

TARGET

Intelligence Report

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S A T U R D A Y

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**ASCENTAGE PHARMA GROUP INTERNATIONAL:
THE COMPANY, SO FAR, HAS BEEN AN ABSOLUTE FLOP;
AND, THERE ARE STRONG INDICATIONS
THAT THINGS ARE UNLIKELY TO IMPROVE, LICKETY-SPLIT**

If one is seriously philanthropically inclined, then, buying shares in Ascentage Pharma Group International () (Code: 6855, Main Board, The Stock Exchange of Hongkong Ltd) may well be considered the main dish in a four-course meal.

However, if one is a capitalist, looking to invest in the shares of a publicly listed company, one that is expected to bring in financial rewards within a reasonable time frame, then Ascentage Pharma Group International is unlikely to be considered as an appetising dish – or even as a snack, in-between meals.

Ascentage Pharma Group International is a Company, said to be engaged in developing novel (interestingly new or unusual) therapies for different forms of cancers, Hepatitis B Virus and age-related diseases.

The Company is a decade old, having commenced operations in May of 2009.

During those 10 years, the Company has never been profitable and has never even generated revenue of any

materiality, at all.

It has no marketing and sales division within the Company and, as a result, it has no experience in marketing drugs even if it had produced a single viable one – which it has not.

The Company, also, has no present method to manufacture drugs to any worthwhile level and, as a direct result, it is forced to rely on third parties for drug candidate supplies.

In short, thus far, it is a flop in just about all that it has attempted ... with the lone exception of passing round the proverbial begging bowl in order to keep creditor wolves at bay.

The Initial Public Offering (IPO) Of Ascentage Pharma Group International

On Wednesday, October 16, 2019, Management of Ascentage Pharma Group International – a company, incorporated in the Cayman Islands – published and disseminated its Global Offering Prospectus.

The Company Offered a total of 12,180,900, \$US0.0001-cent Shares at the Indicative Offer Price Per Share, ranging from a low \$HK32.20 to a high of \$HK34.20.

Investors of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** were Offered the opportunity to subscribe to 1,218,200 Offer Shares (the HKSAR Offer Shares tranche) and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investor had equity control – were persuaded to subscribe to 10,962,700 Offer Shares (the International Offer Shares tranche).

On Friday, October 25, 2019, Management caused to have published an '**ANNOUNCEMENT OF OFFER PRICE AND ALLOTMENT RESULTS**'.

Management stated that the Offer Price Per Share had been struck at \$HK34.20 – the highest level of the Indicative Offer Price – and that it was anticipated that the Company's coffers would be enriched by about \$HK311.70 million.

With regard to the HKSAR Offer Shares tranche, one was told that it had been '*significantly over-subscribed*', representing approximately 751.99 times the total number of 1,218,200 Offer Shares, initially available for subscription in this tranche.

As for the International Offer Shares tranche, one was informed that it had been ‘*significantly over-subscribed*’.

At Pages Eight and Nine of this Announcement, one was told how Management, currently, intended to utilise the net proceeds of the Global Offering:

- Approximately, 42 percent, that is about \$HK130.90 million, to be ‘*allocated to the research and development to bring our Core Product, HQP1351 (a drug, designed to overcome drug resistance), to commercialisation as follows:*

‘clinical trials: Approximately 18% of the net proceeds (approximately HK\$56.1 million) will be allocated to the ongoing Phase II clinical trial for CML (a type of cancer that affects the blood and bone marrow) in China, approximately 5% of the net proceeds (approximately HK\$15.6 million) allocated to a planned Phase Ib/II clinical trial in the United States, and approximately 1% of the net proceed (approximately HK\$3.1 million) allocated to the ongoing Phase I clinical trial for GIST (a type of tumour that occurs, most commonly, in the stomach or small intestine) in China;

‘manufacturing: Approximately 13% of the net proceeds (approximately HK\$40.5 million) will be allocated to construction of our GMP-compliant production line in Suzhou in preparation for the commercialization of our Core Product, HQP1351;

‘commercialization: approximately 5% of the net proceeds (approximately HK\$15.6 million) allocated to the preparation for commercialization of our Core Product, HQP1351. We plan to hire senior personnel with experience of commercialization, including sales and marketing and regulatory compliance’;
- Approximately, 13 percent, that is about \$HK40.50 million, ‘*for ongoing and planned clinical trials of APG-1252 (a drug, designed to restore apoptosis – programmed cell death), with approximately 2% of the net proceeds (approximately HK\$6.2 million) allocated to the ongoing Phase I clinical trial in China, approximately 2% of the net proceeds (approximately HK\$6.2 million) allocated to the ongoing Phase I clinical trial in the United States (of America), approximately 1% of the net proceeds (approximately HK\$3.1 million) allocated to the ongoing Phase I clinical trial in Australia, and approximately 8% of the net proceeds (approximately HK\$24.9 million) allocated to planned Phase II clinical trials in the United States, China and Australia’;*
- Approximately, 19 percent, that is about \$HK59.20 million, ‘*for ongoing and planned clinical trials of APG-2575 (an orally administered inhibitor, designed to restore apoptosis), with approximately 13% of the net proceeds (approximately HK\$40.5 million) allocated to the ongoing Phase I clinical in the United States, approximately 5% of the net proceeds (approximately HK\$15.6 million) allocated to the planned Phase I clinical trial in China, and approximately 1% of the net proceeds (approximately HK\$3.1 million) allocated to the ongoing Phase I clinical trial in Australia’;*

- Approximately, 19 percent, that is about \$HK59.20 million, ‘for ongoing and planned clinical trials of APG-115 (another type of inhibitor), with approximately 1% of the net proceeds (approximately HK\$3.1 million) allocated to the ongoing Phase I clinical trial in China, and approximately 18% of the net proceed (approximately HK\$56.1 million) allocated to the ongoing Phase Ib/II clinical trial in the United States’;
- Approximately, six percent of the net proceeds, that is about \$HK18.70 million, ‘allocated to ongoing and planned clinical trials for the rest of our clinical programs, APG-1387 (an inhibitor) and APG-2449 (an inhibitor), including approximately 3.1% of the net proceeds (approximately HK\$9.4 million) allocated to the ongoing Phase I clinical trials for APG-1387 in the United States and China, and 3% of the net proceeds (approximately HK\$9.4 million) allocated to the ongoing Phase I clinical trial for APG-2449 in China; and,
- Approximately, one percent of the net proceeds, that is about \$HK3.10 million, ‘allocated to our working capital and general corporate purposes.’

The History And Business Of Ascentage Pharma Group International

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