30, 2024, the Company has granted an aggregate of 3,828,476 RSUs under the 2018 RSU Scheme, representing 3,828,476 Shares to 114 Selected Persons, who are employees of the Group.

The abovementioned RSUs granted under the 2018 RSU Scheme would be satisfied by Shares issued and allotted to the RSU Holdco as the settlor of the 2018 RSU Scheme prior to the Listing. Please refer to the relevant announcements of the Company dated September 16, 2020, March 19, 2021 and May 29, 2023 for further details.

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

Set out below are details of the movements of the outstanding RSUs granted under the 2018 RSU Scheme as at December 31, 2023:

	Date of grant	Outstanding as at January 1, 2023	Granted during the year ended December 31, 2023	Vesting period of RSUs granted	Fair value of RSUs granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Outstanding as at December 31, 2023
Dr. Yang	May 19, 2023	–	46,972	May 19, 2023	HK$19.28 per share	46,972	–	–	0
Dr. Zhai	May 19, 2023	–	126,000	May 19, 2023	HK$19.28 per share	126,000	–	–	0
Staff	September 14, 2020	401,663	0	The RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on December 16, 2020, December 16, 2021, December 16, 2022 and December 16, 2023, respectively	–	357,031	–	44,632	0
	May 19, 2023	0	1,064,912	May 19, 2023	HK$19.28 per share	1,064,912	–	0	0

Notes:

1. The weighted average closing price of the Shares immediately before the dates on which the RSUs granted under the 2018 RSU Scheme were exercised is HK$21.3. The RSUs granted under the 2018 RSU Scheme which were cancelled during the year ended December 31, 2023 have no exercise price.

2. The Board may determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the grant letter. The vesting period of the RSUs granted under the 2018 RSU Scheme ranges from the date of grant to 39 months. There are no more outstanding RSUs granted under the 2018 RSU Scheme as at December 31, 2023.

3. The fair value of the RSUs granted during the year ended December 31, 2023 was calculated based on the market price of the Company's shares at the grant date.

During the Reporting Period, no RSUs were granted under the 2018 RSU Scheme and no RSUs granted under the 2018 RSU Scheme were cancelled. There are no more outstanding RSUs granted under the 2018 RSU Scheme as at June 30, 2024.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board shall send the vesting notice to each of the relevant eligible participants.

4. 2021 RSU Scheme

The purpose of the 2021 RSU Scheme is to incentivize the existing and incoming Directors, senior management and employees for their contribution to the Group, and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

Eligible Participants

Persons eligible to receive RSUs under the 2021 RSU Scheme are existing or incoming employees, directors (whether executive or non-executive) or officers of our Company or any member of our Group. Our Board selects any eligible persons to receive RSUs under the 2021 RSU Scheme at its discretion.

Maximum Number of Shares pursuant to RSUs

The maximum number of RSUs that may be granted under the 2021 RSU Scheme in aggregate shall be 3,133,526 ordinary shares, representing 0.996% of the issued shares of the Company as at June 30, 2024 and 0.995% of the issued capital of the Company as at the date of this interim report. The number of RSUs available for grant under the overall limit of the 2021 RSU Scheme is 1,264,839 Shares as at the beginning of the Reporting Period and 1,266,217 Shares as at the end of the Reporting Period. The maximum number of shares of the Company which may be issued upon exercise of all outstanding RSUs granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time.

As at June 30, 2024, the total number of shares available for issue under the 2021 RSU Scheme is 42,586 Shares, representing approximately 0.0099% of the issues shares of the Company as at June 30, 2024 and 0.0099% of the issued shares of the Company as at the date of this interim report.

Maximum Entitlement of Each Eligible Participant

The maximum number of shares issued and to be issued upon the exercise of RSUs granted to each Eligible Participants (including both exercised and outstanding RSUs) in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of RSUs in excess of this limit is subject to shareholders' approval in general meeting of the Company.

Life of the 2021 RSU Scheme

The 2021 RSU Scheme will be valid and effective for a period of ten years, commencing on February 2, 2021. As at June 30, 2024, the remaining life of the RSU Scheme was approximately six years and four months.

Voting Rights

Pursuant to trust deed for the 2021 RSU Scheme entered into between the Company and the Trustee, the Trustee shall not exercise the voting rights attached to the Shares held on trust by it.

Grant of RSUs under the 2021 RSU Scheme

On May 19, 2023, the Company granted 1,528,514 RSUs, representing 1,528,514 Shares, under the 2021 RSU Scheme to 491 Selected Persons of the 2021 RSU Scheme, who are employees of the Group. The abovementioned RSUs shall vest in accordance with the vesting criteria, conditions and time schedule as determined by the Board in its sole and absolute discretion with reference to, among other things, the location at which the abovementioned Selected Persons are based and the commencement date or duration of their employment. The Board has determined that the such RSUs shall vest on the date of grant. Based on the closing price of HK$19.28 as quoted of the Stock Exchange on May 19, 2023 (being the date of the abovementioned grant of RSUs), the aggregate market value of the underlying Shares in relation to such RSUs amounts to HK$29,469,749.92. The closing price of the Shares on May 18, 2023, being the date immediately before the grant date, is HK$19.82.

The abovementioned RSUs granted under the 2021 RSU Scheme would be satisfied by the allotment and issuance of Shares to the trustee of the 2021 RSU Scheme to be held by the trustee for such purpose under the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on May 18, 2023 to allot, issue and deal with up to 20% of the then issued share capital of the Company, being the general mandate currently available to the Company.

Further details of the 2021 RSU Scheme are set out in the relevant announcement of the Company dated February 2, 2021 and May 29, 2023.

There is no exercise price payable on the RSUs.

Set out below are details of the movements of the outstanding RSUs granted under the 2021 RSU Scheme as at December 31, 2023:

	Date of grant	Outstanding as at January 1, 2023	Granted during the year ended December 31, 2023	Vesting period of RSUs granted	Fair value of RSUs granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Outstanding as at December 31, 2023
Dr. Sidransky	July 23, 2021	10,641	–	The RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively	–	–	–	–	10,641
Mr. Ye	July 23, 2021	6,723	–	The RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively	–	2,241	–	–	4,482
Dr. Yin	July 23, 2021	6,723	–	The RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively	–	2,241	–	–	4,482

	Date of grant	Outstanding as at January 1, 2023	Granted during the year ended December 31, 2023	Vesting period of RSUs granted	Fair value of RSUs granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Outstanding as at December 31, 2023
Mr. Ren	July 23, 2021	6,723	–	The RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8 2025, respectively	–	2,241	–	–	4,482
Staff	May 17, 2021	188,934	–	• 59,073 RSUs shall vest in four tranches of 35%, 15%, 25% and 25% on June 8, 2021, June 8, 2022, June 8, 2023 and June 8, 2024, respectively. • 17,734 RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2021, June 8, 2022, June 8, 2023 and June 8, 2024, respectively. • 35,851 RSUs shall vest in four tranches of 35%, 15%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively.	–	64,311	–	39,712	84,911

Date of grant	Outstanding as at January 1, 2023	Granted during the year ended December 31, 2023	Vesting period of RSUs granted	Fair value of RSUs granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Outstanding as at December 31, 2023
May 19, 2023	0	1,528,514	• 40,424 RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively. • 35,852 RSUs shall vest in four tranches of 35%, 15%, 25% and 15% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively.	HK$19.28 per share	1,528,514	–	0	0

Notes:

1. The weighted average closing price of the Shares immediately before the dates on which the RSUs granted under the 2021 RSU Scheme were exercised is HK$19.87. The RSUs granted under the 2021 RSU Scheme which were cancelled during the year ended December 31, 2023 have no exercise price.

2. The Board may determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the grant letter.

3. The fair value of the RSUs granted during the year ended December 31, 2023 was calculated based on the market price of the Company's shares at the grant date.

Set out below are details of the movements of the outstanding RSUs granted under the 2021 RSU Scheme as at June 30, 2024:

	Date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vesting period of RSUs granted	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024
Dr. Sidransky	July 23, 2021	10,641	–	The RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively.	–	–	–	10,641
Mr. Ye	July 23, 2021	4,482	–	The RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively.	2,241	–	–	2,241
Dr. Yin	July 23, 2021	4,482	–	The RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively.	2,241	–	–	2,241
Mr. Ren	July 23, 2021	4,482	–	The RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively.	2,241	–	–	2,241
Staff	May 17, 2021	84,911	–	• 31,310 RSUs shall vest in four tranches of 35%, 15%, 25% and 25% on June 8, 2021, June 8, 2022, June 8, 2023 and June 8, 2024, respectively.	58,311	–	1,378	25,222

Date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vesting period of RSUs granted	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024
			• 8,867 RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2021, June 8, 2022, June 8, 2023 and June 8, 2024, respectively. • 22,475 RSUs shall vest in four tranches of 35%, 15%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively. • 22,259 RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2022, June 8, 2023, June 8, 2024 and June 8, 2025, respectively.				

Notes:

1. The weighted average closing price of the Shares immediately before the dates on which the RSUs granted under the 2021 RSU Scheme were exercised is HK$19.87. The RSUs granted under the 2021 RSU Scheme which were cancelled during the Reporting Period have no exercise price.

2. The Board may determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the grant letter.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board shall send the vesting notice to each of the relevant Eligible Participants.

5. 2022 RSU Scheme

The purpose of the 2022 RSU Scheme is to incentivize the existing and incoming Directors, senior management and employees for their contribution to the Group, and to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

Eligible Participants

Persons eligible to receive RSUs under the 2022 RSU Scheme are existing or incoming employees, directors (whether executive or non-executive) or officers of our Company or any member of our Group. Our Board selects any eligible persons to receive RSUs under the 2022 RSU Scheme at its discretion.

Maximum Number of Shares pursuant to RSUs

The maximum number of RSUs that may be granted under the 2022 RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the 2022 RSU Scheme) shall be 5,272,695 ordinary shares, representing 1.68% of the issued shares of the Company as at June 30, 2024 and 1.67% of the issued capital of the Company as at the date of this interim report. The numbers of RSUs available for grant under the overall limit of the 2022 RSU Scheme are 2,903,782 Shares as at the beginning of the Reporting Period and 2,931,626 Shares as at the end of the Reporting Period. The maximum number of shares of the Company which may be issued upon exercise of all outstanding RSUs granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company shall not exceed 30% of the total number of shares of the Company in issue from time to time.

As at June 30, 2024, the total number of shares available for issue under the 2022 RSU Scheme is 1,390,709 Shares, representing approximately 0.44% of the issued shares of the Company as at June 30, 2024 and 0.44% of the issued shares of the Company as at the date of this interim report.

Maximum Entitlement of Each Eligible Participant

The maximum number of shares issued and to be issued upon the exercise of RSUs granted to each Eligible Participants (including both exercised and outstanding RSUs) in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of RSUs in excess of this limit is subject to shareholders' approval in general meeting of the Company.

The Vesting Period of RSUs Granted under the 2022 RSU Scheme

The Board may determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the grant letter. The vesting period of the RSUs granted under the 2022 RSU Scheme during the Reporting Period ranges from approximately 20 months to approximately 48 months.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board shall send the vesting notice to each of the relevant Eligible Participants.

Life of the 2022 RSU Scheme

The 2022 RSU Scheme will be valid and effective for a period of ten years, commencing on June 23, 2022. As at June 30, 2024, the remaining life of the RSU Scheme was less than eight years.

Voting Rights

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

Grant of RSUs under the 2022 RSU Scheme

On June 23, 2022, the Company granted 1,634,426 RSUs under the 2022 RSU Scheme (the "**2022 Awards**"), representing 1,634,426 Shares to 80 Selected Persons, who are employees of the Group, among which 100,000 RSUs, representing 100,000 Shares, were granted to Dr. Zhai, who is the chief medical officer and a substantial shareholder of the Company. Dr. Zhai, being a substantial shareholder of the Company and the spouse of Dr. Yang (an executive Director and the chief executive officer of the Company), is a connected person of the Company under Chapter 14A of the Listing Rules. Based on the closing price of HK$20.15 as quoted of the Stock Exchange on June 23, 2022 (being the date of the abovementioned grant of RSUs to Dr. Zhai), the aggregate market value of the underlying Shares in relation to the RSUs granted to Dr. Zhai amounts to HK$2,015,000. Given that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the abovementioned aggregate market value are less than 0.1%, the abovementioned grant of RSUs to Dr. Zhai constitutes a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. Further, the Company will not instruct the Trustee to purchase existing Shares off-market to satisfy the 2022 Awards (as defined below) granted to the Selected Persons. The closing price of the Shares on June 22, 2022, being the date immediately before the grant date, is HK$19.48.

Based on the closing price of HK$20.15 as quoted on the Stock Exchange on June 23, 2022 (being the date of the grant of 1,534,426 RSUs to the 79 Selected Persons other than Dr. Zhai, who are employees of the Company (and also third parties independent of the Company and are not connected persons of the Company, and none of whom is a director, chief executive or substantial shareholder of the Company or any of its subsidiaries, or an associate (as defined under the Listing Rules) of any of them), the aggregate market value of the underlying Shares in relation to the RSUs granted to such Selected Persons amounts to HK$30,918,683.90.

On May 4, 2023, the Company granted 1,379,094 RSUs, representing 1,379,094 Shares, to 172 Selected Persons (the "**2022 Further Grant**"), who are employees of the Group. The abovementioned RSUs shall vest in accordance with the vesting criteria, conditions and time schedule (being approximately three and a half months from the date of the 2022 Further Grant) as determined by the Board in its sole and absolute discretion with reference to, among other things, the location at which the abovementioned Selected Person is based and the commencement date or duration of their employment. Based on the closing price of HK$21.80 as quoted of the Stock Exchange on May 4, 2023 (being the date of the abovementioned grant of RSUs), the aggregate market value of the underlying Shares in relation to such RSUs amounts to HK$30,064,249.20. The closing price of the Shares on May 3, 2023, being the date immediately before the grant date, is HK$22.15.

The abovementioned RSUs granted under the 2022 RSU Scheme are satisfied by existing shares of the Company.

Further details of the 2022 RSU Scheme are set out in the relevant announcements of the Company dated June 23, 2022 and July 14, 2022, October 21, 2022, October 25, 2022, October 26, 2022, October 27, 2022, October 28, 2022, October 31, 2022 and May 8, 2023.

There is no exercise price payable on the RSUs.

Set out below are details of the movements of the outstanding RSUs granted under the 2022 RSU Scheme as at December 31, 2023:

	Date of grant	Outstanding as at January 1, 2023	Granted during the year ended December 31, 2023	Vesting period of RSUs granted	Fair value of RSUs granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Outstanding as at December 31, 2023
Dr. Zhai	June 23, 2022	100,000	–	• The RSUs shall vest in three tranches of 30%, 30% and 40% on June 8, 2023, June 8, 2024 and June 8, 2025, respectively.	–	30,000	–	–	70,000
79 staff	June 23, 2022	1,020,873	0	• 14,530 RSUs shall vest in four tranches of 35%, 15%, 25% and 25% on June 8, 2021, June 8, 2022, June 8, 2023 and June 8, 2024, respectively. • 32,019 RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on April 30, 2023, April 30, 2024, April 30, 2025 and April 30, 2026, respectively. • 243,788 RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2023, June 8, 2024, June 8, 2025 and June 8, 2026, respectively. • 61,376 RSUs shall vest in two tranches of 40% and 60% on June 8, 2023 and June 8, 2024, respectively.	–	263,073	–	87,184	670,616

	Date of grant	Outstanding as at January 1, 2023	Granted during the year ended December 31, 2023	Vesting period of RSUs granted	Fair value of RSUs granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Outstanding as at December 31, 2023
172 staff	May 4, 2023	0	1,379,094	• 518,042 RSUs shall vest in three tranches of 30%, 30% and 40% on June 8, 2023, June 8, 2024 and June 8, 2025, respectively. • 151,118 RSUs shall vest in four tranches of 23%, 69%, 6% and 2% on April 30, 2023, April 30, 2024, April 30, 2025 and April 30, 2026, respectively. • 207,000 RSUs shall vest in two tranches of 40% and 60% on August 1, 2023 and August 1, 2024, respectively. • 1,172,094 RSUs shall vest in three tranches of 30%, 30% and 40% on August 1, 2023, August 1, 2024 and August 1, 2025, respectively.	HK$21.80 per share	419,336	–	58,400	901,358

Notes:

1. The weighted average closing price of the Shares immediately before the dates on which the RSUs granted under the 2022 RSU Scheme were exercised is HK$20.95. The weighted average closing price of the Shares immediately before the dates on which the RSUs exercised under the 2022 RSU Scheme were HK$24.17. The RSUs granted under the 2022 RSU Scheme which were cancelled during the year ended December 31, 2023 have no exercise price.

2. The Board may determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the grant letter.

3. The fair value of the RSUs granted during the year ended December 31, 2023 was calculated based on the market price of the Company's shares at the grant date.

Set out below are details of the movements of the outstanding RSUs granted under the 2022 RSU Scheme as at June 30, 2024:

	Date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vesting period of RSUs granted	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024
Dr. Zhai	June 23, 2022	70,000	–	• The RSUs shall vest in three tranches of 30%, 30% and 40% on June 8, 2023, June 8, 2024 and June 8, 2025, respectively.	–	–	–	70,000
79 staff	June 23, 2022	670,616	–	• 7,265 RSUs shall vest in four tranches of 35%, 15%, 25% and 25% on June 8, 2021, June 8, 2022, June 8, 2023 and June 8, 2024, respectively. • 15,532 RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on April 30, 2023, April 30, 2024, April 30, 2025 and April 30, 2026, respectively. • 181,874 RSUs shall vest in four tranches of 25%, 25%, 25% and 25% on June 8, 2023, June 8, 2024, June 8, 2025 and June 8, 2026, respectively. • 30,372 RSUs shall vest in two tranches of 40% and 60% on June 8, 2023 and June 8, 2024, respectively.	223,421	–	1,344	445,851

	Date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vesting period of RSUs granted	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024
				• 320,208 RSUs shall vest in three tranches of 30%, 30% and 40% on June 8, 2023, June 8, 2024 and June 8, 2025, respectively. • 115,365 RSUs shall vest in four tranches of 23%, 69%, 6% and 2% on April 30, 2023, April 30, 2024, April 30, 2025 and April 30, 2026, respectively.				
172 staff	May 4, 2023	901,358	–	• 113,400 RSUs shall vest in two tranches of 40% and 60% on August 1, 2023 and August 1, 2024, respectively. • 787,958 RSUs shall vest in three tranches of 30%, 30% and 40% on August 1, 2023, August 1, 2024 and August 1, 2025, respectively.	0	–	26,500	874,858

Notes:

1. The weighted average closing price of the Shares immediately before the dates on which the RSUs granted under the 2022 RSU Scheme were exercised is HK$20.95. The weighted average closing price of the Shares immediately before the dates on which the RSUs exercised under the 2022 RSU Scheme were HK$24.17. The RSUs granted under the 2022 RSU Scheme which were cancelled during the Reporting Period have no exercise price.

2. The Board may determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the grant letter.

As there are no grants of options and RSUs during the Reporting Period, the number of Shares that may be issued in respect of options and RSUs granted under all of the abovementioned share incentive schemes of the Company during the Reporting Period divided by the weighted average total issued share capital of the Company for the Reporting Period is nil.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Below are the changes of Directors' information since the date of the 2023 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Dr. Lu Simon Dazhong, a non-executive Director of the Company, has resigned as a director of BrightGene Bio-Medical (Suzhou) Co., Ltd. (博瑞生物醫藥(蘇州)股份有限公司) (a company which shares are listed on the Shanghai Stock Exchange, stock code: 688166) with effect from 27 April 2024.

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

On June 20, 2024, pursuant to the securities purchase agreement dated June 14, 2024 entered into between the Company and Takeda, Ascentage issued and allotted to Takeda 24,307,322 Shares at a price per share equal to HK$24.09850 per Share (equivalent to approximately US$3.08549), and with the aggregate purchase price of US$75 million (equivalent to approximately HK$585.77 million).

Saved as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities (including sale of treasury shares (as defined under the Listing Rules)) of the Company during the Reporting Period. As at June 30, 2024, the Company did not hold any treasury shares.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended June 30, 2024.

The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the six months ended June 30, 2024.

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, 2024, 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, 2024.

Use of proceeds	Planned allocation of net proceeds	Planned allocation of net proceeds (HKD million)	Planned allocation of net proceeds (RMB million)	Utilized amount (as at June 30, 2024) (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

On July 15, 2020, a total of 15,000,000 placing shares (with an aggregate nominal value of US$1,500) have been successfully placed to not less than six placees (being professional, institutional, or other investors) who and whose ultimate beneficial owners are third parties independent of the Company and its connected person at the placing price of HK$46.80 per placing share (with the net price being approximately HK$45.96 per placing share) under the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on June 19, 2020. The aggregate nominal value of the placing shares is US$1,500. The closing price of the Shares on July 8, 2020, being the date on which the terms of the 2020 Placing was fixed, was HK$46.80.

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

There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated July 8, 2020 and as at June 30, 2024, 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, 2024.

Use of proceeds	Planned allocation of net proceeds	Planned allocation of net proceeds (HK$ million)	Planned allocation of net proceeds (RMB million)	Utilized amount (as at June 30, 2024) (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 (being professional, institutional, and/or other investors) (the "**2021 Placees**"), on a best effort basis, to purchase up to 26,500,000 shares of the Company (the "**2021 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 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 annual general meeting held on June 19, 2020. The aggregate nominal value of the subscription Shares is US$2,650. The closing price of the Shares on February 3, 2021, being the date on which the terms of the 2021 Placing was fixed, was HK$48.80. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2021 Placing were approximately HK$1,153.64 million. On this basis, the net price per 2021 Placing Share will be approximately HK$43.53. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated February 3, 2021 and as at June 30, 2024, the Company has fully utilized the net proceeds in accordance with such intended purposes.

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

The table below sets out the planned applications of the net proceeds from the 2021 Placing and the actual usage up to June 30, 2024.

Use of proceeds	Planned allocation of net proceeds	Planned allocation of net proceeds (HK$ million)	Planned allocation of net proceeds (RMB million)	Utilized amount (as at June 30, 2024) (RMB million)
Clinical development of the key product candidate, APG-2575	50%	576.8	480.6	480.6
Registrational trials for full approval and the commercialization of the Core Product, HQP1351	20%	230.7	192.2	192.2
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	192.2
General corporate purposes	10%	115.4	96.1	96.1
Total	100%	1,153.6	961.1	961.1

Notes:

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

(2) 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 2023 Placing

On January 18, 2023, the Company entered into the 2023 Placing and Subscription Agreement with Ascentage Limited (the "**Vendor**") and J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Asia Limited (the "**2023 Placing Agents**"), pursuant to which (i) the Vendor agreed to appoint the 2023 Placing Agents, and the 2023 Placing Agents agreed to act as agents of the Vendor, to procure not less than six placees (being professional, institutional, and/or other investors) (the "**2023 Placees**"), on a best effort basis, to purchase up to 22,500,000 shares of the Company (the "**2023 Placing Shares**") at the price of HK$24.45 per 2023 Placing Share; and (ii) the Vendor agreed to subscribe for, and the Company agreed to issue to the Vendor up to 22,500,000 new shares of the Company at the price of HK$24.45 per subscription Share (the "**2023 Subscription**"). The closing of the 2023 Placing took place on January 20, 2023 and the closing of the 2023 Subscription took place on February 1, 2023. A total of 22,500,000 placing Shares have been successfully placed by the 2023 Placing Agents to the 2023 Placees. A total of 22,500,000 subscription Shares have been allotted and issued to the Vendor pursuant to the generate mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on May 19, 2022. The aggregate nominal value of the subscription Shares is US$2,250. The closing price of the Shares on January 18, 2023, being the date on which the terms of the 2023 Placing was fixed, was HK$24.05. The net proceeds (after the deduction of all applicable costs and expenses) raised from the 2023 Placing were approximately HK$543.9 million. On this basis, the net price per 2023 Placing Share will be approximately HK$24.17. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated February 1, 2023 and the Company will gradually utilize the residual amount of the net proceeds in accordance with such intended purposes depending on actual business needs.

The Directors considered that the 2023 Placing represents an opportunity to further raise capital for the Company in order to enable the Company to continue the development of its pipeline candidates, while broadening its Shareholder base. The Directors are of the view that the 2023 Placing and the Subscription would further strengthen the financial position of the Group and provide additional working capital to the Group.

The table below sets out the planned applications of the net proceeds from the 2023 Placing and the actual usage up to June 30, 2024.

Use of proceeds	Planned allocation of net proceeds	Planned allocation of net proceeds (HK$ million)	Planned allocation of net proceeds (RMB million)	Balance of the unutilized amount (as at December 31, 2023) (RMB million)	Utilized amount during the Reporting Period (RMB million)	Utilized amount (as at June 30, 2024) (RMB million)	Unutilized amount (as at June 30, 2024) (RMB million)	Expected timeline for utilizing the remaining balance of net proceeds from the 2023 Placing
Clinical trials of the key product candidate APG-2575	50%	272.0	235.1	189.7	139.2	184.6	50.5	December 31, 2024
Clinical trials of the core product HQP-1351	20%	108.8	94.0	75.8	50.4	68.6	25.4	December 31, 2024
Clinical development of other key product candidates	20%	108.8	94.0	76.0	47.3	65.3	28.7	December 31, 2024
General corporate purposes	10%	54.4	47.0	37.9	23.0	32.1	14.9	December 31, 2024
Total	100%	543.9	470.1	379.4	259.9	350.6	119.5	

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.

(3) Net proceeds from the 2023 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 2023 Placing.

Use of Net Proceeds From the Subscription of Shares by Innovent

Innovent has subscribed for 8,823,863 Shares at a total consideration of HK$388.25 million (being approximately US$50 million) and at the subscription price of HK$44.0 per Share. The completion of the subscription of Shares by Innovent took place on July 23, 2021. The net proceeds (after the deduction of all applicable costs and expenses) raised from the subscription of Shares by Innovent were approximately HK$388.06 million (being approximately US$49.98 million). On this basis, the net price per Share subscribed by Innovent is approximately HK$43.98. The closing price of the Shares on July 14, 2021, being the date on which the terms of the subscription of Shares by Innovent was fixed, was HK$52.95. The aggregate nominal value of the Shares subscribed by Innovent is US$882.3863. 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 and as at June 30, 2024, the Company has fully utilized the net proceeds in accordance with such intended purposes.

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

The table below sets out the planned applications of the net proceeds from the subscription of Shares by Innovent and the actual usage up to June 30, 2024.

Use of proceeds	**Planned allocation of net proceeds**	**Planned allocation of net proceeds** (HK$ million)	**Planned allocation of net proceeds** (RMB million)	**Utilized amount (as at June 30, 2024)** (RMB million)	**Unutilized amount (as at June 30, 2024)** (RMB million)
Development and commercialization of the Company's Core Product, HQP1351	30%	116.42	97.10	97.10	0
Development of the Company's key product candidate, APG-2575	70%	271.64	226.40	226.40	0
Total	100%	388.06	323.50	388.06	0

Notes:

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

(2) Net proceeds from the subscription of Shares by Innovent were received in Hong Kong dollars and translated to RMB for application planning.

Use of Net Proceeds from the 2024 Share Subscription

On June 14, 2024, the Company and Takeda entered into the Securities Purchase Agreement, pursuant to which the Company agreed to issue and allot, and Takeda agreed to subscribe, for a total of 24,307,322 shares at the aggregate consideration of US$75,000,000 (equivalent to approximately HK$585.77 million). The purchase price per shares in the 2024 Share Subscription is HK$24.09850. The closing price of the Shares on June 14, 2024, being the date on which the terms of the Securities Purchase Agreement was fixed, was HK$23.05. The aggregate nominal value of the shares in the 2024 Share Subscription is US$2,430,732.2.

The number of shares in the 2024 Share Subscription represents approximately 8.37% of the then existing issued share capital of the Company and approximately 7.73% of the then enlarged issued share capital of the Company.

All the Share Subscription Conditions Precedent have been satisfied and the Closing took place on June 20, 2024 (after trading hours). An aggregate of 24,307,322 Subscription Shares have been successfully allotted and issued by the Company to Takeda at the Share Purchase Price of HK$24.09850 (equivalent to approximately US$3.08549) per Subscription Share pursuant to the terms and conditions of the Securities Purchase Agreement.

The gross proceeds raised from the 2024 Share Subscription is US$75,000,000 (equivalent to approximately HK$585.77 million) and the net proceeds (after deducting all applicable costs and expenses) arising from the 2024 Share Subscription amount to approximately US$73,000,000 (equivalent to approximately HK$570.15 million). The net price per shares in the 2024 Share Subscription is approximately HK$23.46. There was no change in the intended use of the net proceeds as previously disclosed in the relevant announcement of the Company dated June 14, 2024 and the Company will gradually utilize the net proceeds in accordance with such intended purposes.

Takeda is a biopharmaceutical company principally engaged in the research, development and commercialization of pharmaceutical products.

The strategic equity investment in the Company by Takeda by way of the 2024 Share Subscription is expected to provide further financial support to the Company's global clinical development programs.

The table below sets out the planned applications of the net proceeds from the 2024 Share Subscription and the actual usage up to June 30, 2024.

Use of proceeds	**Planned allocation of net proceeds**	**Planned allocation of net proceed** (US$ million)	**Planned allocation of net proceed** (RMB million)	**Utilized amount during the Reporting Period** (RMB million)	**Utilized amount (as at June 30, 2024)** (RMB million)	**Unutilized amount (as at June 30, 2024)** (RMB million)	**Expected timeline for utilizing the remaining balance of net proceeds from the 2024 Share Subscription**
Development of the Company's Core Product, HQP1351 and the Company's key product candidate, APG-2575	90%	65.7	467.5	0	0	467.5	December 31, 2025
Development of the Company's other key product candidates	10%	7.3	51.9	0	0	51.9	December 31, 2025
Total	100%	73	519.4	0	0	519.4	

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.

(3) Net proceeds from the 2024 Share Subscription were received in US dollars and translated to RMB for application planning. The plan was adjusted slightly due to the fluctuation of the exchange rate since the 2024 Share Subscription.

2021 WARRANTS

On July 14, 2021, the Company and Innovent entered into a warrant subscription deed, pursuant to which the Company agreed to issue to Innovent 6,787,587 warrants. The initial subscription price of each warrant share upon exercise of the warrants is HK$57.20. The subscription rights attaching to the warrants may be exercised 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. The warrants have expired in July 2023 and not been exercised.

Other Information

FUND RAISING

Save for the 2024 Share Subscription as disclosed above, during the Reporting Period, there was no fund raising activity carried out by the Company.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises two independent non-executive Directors, namely, Mr. Ye Changqing and Mr. Ren Wei, 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, 2024 and this interim report have been reviewed by the Group's external auditor, Ernst & Young, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the Audit Committee. The Audit Committee concluded that such financial statements and this interim report had been prepared in accordance with applicable accounting standards and relevant requirements, and had made adequate disclosure. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

OTHER BOARD COMMITTEES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this interim report, as at the date of this interim report, there were no future plans regarding material investment or capital assets. As at the date of this interim report, we did not have any material acquisitions or disposals of subsidiaries, associates and joint venture.

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximizing shareholders' interests.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and code provisions as set out in the CG Code contained in Appendix C1 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 three independent non-executive Directors, which represents at least one third of the Board composition and satisfies the relevant requirement under the Listing Rules, and we believe that there is sufficient check and balance in the Board; (b) Dr. Yang and other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the 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 Transactions Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code and the Securities Transactions Code by the senior management of the Group during the Reporting Period.

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

Suzhou, PRC, August 22, 2024

Independent Review Report

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

Introduction

We have reviewed the interim financial information set out on pages 67 to 86, which comprises the condensed consolidated statement of financial position of Ascentage Pharma Group International (the "Company") and its subsidiaries (the "Group") as at June 30, 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Ernst & Young
Certified Public Accountants
Hong Kong
August 22, 2024

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	5	**823,746**	142,701
Cost of sales		**(15,059)**	(18,154)
Gross profit		**808,687**	124,547
Other income and gains	6	**17,346**	17,021
Selling and distribution expenses		**(89,637)**	(83,319)
Administrative expenses		**(86,988)**	(91,340)
Research and development expenses		**(444,079)**	(309,814)
Other expenses		**(7,106)**	(4,175)
Finance costs		**(34,076)**	(52,719)
Share of (loss)/profit of a joint venture		**(1,252)**	196
PROFIT/(LOSS) BEFORE TAX	7	**162,895**	(399,603)
Income tax expense	8	**(69)**	(2,746)
PROFIT/(LOSS) FOR THE PERIOD		**162,826**	(402,349)
Attributable to:			
Ordinary equity holders of the Company		**163,001**	(402,351)
Non-controlling interests		**(175)**	2
		162,826	(402,349)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		**0.56**	(1.47)
Diluted		**0.55**	(1.47)

Interim Condensed Consolidated Statement of Comprehensive Income or Loss

For the six months ended June 30, 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
PROFIT/(LOSS) FOR THE PERIOD	**162,826**	(402,349)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**40**	(699)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	**2,229**	40,479
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**2,269**	39,780
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**165,095**	(362,569)
Attributable to:		
Ordinary equity holders of the Company	**165,270**	(362,571)
Non-controlling interests	**(175)**	2
	165,095	(362,569)

Interim Condensed Consolidated Statement of Financial Position

June 30, 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**882,198**	905,815
Right-of-use assets		**48,985**	51,252
Goodwill		**24,694**	24,694
Other intangible assets		**79,779**	85,446
Investment in a joint venture		**31,746**	16,998
Financial assets at fair value through profit or loss ("FVTPL")		**1,458**	1,951
Deferred tax assets		**55,073**	59,842
Other non-current assets		**19,298**	10,217
Total non-current assets		**1,143,231**	1,156,215
CURRENT ASSETS			
Inventories		**10,718**	16,167
Trade receivables, net	12	**743,521**	145,893
Prepayments, other receivables and other assets		**109,286**	88,285
Cash and bank balances		**1,100,314**	1,093,833
Total current assets		**1,963,839**	1,344,178
CURRENT LIABILITIES			
Trade payables	13	**83,083**	72,445
Other payables and accruals		**215,242**	206,914
Contract liabilities		**37,485**	38,410
Interest-bearing bank and other borrowings	14	**729,540**	616,404
Total current liabilities		**1,065,350**	934,173
NET CURRENT ASSETS		**898,489**	410,005
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,041,720**	1,566,220

Interim Condensed Consolidated Statement of Financial Position *(Continued)*

June 30, 2024

	Notes	**30 June 2024 (Unaudited) RMB'000**	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities		**233,423**	251,189
Interest-bearing bank and other borrowings	14	**970,555**	1,179,191
Deferred tax liabilities		**5,849**	10,549
Long-term payables		**18,804**	18,299
Deferred income		**36,650**	36,360
Total non-current liabilities		**1,265,281**	1,495,588
Net assets		**776,439**	70,632
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Share capital	15	**214**	197
Treasury shares		**(19,822)**	(21,351)
Capital and reserves		**786,007**	81,571
		766,399	60,417
Non-controlling interests		**10,040**	10,215
Total equity		**776,439**	70,632

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Attributable to owners of the parent								
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital and reserves RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2024 (audited)	197	(21,351)	5,951,154	(371,441)	(133,020)	(5,365,122)	60,417	10,215	70,632
Profit for the period	–	–	–	–	–	163,001	163,001	(175)	162,826
Other comprehensive income for the period:									
Exchange differences on translation of operations	–	–	–	–	2,269	–	2,269	–	2,269
Total comprehensive income for the period	–	–	–	–	2,269	163,001	165,270	(175)	165,095
Issue of ordinary shares	17	–	533,923	–	–	–	533,940	–	533,940
Repurchase of ordinary shares	–	(1,959)	–	–	–	–	(1,959)	–	(1,959)
Equity-settled share-based payments									
– Restricted share unit ("RSU") expenses	–	–	–	8,730	–	–	8,730	–	8,730
– Exercise of pre-IPO share options	–	–	1,602	(1,601)	–	–	1	–	1
– Exercise of restricted share units	–	3,488	3,242	(6,730)	–	–	–	–	–
At June 30, 2024 (unaudited)	214	(19,822)	6,489,921	(371,042)	(130,751)	(5,202,121)	766,399	10,040	776,439

	Attributable to owners of the parent								
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital and reserves RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2023 (audited)	180	(26,552)	5,393,029	(359,235)	(159,279)	(4,439,485)	408,658	–	408,658
Loss for the period	–	–	–	–	–	(402,351)	(402,351)	2	(402,349)
Other comprehensive income for the period:									
Exchange differences on translation of operations	–	–	–	–	39,780	–	39,780	–	39,780
Total comprehensive loss for the period	–	–	–	–	39,780	(402,351)	(362,571)	2	(362,569)
Capital contribution from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	10,290	10,290
Issue of ordinary shares	15	–	470,066	–	–	–	470,081	–	470,081
Equity-settled share-based payments									
– Pre-IPO share option expenses	–	–	–	3,399	–	–	3,399	–	3,399
– Restricted share unit ("RSU") expenses	–	–	–	14,850	–	–	14,850	–	14,850
– Exercise of pre-IPO share options	–	–	10,220	(10,219)	–	–	1	–	1
– Exercise of restricted share units	–	4,906	3,522	(8,428)	–	–	–	–	–
Equity-settled bonus	1	1	55,466	–	–	–	55,468	–	55,648
At June 30, 2023 (unaudited)	196	(21,645)	5,932,303	(359,633)	(119,499)	(4,841,836)	589,886	10,292	600,178

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows used in operating activities	**(354,391)**	(368,464)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(16,526)**	(33,975)
Proceeds from disposal of items of property, plant and equipment	**–**	8
Purchase of intangible assets	**–**	(807)
Increase in time deposits with original maturity of more than three months	**(98,752)**	(30,000)
Investments in a joint venture	**(16,000)**	–
Net cash flows used in investing activities	**(131,278)**	(64,774)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**533,940**	470,081
Treasury share purchases	**(1,959)**	–
Proceeds from exercise of share options	**1**	4
Interest paid	**(33,157)**	(54,376)
Proceeds from bank loans	**115,917**	860,000
Repayment of bank loans	**(209,594)**	(825,801)
Principal portion of lease payments	**(5,175)**	(4,564)
Listing expense paid	**(3,067)**	–
Capital contribution from non-controlling shareholders of a subsidiary	**–**	10,290
Net cash flows from financing activities	**396,906**	455,634
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(88,763)**	22,396
Cash and cash equivalents at beginning of period	**1,038,048**	1,345,639
Effect of foreign exchange rate changes, net	**3,149**	21,956
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**952,434**	1,389,991
ANALYSIS OF BALANCES OF CASH AND BANK BALANCES		
Cash and cash equivalents	**952,434**	1,389,991
Restricted bank balances	**17,880**	31,609
Time deposits with original maturity of more than three months	**130,000**	160,000
Cash and bank balances	**1,100,314**	1,581,600

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on November 17, 2017. The registered office of the Company is located at the office of Walkers Corporate Limited, with the registered address of 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is a global biopharmaceutical company engaged in discovering, developing and commercializing therapies to address global medical needs primarily in hematological malignancies.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2024 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, 2023.

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, 2023, 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 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The application of the amendments to IFRSs in the current interim period has no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in this interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the development and sales of novel small-scale molecule therapies for cancers, hepatitis B virus, or HBV, and certain age-related diseases. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Chinese Mainland	**145,331**	142,701
Switzerland	**678,415**	–
Total	**823,746**	142,701

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

(b) Non-current assets

	June 30, 2024	December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Chinese Mainland	**1,083,215**	1,088,733
United States	**1,967**	2,665
Others	**18**	24
Total non-current assets	**1,085,200**	1,091,422

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from a customer 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,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**678,415**	–
Customer B	**110,086**	93,363

5. REVENUE

An analysis of revenue is as follows:

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of goods or services		
Intellectual property income	**678,415**	–
Sales of products	**124,824**	129,534
Commercialization rights income	**18,691**	12,077
Others	**1,816**	1,090
Total	**823,746**	142,701
Timing of revenue recognition		
At a point in time		
Intellectual property income	**678,415**	–
Sales of products	**124,824**	129,534
Over time		
Commercialization rights income	**18,691**	12,077
Others	**1,816**	1,090
Total	**823,746**	142,701

5. REVENUE *(Continued)*

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

The following table shows the amounts of revenue recognized in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of goods and services		
Commercialization rights income	**18,691**	12,077

6. OTHER INCOME AND GAINS

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income	**9,352**	6,031
Government grants related to income	**6,705**	7,510
Fair value gain on derivative financial instruments	**–**	2,822
Others	**1,289**	658
Total	**17,346**	17,021

7. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	**14,158**	18,154
Cost of service provided	**901**	–
Depreciation of property, plant and equipment*	**35,936**	26,113
Depreciation of investment property*	**–**	8,663
Depreciation of right-of-use assets*	**5,709**	5,797
Amortization of intangible assets*	**5,667**	5,003
Research and development costs	**444,079**	309,814
Fair value losses/(gains), net:		
Derivative financial instruments	**–**	(2,822)
Financial assets at FVTPL	**504**	161
Foreign exchange loss, net	**430**	524
Equity-settled share-based payment expenses*	**8,730**	18,249
Loss on disposal of items of property, plant and equipment	**17**	947
Bank interest income	**(9,352)**	(6,031)
Government grants related to income	**(6,705)**	(7,510)
Donations	**5,104**	2,492

* The depreciation of property, plant and equipment, the depreciation of investment property, the depreciation of right-of-use assets, the amortization of intangible assets and the equity-settled share-based payment expenses for the period are included in "Cost of sales", "Research and development expenses", "Selling and distribution expenses" and "Administrative expenses" in the unaudited interim condensed 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

Under the current laws of the Cayman Islands, the Company, Ascentage Pharma Group International, is not subject to tax on income or capital gain arising in the Cayman Islands. Additionally, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. For the six months ended June 30, 2023 and 2024, the Company did not make any provisions for Hong Kong profits tax as there were no assessable profits derived from or earned in Hong Kong for any of the periods presented.

8. INCOME TAX *(Continued)*

Chinese Mainland

The Company's subsidiaries domiciled in the PRC are subject to tax at the statutory rate of 25%, in accordance with the Enterprise Income Tax law (the "EIT Law"), which was effective since January 1, 2008, except for the following entity which is eligible for a preferential tax rate.

Guangzhou Healthquest was recognized as a qualified HNTE under the EIT Law by the relevant government authorities in December 2022 and is subject to tax at a preferential rate of 15% for three years from 2022 to 2024.

Dividends, interest, rent or royalties payable by the Company's PRC subsidiaries, to non-PRC resident enterprises, and proceeds from any such non-resident enterprise investor's disposal of assets (after deducting the net value of such assets) shall be subject to 10% withholding tax, unless the respective non-PRC resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with China that provides for a reduced withholding tax rate or an exemption from withholding tax.

United States

The subsidiary operating in the United States is subject to tax at a maximum of 21% for the six months ended June 30, 2023 and 2024. No provision for income tax has been made as the Group had no assessable profits earned in the United States during the reporting period.

A new requirement to capitalize and amortize previously deductible research and experimental expenses resulting from a change in Section 174 made by the Tax Cuts and Jobs Act of 2017 (the "TCJA") became effective on January 1, 2022. Under the TCJA, the Company is required to capitalize, and subsequently amortize R&D expenses over five years for research activities conducted within the United States and fifteen years for research activities conducted outside of the United States.

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current	**–**	–
Deferred	**69**	2,746
Total	**69**	2,746

9. DIVIDENDS

The board of directors resolved not to declare any interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: Nil).

No dividends were paid during the six months ended June 30, 2024 (six months ended June 30, 2023: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the six months ended June 30, 2024 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 291,752,282 (six months ended June 30, 2023: 274,552,986) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings/(loss) per share is based on:

	2024 **RMB'000** **(Unaudited)**	2023 RMB'000 (Unaudited)
EARNINGS/(LOSS)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculation	**163,001**	(402,351)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**291,752,282**	274,552,986
Effect of dilution – weighted average number of ordinary shares:		
RSU	**994,365**	N/A
Share options	**3,277,849**	N/A
Total	**296,024,496**	274,552,986

No adjustment has been made to the basic loss per share amounts presented for the six months ended June 30, 2023 in respect of a dilution as the impact of the options, RSU and warrants outstanding had an anti-dilutive effect on the basic loss per share amount presented.

11. PROPERTY, PLANT AND EQUIPMENT

	RMB'000 (Unaudited)
Carrying value at January 1, 2024	**905,815**
Additions	**12,336**
Disposals	**(17)**
Depreciation charge for the period	**(35,936)**
Carrying value at June 30, 2024	**882,198**

	RMB'000 (Unaudited)
Carrying value at January 1, 2023	602,086
Additions	8,658
Disposals	(955)
Depreciation charge for the period	(26,113)
Exchange realignment	2
Carrying value at June 30, 2023	583,678

During the six months ended June 30, 2024, no impairment loss (June 30, 2023: 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, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Within 45 days	**743,521**	145,893
Total	**743,521**	145,893

13. TRADE PAYABLES, NET

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, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Within 1 month	**62,882**	56,549
1 to 3 months	**8,900**	3,005
3 to 6 months	**11,301**	12,891
Total	**83,083**	72,445

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

June 30, 2024 (Unaudited)

	Effective interest rate per annum (%)	Maturity	RMB'000
Current			
Short-term borrowing – unsecured	**3.15**	**2024**	**120,000**
Current portion of long term bank loans – unsecured	**2.80-4.75**	**2024-2025**	**333,870**
Current portion of long term bank loans – unsecured	**1 year LPR-0.15 to 0.65 or 1 year LPR+0.55 to 0.70**	**2024-2025**	**259,350**
Current portion of long term bank loans – secured*	**5 year LPR-0.85**	**2024-2025**	**6,875**
Lease liabilities	**4.00-4.35**	**2024-2025**	**9,445**
Subtotal			**729,540**
Non-current			
Bank loans – unsecured	**1 year LPR-0.15 to 0.65**	**2025-2026**	**112,150**
Bank loans – unsecured	**2.80-4.50**	**2025-2028**	**250,685**
Bank loans – secured*	**5 year LPR-0.85**	**2025-2038**	**596,307**
Lease liabilities	**4.00-4.35**	**2025-2028**	**11,413**
Subtotal			**970,555**
Total			**1,700,095**

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

December 31, 2023 (Audited)

	Effective interest rate per annum (%)	Maturity	RMB'000
Current			
Short-term borrowing – unsecured	3.15	2024	120,000
Current portion of long term bank loans – unsecured	1 year LPR-0.15 to 0.65 or 1 year LPR+0.55 to 0.70	2024	322,500
Current portion of long term bank loans – unsecured	2.95-4.75	2024	155,050
Current portion of long term bank loans – secured*	5 years LPR-0.85	2024	9,097
Lease liabilities	4.00-4.35	2024	9,757
Subtotal			616,404
Non-current			
Bank loans – unsecured	1 year LPR-0.15 to 0.65 or 1 year LPR+0.65	2025-2026	147,000
Bank loans – unsecured	3.00-4.55	2025-2028	425,570
Bank loans – secured*	5 years LPR-0.85	2025-2038	593,697
Lease liabilities	4.00-4.35	2025-2028	12,924
Subtotal			1,179,191
Total			1,795,595

Note: LPR stands for the Loan Prime Rate

* The bank loans amounting to RMB603,182,000 (December 31, 2023: RMB602,794,000) were secured by the pledge of the Group's buildings with a net carrying amount of approximately RMB750,960,000 (December 31, 2023: RMB769,776,000) and right-of-use assets with a net carrying amount of approximately RMB27,033,000 (December 31, 2023: RMB27,598,000) as at June 30, 2024. Such loans were also guaranteed by two of the Group's subsidiaries.

The unsecured bank loans amounting to RMB366,055,000 (December 31, 2023: RMB377,620,000) were guaranteed by the Group's subsidiaries as at June 30, 2024.

	30 June 2024 RMB'000	31 December 2023 RMB'000
Analysed into:		
Within one year	**729,540**	616,404
In the second year	**275,511**	428,783
In the third to fifth years, inclusive	**190,269**	238,580
Beyond five years	**504,775**	511,828
Total	**1,700,095**	1,795,595

15. SHARE CAPITAL

In June 2024, the Company issued ordinary shares with respect to the share purchase agreement between the Company and Takeda Pharmaceuticals International AG. In connection with the share placement, 24,307,322 new shares of the Company were issued and allotted at a price of HK$24.0895 per share on June 20, 2024, and an amount of RMB17 was credited as share capital.

During the six months ended June 30, 2024, the Company issued ordinary shares with respect to the share options under the pre-IPO share option scheme exercised by certain grantees of the Company. In connection with the exercised share options, 85,489 new shares of the Company were issued with the weighted average exercise price of HK$0.01, and an amount of RMB0.06 was credited as share capital.

In June 2024, the Company issued ordinary shares with respect to the restricted share units under the 2021 RSU Scheme exercised by certain selected persons of the Company before June 30, 2024 to those selected persons. In connection with the exercised restricted share units, 65,034 new shares of the Company were issued, and an amount of RMB0.05 was credited as share capital.

16. COMMITMENTS

(a) As at June 30, 2024, the Group had contractual commitments of RMB7,407,000 relating to furniture and equipment (December 31, 2023: RMB2,534,000).

(b) The Company enters into business agreements with institutions to license intellectual property. The Company may be obligated to make future research and developmental milestone payments, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with the agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded on the unaudited interim condensed consolidated financial statements because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales have occurred, the corresponding amounts are recognized in the unaudited interim condensed consolidated financial statements.

17. RELATED PARTY TRANSACTIONS

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

(b) Outstanding balance with a related party:

Payable for the acquisition of Guangzhou Healthquest Pharma Co., Ltd.

	30 June 2024 RMB'000	31 December 2023 RMB'000
Dr. Zhai Yifan	**38,410**	37,458

17. RELATED PARTY TRANSACTIONS *(Continued)*

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

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**10,234**	11,463
Equity-settled share-based payment expenses	**753**	2,424
Post-employment benefits	**749**	658
Total compensation paid to key management personnel	**11,736**	14,545

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	June 30, 2024	December 31, 2023	**June 30, 2024**	December 31, 2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Financial assets				
Financial assets at FVTPL	**1,458**	1,951	**1,458**	1,951
Financial assets included in other non-current assets	**1,500**	3,000	**1,350**	2,758
Total	**2,958**	4,951	**2,808**	4,709
Financial liabilities				
Non-current portion of long-term payables	**18,804**	18,299	**18,804**	18,299
Non-current portion of interest-bearing bank and other borrowings (other than lease liabilities)	**959,142**	1,166,267	**947,580**	1,155,556
Total	**977,946**	1,184,566	**966,384**	1,173,855

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

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

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

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

The fair values of the financial assets included in other non-current assets, other non-current liabilities, non-current portion of long-term payables, and non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for other non-current assets, other non-current liabilities, long-term payables and interest-bearing bank and other borrowings as at June 30, 2024 was assessed to be insignificant.

The fair value of a listed equity investment was based on quoted market prices.

Fair value hierarchy

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

Assets measured at fair value

As at June 30, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	**Significant observable inputs (Level 2) RMB'000 (Unaudited)**	**Significant unobservable inputs (Level 3) RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Financial assets at FVTPL	**1,458**	**–**	**–**	**1,458**

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Financial assets at FVTPL	1,951	–	–	1,951

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

Fair value hierarchy *(Continued)*

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at June 30, 2024 (December 31, 2023: Nil).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities for the six months ended June 30, 2024 (six months ended June 30, 2023: Nil).

19. EVENTS AFTER THE REPORTING PERIOD

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

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information of the Group for the six months ended June 30, 2024 was approved and authorized for issue by the board of directors on August 22, 2024.