Akeso, Inc.
康方生物科技（開曼）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9926)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND CHANGE OF JOINT COMPANY SECRETARY, AUTHORIZED REPRESENTATIVE AND PROCESS AGENT

The Board of Akeso, Inc. hereby announces the unaudited condensed consolidated results of the Group for the six months ended June 30, 2022. These interim results have been reviewed by the Company's Audit Committee and the Company's auditor, Ernst & Young.

In this announcement, "we", "us" and "our" refer to the Company or where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

IFRS Measures:

- For the six months ended June 30, 2022, the Company's total product sales amounted to RMB297.2 million, benefiting from the commercial sales of Anniko® (Penpulimab, PD-1), which was launched in August 2021. Net of distribution cost of RMB134.0 million, the revenue increased by 26.8% to RMB163.1 million for the six months ended June 30, 2022 from RMB128.6 million for the six months ended June 30, 2021.

- Other income and gains, net increased by RMB10.9 million or 16.7% from RMB65.1 million for the six months ended June 30, 2021 to RMB76.0 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase in government grants.

- Research and development expenses increased by RMB31.9 million from RMB563.5 million for the six months ended June 30, 2021 to RMB595.4 million for the six months ended June 30, 2022. We reviewed and prioritized clinical development plan for our drug candidates and strategically focus our resources more on expediting these late stage or registration trial stage clinical programs including AK104 combined with chemotherapy for first-line gastric cancer, AK104 combined with chemotherapy for first-line cervical cancer, phase III programs of AK112 (PD-1/VEGF), AK101 (IL-12/IL-23) and AK102 (PCSK9), and phase Ib/II programs of AK117 (CD47) and etc.

- Selling and marketing expenses were RMB149.5 million for the six months ended June 30, 2022. The expenses were mainly attributable to (i) the increase in staff costs and marketing expenses due to the preparation for the coming launch of the product, Cadonilimab (AK104, PD-1/CTLA-4); and (ii) the marketing expenses incurred in relation to the sales of Anniko®.

- Loss for the period increased by RMB245.7 million from RMB446.2 million for the six months ended June 30, 2021 to RMB691.9 million for the six months ended June 30, 2022.

Non-IFRS Measures:

- Adjusted total comprehensive loss for the period was RMB585.6 million, an increase of RMB264.3 million from RMB321.3 million for the six months ended June 30, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

We are a biopharmaceutical company committed to the research, development, manufacturing and commercialization of either first-in-class or best-in-class therapies. We are dedicated to addressing global unmet medical needs in cancers, autoimmune diseases and metabolic disease.

Commercialization

On June 29, 2022, 開坦尼® (Cadonilimab), the first-in-class PD-1/CTLA-4 bi-specific antibody independently developed by the Company, has been granted marketing approval by the NMPA for the treatment of recurrent or metastatic cervical cancer (R/M CC) patients who have progressed on or after platinum-based chemotherapy. 開坦尼® is globally first approved dual immune checkpoint inhibitor bi-specific antibody, addressing a huge unmet medical needs for immunotherapy for advanced cervical cancer in China, and is also pioneering the development of bi-specific antibody in China.

During the Reporting Period, our first oncology immunotherapy drug Anniko® (Penpulimab, PD-1) achieved product sales of RMB297.2 million. In 2022, Penpulimab has been included in the 2022 CSCO Guideline: Penpulimab for treatment of refractory/relapsed classic Hodgkin Lymphoma (r/r cHL), Penpulimab in combination with chemotherapy as first-line treatment of squamous NSCLC, Penpulimab as second-line treatment or salvage treatment of recurrent/metastatic nasopharyngeal carcinoma (r/m NPC).

開坦尼® is the second product of the Group obtaining marketing approval from the NMPA following the approval of Anniko®, and is the first immunotherapy drug independently marketed by the Company. On July 5, 2022, the Company promptly delivered the first batch of 開坦尼®. This demonstrates great market potential and market acceptance of Cadonilimab and it was prescribed across different provinces in China. It was also highly recognized among clinical practitioners. It further demonstrates our commercialization team is well-prepared for the product launch.

Product Portfolio

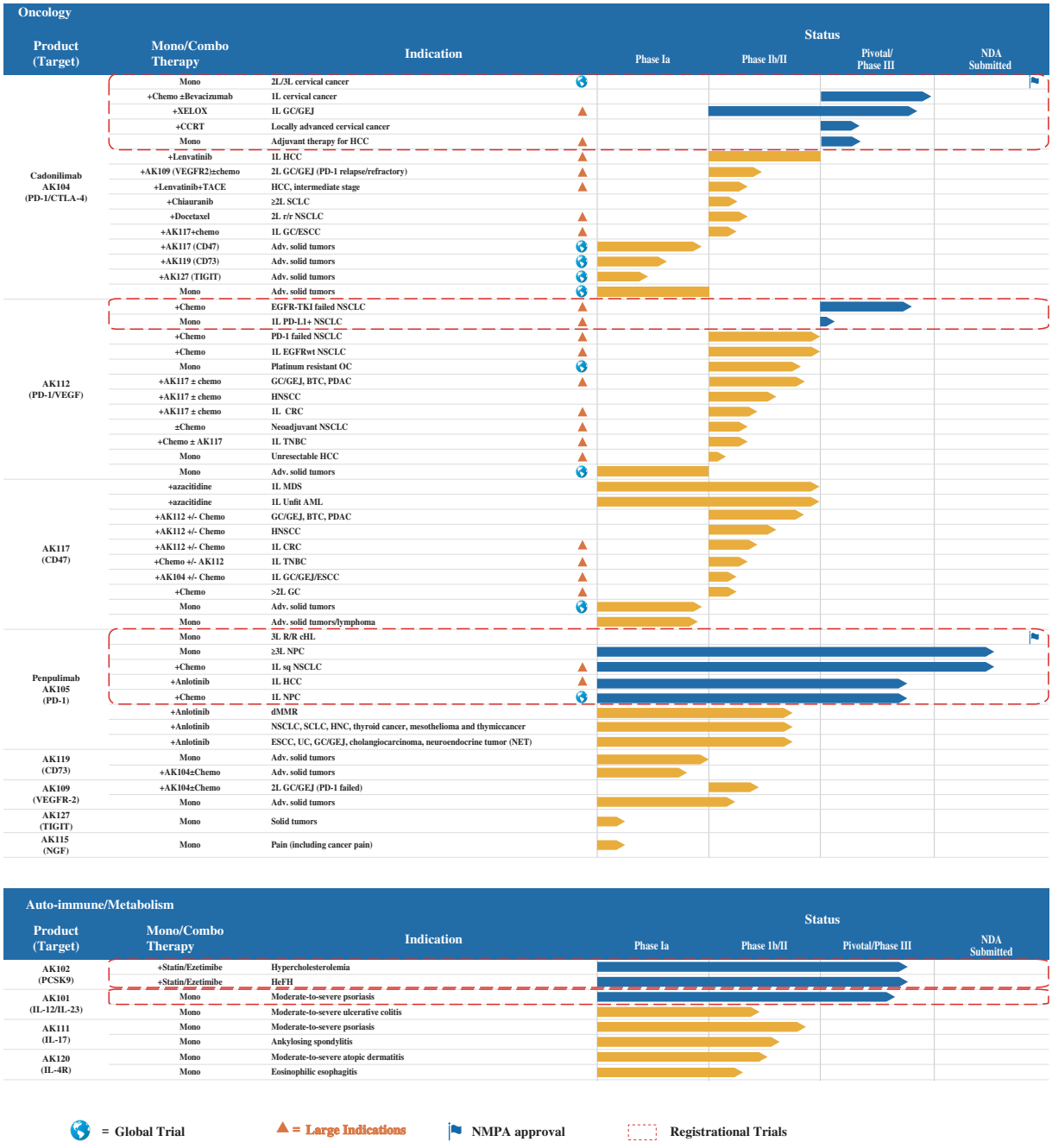
As of June 30, 2022, we have over 30 innovative programs covering the areas of oncology, auto-immune and metabolic diseases. These products include 6 bi-specific antibodies and 15 of which are in the clinical trial stage (including three out-licensed products).

Oncology is one of our focused therapeutic areas. Our products in clinical trial includes 開坦尼® (Cadonilimab, PD-1/CTLA-4), Anniko® (Penpulimab, PD-1), Ivonescimab (PD-1/VEGF, AK112), Ligufalimub (CD47, AK117), Drebuxelimab (CD73, AK119), Pulocimab (VEGFR-2, AK109), AK127 (TIGIT), and AK115 (NGF), which cover various indications including hematological tumors and solid tumors. We believe that some of these commercialized drugs and drug candidates have the potential to be the first-in-class or best-in-class therapies, as well as backbone drugs of combination therapies.

In the area of auto-immune disease, we also have strong pipeline which consists of valuable clinical assets including Ebdarokimab (IL-12/IL-23, AK101), Gumokimab (IL-17, AK111) and Manfidokimab (IL-4R, AK120).

We also have innovative drug candidates targeting metabolic diseases including Ebronucimab (PCSK9, AK102), which is in collaboration under a joint venture agreement with Dawnrays Pharmaceutical.

The following chart summarizes the development status of two commercialized products and other clinical-stage assets as of the date of this announcement:



Oncology

- ***開坦尼® (Cadonilimab, PD-1/CTLA-4):***

  1. *Commercialization and NDA progress*

     — In June, 開坦尼® was granted marketing approval for the treatment of recurrent or metastatic cervical cancer (R/M CC) patients who have progressed on or after platinum-based chemotherapy. 開坦尼® is globally first approved dual immune checkpoint inhibitor bi-specific antibody, addressing a huge unmet medical need for immunotherapy for advanced cervical cancer in China, and is also pioneering the development of bi-specific antibody in China.

  2. *Significant Clinical Progress:*

     — In January, Cadonilimab in combination with concurrent chemoradiotherapy (CCRT) obtained CDE approval to initiate a Phase III clinical trial for treatment of locally advanced cervical cancer.

     — In January, Cadonilimab in combination with AK112 +/- chemotherapy obtained CDE approval to initiate a Phase Ib/II clinical trial for treatment of advanced non-small cell lung cancer (NSCLC).

     — In January, Cadonilimab in combination with Lenvatinib + TACE obtained CDE approval to initiate a Phase II clinical trial for treatment of liver cancer.

     — In March, Cadonilimab in combination with Docetaxel obtained CDE approval to initiate a Phase II clinical trial for treatment of advanced NSCLC which patients previously treated with PD-(L)1.

     — In March, we commenced R&D collaboration with Chipscreen Biosciences, and initiated a Phase Ib/II clinical trial of Cadonilimab in combination with Chiauranib for treatment of extensive-stage small cell lung cancer (ES-SCLC) which patients previously treated with PD-(L)1.

     — In June, Cadonilimab obtained CDE approval to initiate a Phase III clinical trial as adjuvant treatment of hepatocellular carcinoma (HCC).

     — In June, we completed patient enrollment of phase III trial of Cadonilimab in combination with platinum-based chemotherapy +/- bevacizumab as first-line treatment of R/M CC.

3. *Data Readouts:*

   — In January, results of Phase Ib/II clinical trial of Cadonilimab in combination with chemotherapy as the first-line treatment of advanced gastric cancer/gastroesophageal junction cancer (G/GEJ) were published at 2022 ASCO GI.

   — In March, results of Phase II clinical trial of Cadonilimab for treatment of R/M CC were orally reported at 2022 SGO.

   — In June, results of Phase II clinical trial of Cadonilimab in combination with standard of care as first-line treatment of R/M CC were orally reported at 2022 ASCO.

- ***Ivonescimab (PD-1/VEGF, AK112):***

1. *Significant Clinical Progress:*

   — In January, Phase III clinical trial of AK112 in combination with chemotherapy for treatment of advanced non-squamous NSCLC patients with EGFR-mutated who failed to prior EGFR-TKI treatment completed dosing of fist patient.

   — In January, AK112 in combination with AK117 obtained CDE approval to initiate a Phase II clinical trial as first-line treatment of triple-negative breast cancer (TNBC).

   — In March, Phase II clinical trial of AK112 monotherapy or in combination with chemotherapy as neoadjuvant/adjuvant treatment of resectable NSCLC completed first patient enrollment.

   — In June, AK112 obtained CDE approval to initiate a Phase II clinical trial for the treatment of unresectable HCC.

2. *Data Readouts:*

   — In June, results of Phase Ib/II clinical trial of AK112 monotherapy for the treatment of advanced NSCLC were published at 2022 ASCO.

   — In June, results of Phase II clinical trial of AK112 in combination with chemotherapy for the treatment of advanced NSCLC were published at 2022 ASCO.

3. Recent Development After the Reporting Period

— In August, the Company initiated the Phase III clinical trial of AK112 monotherapy versus Pembrolizumab as the first-line treatment for NSCLC patients with positive PD-L1 expression.

- ***Ligufalimab (CD47, AK117):***

1. Significant Clinical Progress:

— In January, AK117 in combination with AK112 +/- chemotherapy obtained CDE approval to initiate a Phase Ib/II clinical trial for treatment of advanced malignant tumors.

— In January, AK117 in combination with AK112 with chemotherapy obtained CDE approval to initiate a Phase II clinical trial as first-line treatment of TNBC.

- ***Pulocimab (VEGFR-2, AK109):***

Data Readouts

— In June, results of Phase I clinical trial of AK109 for treatment of advanced or metastatic solid tumors were published at 2022 ASCO.

- ***AK127 (TIGIT):***

1. Significant Clinical Progress:

— In March, AK127 monotherapy obtained CDE approval to initiate a Phase I clinical trial for treatment of malignant tumor.

2. Data Readouts

— In April, pre-clinical results of AK127 were published at 2022 AACR, which showed potent anti-tumor activities.

- ***AK115 (NGF):***

1. Significant Clinical Progress:

— In February, AK115 obtained CDE approval to initiate a Phase I clinical trial for alleviating pain (including cancer pain).

Auto-immune and Other Therapeutic Areas

- ***Ebdarokimab (IL-12/IL-23, AK101):***

  Significant Clinical Progress:

  — In June, we completed patient enrollment of Phase III pivotal trial of AK101 for treatment of moderate-to-severe psoriasis.

- ***Ebronucimab (PCSK9, AK102):***

  Significant Clinical Progress:

  — In June, we completed patient enrollment of Phase III pivotal trial of AK102 for the treatment of hypercholesterolemia.

  — In June, we completed patient enrollment of Phase III registrational trial of AK102 for the treatment of heterozygous familial hypercholesterolaemia (HeFH).

Warning under Rule 18A.08(3) of the Rules Governing the Listing of Securities on the Stock Exchange: There is no assurance that the Company will ultimately commercialize 開坦尼® and Anniko®. There is no assurance that Ivonescimab (AK112), Ligufalimab (AK117), Pulocimab (AK109), Drebuxelimab (AK119), AK127 (TIGIT), AK115 (NGF), Ebronucimab (AK102), Ebdarokimab (AK101), Gumokimab (AK111) and Manfidokimab (AK120) will ultimately be successfully developed and marketed by the Company. As of the date of this announcement, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

Our Selected IND-enabling Drug Candidates

In addition to our clinical-stage drug candidates, we are also developing over four drug candidates in IND-enabling stage, including but not limited to:

Assets	Target(s)	Monotherapy/ Combo-therapy	Therapeutic Areas	Commercialization Rights
AK129	PD-1/LAG3	Monotherapy	Oncology	Global
AK130	TIGIT/TGF- β	Monotherapy	Oncology	Global
AK131	PD-1/CD73	Monotherapy	Oncology	Global
AK132	Claudin18.2/CD47	Monotherapy	Oncology	Global

HUMAN RESOURCES MANAGEMENT

As of June 30, 2022, we had a total of 2,289 employees. In line with our strategic goal of enhancing the integrated platform of R&D, manufacturing and commercialization, the Company continues to recruit more talents.

Function	**Number of employees (as of June 30, 2022)**	**Number of employees** (as of June 30, 2021)
Research and Development (Pre-clinical)	**274**	192
Clinical	**505**	358
Manufacturing	**608**	286
Selling and Marketing	**630**	196
Sourcing, General and Administrative	**272**	170
Total	**2,289**	1,202

MANUFACTURING FACILITIES

As of June 30, 2022, the Company has a total production capacity of 31,500L in operation. We have a steady capacity expansion plan to meet our future clinical and commercialization needs. Our GMP-compliant manufacturing facilities are designed and validated according to the FDA, the EMA, and the NMPA regulations, and support the entire drug development process, from drug discovery to process development, GMP-compliant pilots and commercial manufacturing.

FDA/NMPA-compliant GMP manufacturing facility to continuously support the Company's clinical and commercialization development.

- **Zhongshan Torch Development District Manufacturing Site**: GMP-compliant manufacturing capacity of 3,500L.

- **Guangzhou Commercialization and Manufacturing Site**: The production capacity in operation at the moment is 28,000L, with additional 32,000L capacity under construction.

  AD Pharmaceutical, a joint venture of the Company and Dawnrays Pharmaceutical, commenced operation with a new production capacity of 8,000L in May.

- **Zhongshan Cuiheng Manufacturing Site**: The phase I and phase II projects under construction will provide up to 60,000L. Phase III of this project is in planning, which will provide a production capacity of up to 40,000L once completed.

IMPACT OF COVID-19 AND RESPONSE

Global Outbreak of COVID-19

The Company has developed defensive operation rules and fully prepared for company operation under outbreak of COVID-19. During the Reporting Period, we have experienced only minimal delay to our patient enrollment and clinical development due to business interruptions to hospitals and treatment centers. For commercialization preparation for 開坦尼®, we have no material interruption under the local pandemic and successfully obtained marketing approval. Based on information available as of the date of this announcement, we believe that the outbreak of COVID-19 will not cause material interruption to our business operation and will not have significant impact on our financial conditions and financial results.

The above conclusion is based on the information about COVID-19 available for the time being. The ultimate impact of the pandemic will depend on many factors beyond our control. We cannot be sure if the COVID-19 will not worsen and if our operation results will not be materially and adversely affected.

FUTURE DEVELOPMENT

We have developed a comprehensive and solid functional platform to welcome the launch of new products and our strong R&D with clinical focus and efficient execution will ensure continuous success.

In the second half of 2022, we will speed up the marketing and commercialization of 開坦尼® to benefit increasing patients. Meanwhile, we will accelerate clinical development plan to maximize the commercial potential of Cadonilimab in other large indications, including gastric cancer, lung cancer and liver cancer, etc. We also expect Anniko® to obtained NMPA approval for new indications, squamous NSCLC and NPC.

In the therapeutic area of oncology, we will strategically focus on the development of our core drug candidates, including Ivonescimab (PD-1/VEGF, AK112) and Ligufalimub (CD47, AK117), in particular accelerating our late-stage clinical trials in large indications. We will also move forward AK129 (PD-1/LAG-3), AK130 (TIGIT/TGF-β) and AK131 (PD-1/CD73) into clinical stage.

In the therapeutic area of auto-immune and metabolic diseases, we will proactively prepare the NDA submission of Ebdarokimab(IL-12/IL-23, AK101) and Ebronucimab (PCSK9, AK102).

We are committed to keeping up with the frontier of biotechnology development, being innovative and continuously optimizing our portfolio. To speed up the commercialization process and to maximize the commercial value of our approved products and drug candidates, we will identify strategic partners globally with high value-added potential to cooperate in the form of partnership, joint venture, or licensing agreement.

FINANCIAL REVIEW

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

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Product sales	**297,184**	–
Licensing fee income	**–**	128,600
Total sales from products and licensing fee	**297,184**	128,600
Less: distribution cost	**(134,049)**	–
Revenue	**163,135**	128,600
Cost of sales	**(28,109)**	–
Gross profit	**135,026**	128,600
Other income and gains, net	**75,966**	65,097
Selling and marketing expenses	**(149,501)**	–
Administrative expenses	**(92,741)**	(72,522)
Research and development expenses	**(595,384)**	(563,518)
Other expenses, net	**(49,420)**	(206)
Finance costs	**(15,830)**	(3,614)
Loss for the period	**(691,884)**	(446,163)
OTHER COMPREHENSIVE LOSS		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(154,391)**	12,465
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Translation from functional currency to presentation currency	**234,525**	(37,772)
Other comprehensive income/(loss) for the period, net of tax	**80,134**	(25,307)
Total comprehensive loss for the period	**(611,750)**	(471,470)
Non-IFRS Measures		
Adjusted total comprehensive loss for the period	**(585,606)**	(321,327)

1. Revenue

For the six months ended June 30, 2022, the Company's total product sales increased to RMB297.2 million, benefiting from the commercial sales of Anniko® (Penpulimab, PD-1), which was launched in August 2021. Net of distribution cost of RMB134.0 million, the revenue increased by 26.8% to RMB163.1 million for the six months ended June 30, 2022 from RMB128.6 million for the six months ended June 30, 2021.

	2022	2021
	RMB'000	*RMB'000*
Types of goods or services		
Product sales	**297,184**	–
Licensing fee income	**–**	128,600
Total sales from products and licensing fee	**297,184**	128,600
Less: distribution cost relevant to the product sales	**(134,049)**	–
Revenue	**163,135**	128,600

2. Cost of sales

The Group's cost of sales was related to Anniko® sold, consisting of cost of raw material, direct labor, manufacturing cost and manufacturing overhead related to the production of the products. For the six months ended June 30, 2022, the cost of sales was RMB28.1 million.

3. Other Income and Gains, net

The Group's other income and gains, net primarily consisted of announced government grants and bank interest income. The government grants consists of (i) subsidies from local government for compensation on expenditure arising from research and development activities; and (ii) awards for new drug development and capital expenditure incurred on certain projects including construction of manufacturing facilities.

Other income and gains, net increased by RMB10.9 million or 16.7% from RMB65.1 million for the six months ended June 30, 2021 to RMB76.0 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase in government grants.

4. Research and Development Expenses

The Group's research and development expenses primarily consisted of: (i) the costs of clinical trials for our drug candidates including third-party contracting costs with the engagement of CROs, clinical trial sites and other service providers in connection with clinical trials; (ii) employee salaries and related benefit costs in connection with our research and development activities; (iii) third-party contracting costs relating to testing expenses for pre-clinical programs; and (iv) costs associated with purchasing raw materials for research and development of our drug candidates.

For the six months ended June 30, 2022, the research and development expenses increased by RMB31.9 million to RMB595.4 million from RMB563.5million for the six months ended June 30, 2021. We reviewed and prioritized clinical development plan for our drug candidates and strategically focus our resources more on expediting these late stage or registration trial stage clinical programs including AK104 combined with chemotherapy for first-line gastric cancer, AK104 combined with chemotherapy for first-line cervical cancer, phase III programs of AK112 (PD-1/VEGF), AK101 (IL-12/IL-23) and AK102 (PCSK9), and phase Ib/II programs of AK117 (CD47) and etc.

5. Administrative expenses

Administrative expenses primarily consisted of (i) employee salaries and benefits; (ii) depreciation and amortization expenses; and (iii) professional fees. Other administrative expenses include travel expenses and other expenses in connection with administration activities.

For the six months ended June 30, 2022, the administrative expenses of the Group increased by RMB20.2 million to RMB92.7 million from RMB72.5 million for the six months ended June 30, 2021, which was mainly due to the increase in employees' salaries and benefits, and depreciation and amortization expenses.

6. Selling and marketing expenses

Selling and marketing expenses primarily consisted of (i) employee salaries and benefits; (ii) channel development and marketing expenses; (iii) business entertainment expenses and others.

Selling and marketing expenses were RMB149.5 million for the six months ended June 30, 2022. The expenses were mainly attributable to (i) the increase in staff costs and marketing expenses due to the preparation for the coming launch of the product, Cadonilimab (AK104, PD-1/CTLA-4); and (ii) the marketing expenses incurred in relation to the sales of Anniko®.

7. Finance Costs

Finance costs mainly consisted of interest expenses on bank and other borrowings, net of capitalized interest related to construction in progress, and finance costs on lease liabilities.

The finance costs of the Group increased from RMB3.6 million for the six months ended June 30, 2021 to RMB15.8 million for the six months ended June 30, 2022, which was primarily attributable to the increase in bank and other borrowings.

8. Loss for the Period

Loss for the period increased by RMB245.7 million from RMB446.2 million for the six months ended June 30, 2021 to RMB691.9 million for the six months ended June 30, 2022.

9. Non-IFRS Measure

To supplement the Group's interim condensed consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted total comprehensive loss for the period and other adjusted figures as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that these adjusted measures provide useful information to the Shareholders and potential investors in understanding and evaluating the Group's interim condensed consolidated results of operations in the same manner as they help the Company's management.

Adjusted total comprehensive loss for the period represents the total comprehensive loss for the period excluding the effect of equity-settled share award expenses. The term adjusted total comprehensive loss for the period is not defined under the IFRS. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance. The adjusted total comprehensive loss for the period, as the management of the Group believes, is accepted and adopted in the industry in which the Group is operating in. However, the presentation of the adjusted total comprehensive loss for the period are not intended to be (and should not be) considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. Shareholders and potential investors of the Company should not view the non-IFRS measures (i.e. the adjusted total comprehensive loss for the period) on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results reported or forecasted by other companies.

The table below sets forth a reconciliation of the total comprehensive loss for the period to adjusted total comprehensive loss for the period during the periods indicated:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Total comprehensive loss for the period	**(611,750)**	(471,470)
Added:		
Equity-settled share award expenses	**26,144**	150,143
Adjusted total comprehensive loss for the period	**(585,606)**	(321,327)

Selected Data from Consolidated Statement of Financial Position

	As at June 30, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
	Unaudited	Audited
Total current assets	**2,975,925**	3,152,256
Total non-current assets	**2,006,256**	1,653,533
Total Assets	**4,982,181**	4,805,789
Total current liabilities	**1,113,615**	655,695
Total non-current liabilities	**1,205,432**	869,828
Total liabilities	**2,319,047**	1,525,523
Net current assets	**1,862,310**	2,496,561

10. Liquidity and Source of Funding and Borrowing

As of June 30, 2022, the current assets of the Group were RMB2,975.9 million, including cash and cash equivalents of RMB2,220.7 million and other current assets of RMB755.2 million.

Among them, the Group's cash and cash equivalents decreased by RMB420.9 million to RMB2,220.7 million from RMB2,641.6 million as at December 31, 2021.

As of June 30, 2022, the current liabilities of the Group were RMB1,113.6 million, including trade payables of RMB278.3 million, other payables and accruals of RMB637.7 million, interest-bearing bank and other borrowings of RMB190.2 million and other current liabilities of RMB7.3 million.

As of June 30, 2022, the Group had short term loans of approximately RMB190.2 million (as of December 31, 2021: approximately RMB45.6 million) and long term loans of approximately RMB1,127.2 million (as of December 31, 2021: approximately RMB803.7 million). Bear interest on commercial bank borrowings at fixed annual interest rates ranging from 3.5% to 4.65%.

The new borrowings in the first half of the year were raised to ensure sufficient funds for research and development activities, infrastructure projects and facility operations. The Group had available unutilized bank loan facilities of approximately RMB1,375.8 million as of June 30, 2022, as compared with that of RMB1,596.6 million as at December 31, 2021.

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and mitigate potential risks.

11. Pledge of Assets

As of June 30, 2022, the Group had a total of RMB189.7 million of buildings and land use rights pledged to secure its loans and banking facilities.

12. Key Financial Ratios

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

	As at June 30, 2022	As at December 31, 2021
Quick ratio [(1)]	**2.4**	4.5
Gearing ratio [(2)]	**Not meaningful [(2)]**	Not meaningful [(2)]

Notes:

(1) Quick ratio is calculated by dividing current assets less inventories as of a given date by current liabilities as of such date.

(2) Gearing ratio is calculated using interest-bearing bank and other borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. Gearing ratio is not meaningful as our interest-bearing bank and other borrowings less cash and cash equivalents were negative.

13. Significant Investments

As at June 30, 2022, the Group did not hold any significant investments. Save as disclosed in this announcement, the Group did not have other plans for significant investments or capital assets as at the date of this announcement.

14. Material Acquisitions and Disposals

The Group did not have material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended June 30, 2022.

15. Contingent Liabilities

Save as disclosed in note 13 to the Interim Condensed Consolidated Financial Information, the Group did not have any material contingent liabilities as of June 30, 2022.

16. Foreign Exchange Risk Exposure

During the six months ended June 30, 2022, the Group mainly operated in China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries, while a portion of the Group's transactions were dominated in Hong Kong dollars, US dollars and Australian dollars. Except for certain cash and cash equivalents, other receivables and trade and other payables denominated in foreign currencies, the Group did not have significant foreign exchange risk exposure from its operations as of June 30, 2022. Our Group manages its foreign exchange risk by performing regular reviews of our net foreign exchange risks and uses forward contracts to eliminate the foreign exchange risk exposures.

17. Employees and Remuneration

As at June 30, 2022, the Group had a total of 2,289 employees. The following table sets forth the total number of employees by function as of June 30, 2022:

Function	**30 June, 2022** ***Number of employees***	30 June, 2021 *Number of employees*
Research and Development	**274**	192
Clinical	**505**	358
Manufacturing	**608**	286
Selling and Marketing	**630**	196
Sourcing, General and Administrative	**272**	170
Total	**2,289**	1,202

The total remuneration cost incurred by the Group for the six months ended June 30, 2022 was RMB255.5 million, as compared to RMB250.9 million for the six months ended June 30, 2021. The increase of RMB4.6 million was primarily attributable to (i) further expansion in our staff headcount; and (ii) the increase in employee salaries and benefits including equity-settled share award.

The remuneration of the employees of the Group comprises salaries, bonuses, employees' provident fund and social security contributions, other welfare payments and equity-settled share award expenses. In accordance with applicable PRC laws, the Group has 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 the Group's employees.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend to the Shareholders for the Reporting Period (six months ended June 30, 2021: Nil).

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the code provisions as set out in the CG Code as its own code to govern its corporate governance practices.

The Company has adopted and complied with all applicable code provisions contained in Part 2 of the CG Code throughout the Reporting Period with the exception of code provision C.2.1.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organisation structure of the Company, Dr. XIA Yu is the chairwoman and chief executive officer of the Company. With her extensive experience in the industry, the Board believes that vesting the roles of both chairwoman and chief executive officer in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Dr. XIA Yu performs both the roles of chairwoman and chief executive officer, the division of responsibilities between the chairwoman and chief executive officer is clearly established. In general, the chairwoman is responsible for supervising the functions and performance of the Board, while the chief executive officer is responsible for the management of the business of the Group. The two roles are performed by Dr. XIA Yu distinctly. We also consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

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

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

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

EVENTS AFTER THE REPORTING PERIOD

On July 15, 2022, an aggregate of 24,000,000 new shares were issued at a price of HK$24.27 per share to not less than six professional, institutional or other investors that are Independent Third Parties (the "**2022 Placing**") pursuant to the share placing agreement (the "**2022 Placing Agreement**") dated July 8, 2022, representing approximately 2.85% of the enlarged issued share capital of the Company immediately following the 2022 Placing.

The placing price per share was HK$24.27, and the net price per share for the subscription after deducting related costs and expenses was approximately HK$24.03 per share and the net proceeds raised from the 2022 Placing were approximately US$73,459,261 (equivalent to approximately HK$576,655,200 based on the exchange rate of US$1:HK$7.85 for illustration purpose). Further details of the 2022 Placing were set out in the announcements of the Company dated July 8, 2022 and July 15, 2022, respectively.

On July 22, 2022, PUYOUHENG (Pucotenlimab Injection), a humanized antagonist monoclonal antibody to human PD-1, which was licensed out by the Group and developed by Lepu Biopharma Co., Ltd. (a company listed on the Stock Exchange, stock code 2157.HK), received conditional marketing approval in China. We expect to receive milestones payment and sales royalty payment of PUYOUHENG from Lepu Biopharma Co., Ltd..

Save as disclosed above, as of the date of this announcement, the Group had no significant events after the Reporting Period.

REVIEW OF INTERIM RESULTS

The Audit Committee, comprising Mr. TAN Bo, Dr. XU Yan and Dr. ZENG Junwen, has jointly reviewed with the management the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim condensed consolidated financial information of the Group for the Reporting Period). The Audit Committee considered that the unaudited interim condensed consolidated financial results for the Reporting Period are in compliance with the relevant accounting standards, laws and regulations and the Company has made appropriate disclosures thereof. In addition, the Company's independent auditor, Ernst & Young, has performed an independent review of the Group's interim financial information for the Reporting Period 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.

CHANGE OF JOINT COMPANY SECRETARY, AUTHORIZED REPRESENTATIVE AND PROCESS AGENT

The Board has been informed that Ms. SUEN Pui Chun Hannah ("**Ms. SUEN**") who is a joint company secretary of the Company (the "**Joint Company Secretary**"), has tendered her resignation as the manager of corporate services of Vistra Corporate Services (HK) Limited, which is the external corporate services provider of the Company. As a result of the aforesaid resignation, Ms. SUEN ceased to act as (i) the Joint Company Secretary; (ii) an authorized representative (the "**Authorized Representative**") of the Company pursuant to Rule 3.05 of the Listing Rules; and (iii) an authorized representative of the Company to accept service of process and notices on behalf of the Company in Hong Kong as required under Rule 19.05(2) of the Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Process Agent**") with effect from August 23, 2022.

Ms. SUEN has confirmed that she does not have any disagreement with the Board and there are no other matters in relation to her cessation to act in the above positions of the Company that need to be brought to the attention of the Shareholders and the Stock Exchange.

Following the cessation of Ms. SUEN to act as a Joint Company Secretary, the Board is pleased to announce that Ms. LEUNG Wai Yan ("**Ms. LEUNG**") has been appointed as a Joint Company Secretary, the Authorized Representative and the Process Agent with effect from August 23, 2022. Mr. XI Xiaojie ("**Mr. XI**") will continue to serve as the other Joint Company Secretary.

The biographical details of Mr. XI and Ms. LEUNG are set out below:

Mr. XI

Mr. XI was appointed as a Joint Company Secretary on November 16, 2019. Mr. XI is also the chief financial officer of the Company. Mr. XI is primarily responsible for overseeing the overall financial management, financial matters and strategic development of the Group. Mr. XI has over 16 years of financial industry experience in the U.S. and China, including investment banking and private equity investment with many public and private companies.

Prior to joining the Company, Mr. XI was a director at SIN Capital (HK) Limited, focusing on investments in healthcare industry in China, and was an investment banker at Credit Suisse, Morgan Stanley and CLSA securities executing high profile transactions, including IPOs, debt and equity financings and M&As for leading companies in China.

Mr. XI earned his MBA degree with distinction from New York University, Stern School of Business in 2008. He obtained his Master of Science degree from Rutgers, The State University of New Jersey in 2002, with major in biochemistry and computer science, and his bachelor's degree in biochemistry from Wuhan University in 1997.

Ms. LEUNG

Ms. LEUNG is currently a manager of corporate services of Vistra Corporate Services (HK) Limited. She has over 14 years of experience in providing company secretarial services to numerous private and listed companies.

Ms. LEUNG obtained a Bachelor of Business (Administrative Management) from University of South Australia. She has been an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in United Kingdom since 2009.

WAIVER FROM STRICT COMPLIANCE WITH RULES 3.28 AND 8.17 OF THE LISTING RULES

Reference is made to the waiver (the "**Waiver**") granted to the Company by the Stock Exchange from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules in respect of the waiver period (i.e. from the date of appointment of Ms. SUEN as a Joint Company Secretary (i.e. December 14, 2020) up to April 23, 2023) (the "**Waiver Period**"), subject to the condition that Ms. SUEN, who meets the requirements under Rule 3.28 of the Listing Rules, is appointed as a Joint Company Secretary to assist Mr. XI in discharging his duties and functions as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules.

Given the condition of the Waiver could no longer be fulfilled following the departure of Ms. SUEN, the Company has applied to the Stock Exchange and has already been granted with a new waiver (the "**New Waiver**") by the Stock Exchange from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for the remaining period of the Waiver Period (i.e. from August 23, 2022 to April 23, 2023) (the "**New Waiver Period**") in relation to the eligibility of Mr. XI to act as a Joint Company Secretary, on the conditions that:

(i) Mr. XI will be assisted by Ms. LEUNG during the New Waiver Period;

(ii) the New Waiver could be revoked if there are material breaches of the Listing Rules by the Company; and

(iii) the Company will announce the reasons, details and conditions of the New Waiver, and the qualification and experience of both Mr. XI and Ms. LEUNG.

Before the end of the New Waiver Period, the Company must demonstrate and seek the Stock Exchange's confirmation that Mr. XI, having had the benefit of Ms. LEUNG's assistance during the New Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules such that a further waiver will not be necessary.

The Board would like to take this opportunity to express its gratitude to Ms. SUEN for her valuable contributions to the Company during her tenure of service and extend its warm welcome to Ms. LEUNG on her new appointment.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.akesobio.com. The interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be dispatched to Shareholders and published on the above websites in due course.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Product sales		**297,184**	–
Licensing fee income		**–**	128,600
Total sales from products and licensing fee		**297,184**	128,600
Less: distribution cost		**(134,049)**	–
REVENUE	*3*	**163,135**	128,600
Cost of sales		**(28,109)**	–
Gross profit		**135,026**	128,600
Other income and gains, net	*4*	**75,966**	65,097
Selling and marketing expenses		**(149,501)**	–
Administrative expenses		**(92,741)**	(72,522)
Research and development expenses		**(595,384)**	(563,518)
Other expenses, net		**(49,420)**	(206)
Finance costs	*6*	**(15,830)**	(3,614)
LOSS BEFORE TAX	*5*	**(691,884)**	(446,163)
Income tax expense	*7*	**–**	–
LOSS FOR THE PERIOD		**(691,884)**	(446,163)

	Note	Six months ended 30 June	
		2022	2021
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE LOSS			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(154,391)**	12,465
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Translation from functional currency to presentation currency		**234,525**	(37,772)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**80,134**	(25,307)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(611,750)**	(471,470)
Loss attributable to:			
Owners of the parent		**(630,434)**	(424,904)
Non-controlling interests		**(61,450)**	(21,259)
		(691,884)	(446,163)
Total comprehensive loss attributable to:			
Owners of the parent		**(550,300)**	(450,211)
Non-controlling interests		**(61,450)**	(21,259)
		(611,750)	(471,470)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For loss for the period	*9*	**RMB(0.77) yuan**	RMB(0.52) yuan

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	**30 June 2022** ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,581,219**	1,352,913
Right-of-use assets		**147,718**	151,727
Intangible assets		**6,473**	3,980
Advance payments for property, plant and equipment		**270,846**	144,913
Total non-current assets		**2,006,256**	1,653,533
CURRENT ASSETS			
Inventories		**301,239**	196,619
Trade and bills receivables	*10*	**295,163**	101,849
Prepayments, other receivables and other assets		**148,747**	212,071
Financial asset at fair value through profit or loss		**10,000**	–
Pledged deposits		**92**	92
Cash and cash equivalents		**2,220,684**	2,641,625
Total current assets		**2,975,925**	3,152,256
CURRENT LIABILITIES			
Trade payables	*11*	**278,334**	206,315
Other payables and accruals		**637,729**	394,891
Interest-bearing bank and other borrowings	*12*	**190,177**	45,598
Lease liabilities		**6,284**	7,854
Tax payable		**1,091**	1,037
Total current liabilities		**1,113,615**	655,695
NET CURRENT ASSETS		**1,862,310**	2,496,561
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,868,566**	4,150,094

	Note	**30 June 2022** ***RMB'000*** **(Unaudited)**	31 December 2021 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**1,127,207**	803,733
Lease liabilities		**967**	2,237
Deferred income		**77,258**	63,858
Total non-current liabilities		**1,205,432**	869,828
Net assets		**2,663,134**	3,280,266
EQUITY			
Equity attributable to owners of the parent			
Share capital		**57**	57
Shares held for restricted share unit schemes		**(83,244)**	(51,718)
Reserves		**2,691,561**	3,215,717
		2,608,374	3,164,056
Non-controlling interests		**54,760**	116,210
Total equity		**2,663,134**	3,280,266

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	**(580,675)**	(346,463)
Net cash flows used in investing activities	**(282,935)**	(367,759)
Net cash flows from financing activities	**406,524**	1,213,208
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(457,086)**	498,986
Cash and cash equivalents at beginning of period	**2,641,625**	2,684,499
Effect of foreign exchange rate changes, net	**36,145**	(19,621)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,220,684**	3,163,864

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 January 2019. The address of the registered office of the Company is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands. The Company's principal place of business in Hong Kong is Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries were involved in research and development, production and sale of biopharmaceutical products.

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 24 April 2020.

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The unaudited 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 31 December 2021. The unaudited interim condensed consolidated financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 3,	*Reference to the Conceptual Framework*
Amendments to IAS16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. The amendments did not have any impact on the financial position and performance of the Group.

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

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

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

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

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

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue

An analysis of revenue is as follows:

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or services		
Product sales	**297,184**	–
Licensing fee income	**–**	128,600
Total sales from products and licensing fee	**297,184**	128,600
Less: distribution cost relevant to the product sales	**(134,049)**	–
Revenue	**163,135**	128,600
Timing of revenue recognition		
Transferred at a point in time	**163,135**	128,600

Distribution cost is relevant to the product sales, and it represents the distribution fee paid or payable by the Group to customers.

There is no revenue recognised from performance obligations satisfied in previous periods.

Other segment information

The Group is engaged in research, development, production and sale of biopharmaceutical products, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**163,135**	–
United States of America (the "**USA**")	**–**	128,600
	163,135	128,600

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

(b) Non-current assets

	As at	As at
	30 June	31 December
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**2,005,351**	1,652,287
Other regions	**905**	1,246
	2,006,256	1,653,533

The non-current asset information above is based on the locations of the assets.

Information about a major customer

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**–**	128,600
Customer B	**90,346**	–
Total	**90,346**	128,600

4. OTHER INCOME AND GAINS, NET

Other income and gains, net

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**5,758**	9,364
Investment income from financial products	**2,736**	2,768
Government grant released*	**66,467**	43,133
Net income from lab testing services	**768**	919
Foreign exchange differences, net	**–**	5,682
Net changes in fair value of financial assets at fair value through profit or loss	**–**	1,812
Reversals of the write-down of inventories to net realisable value	**–**	1,376
Others	**237**	43
	75,966	65,097

* The government grants mainly represent subsidies received from the local governments for the purpose of compensation for expenses arising from research activities and clinical trials, award for new drug development and capital expenditure incurred on certain projects.

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses (excluding directors' remuneration)		
Wages and salaries	**182,137**	108,214
Pension scheme contributions	**40,407**	14,200
Equity-settled share award expenses	**13,162**	27,569
	235,706	149,983
Cost of inventories sold	**28,109**	–
Depreciation of property, plant and equipment	**40,153**	14,203
Depreciation of right-of-use assets	**5,240**	4,113
Amortisation of intangible assets*	**1,085**	428
Gain upon early termination of a lease**	**(47)**	–
Lease payments not included in the measurement of lease liabilities	**739**	704
Impairment of trade receivables, net**	**59**	–
Write-down/(reversal of the write-down) of inventories to net realisable value**	**373**	(1,376)
Donation expenses**	**44,301**	–
Loss on disposal of property, plant and equipment**	**726**	–
Foreign exchange differences, net**	**4,248**	(5,682)

* Included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income

** Included in "Other expenses, net" (six months ended 30 June 2021: "Other income and gains, net") in the interim condensed consolidated statement of profit or loss and other comprehensive income

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance cost on lease liabilities	**219**	262
Interest on bank and other borrowings	**25,754**	8,784
Total interest expense on financial liabilities not at fair value through profit of loss	**25,973**	9,046
Less: Interest capitalised	**(10,143)**	(5,432)
	15,830	3,614

7. 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.

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

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (six months ended 30 June 2021: 16.5%) on any estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits are determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 except for Akeso Biopharma which was qualified as a High and New Technology Enterprise and was subject to a preferential income tax rate of 15% for the six months ended 30 June 2022 and 2021.

The subsidiary incorporated in the USA is subject to American federal and California income tax. America federal income tax was provided at the rate of 21% and California income tax was provided at the rate of 8.84% for the six months ended 30 June 2022 and 2021 on the estimated assessable profits arising in the USA.

The subsidiary incorporated in the Australia is subject to Australia income tax. Australia corporate income tax has been provided at the rate of 30% on the estimated assessable profits arising in Australia.

The income tax expense of the Group for the periods presented is analysed as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current		
Charge for the period	**–**	–
Deferred	**–**	–
Total tax charge for the period	**–**	–

8. DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2022 and subsequent to the end of the reporting period (six months ended 30 June 2021: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 814,074,905 (six months ended 30 June 2021: 814,902,480) in issue, during the period.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2022 in respect of a dilution as the impact of the restricted share units had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(630,434)**	(424,904)

	Number of shares Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**814,074,905**	814,902,480

10. TRADE AND BILLS RECEIVABLES

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**295,252**	101,532
Bills receivables	**–**	347
	295,252	101,879
Impairment	**(89)**	(30)
	295,163	101,849

Included in the Group's trade and bills receivables are amounts due from a non-controlling shareholder of the Group of RMB283,437,000 (31 December 2021: RMB101,532,000).

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**93,007**	99,971
3 to 6 months	**102,312**	1,531
6 to 9 months	**99,844**	–
	295,163	101,502

11. TRADE PAYABLES

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**173,231**	188,700
3 to 6 months	**35,681**	10,043
6 months to 1 year	**69,294**	6,066
Over 1 year	**128**	1,506
	278,334	206,315

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days except for the balances due to a non-controlling shareholder of the Group of RMB77,106,000 (31 December 2021: RMB66,173,000), which are repayable on demand.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2022 (Unaudited)			As at 31 December 2021 (Audited)		
	Effective interest rate	**Maturity**		Effective interest rate	Maturity	
	(%)		***RMB'000***	*(%)*		*RMB'000*
Current						
Bank loans — unsecured	**4.00–4.30**	**2023**	**175,707**	4.00–4.30	2022	38,021
Current portion of long term bank loans — secured	**4.40–5.39**	**2022–2023**	**14,470**	4.83–5.39	2022	7,577
			190,177			45,598
Non-current						
Bank loans — secured	**4.00–5.39**	**2023–2035**	**877,636**	4.70–5.39	2023–2035	583,169
Bank loans — unsecured	**4.4**	**2025**	**23,322**	N/A	N/A	–
Convertible loans — secured	***note (c)***	***note (c)***	**175,339**	*note (c)*	*note (c)*	170,504
Loans from a non-controlling shareholder — unsecured	**3.50**	**2026**	**50,910**	3.50	2026	50,060
			1,127,207			803,733
			1,317,384			849,331

Notes:

(a) The Group's banking facilities amounted to RMB2,385,400,000 (31 December 2021: RMB2,225,400,000) in aggregate, among which RMB43,610,000 (31 December 2021: RMB43,610,000) are secured by the buildings of the Group with net carrying values of approximately RMB48,737,000 (31 December 2021: RMB50,087,000) and among which RMB1,990,000,000 (31 December 2021: RMB1,990,000,000) are secured by the land use rights of the Group with net carrying values of approximately RMB140,932,000 (31 December 2021: RMB142,434,000) at the end of the reporting period, respectively. Such banking facilities of approximately RMB1,009,646,000 (31 December 2021: RMB628,767,000) has been utilised as at the end of the reporting period.

(b) Among the Group's banking facilities mentioned in note (a), RMB1,130,000,000 (31 December 2021: RMB1,130,000,000) are also secured by the equity interest of certain subsidiaries held by the Group. Such banking facilities of approximately RMB238,215,000 (31 December 2021: RMB238,215,000) has been utilised as at the end of the reporting period.

(c) On 23 July 2019, a subsidiary of the Group entered into a convertible loan agreement with its non-controlling shareholder and borrowed a convertible loan amounting to RMB75,000,000. The subsidiary further borrowed convertible loans of an aggregate amount of RMB75,000,000 under the agreement in 2020. According to the loan agreement, the convertible loans bear interest at 6.5% per annum and are secured by the equity interest in the subsidiary held by the Group as at 30 June 2022 and 31 December 2021. The convertible loans are due on 31 December 2023. Under the loan agreement, an option (the "**Convertible Right**") to convert the unpaid principal and the related interest into ordinary shares of the subsidiary will be granted to its non-controlling shareholder under certain conditions. The fair value of the Convertible Right was assessed to be minimal as at 30 June 2022 and 31 December 2021.

(d) All borrowings were denominated in RMB as at 30 June 2022 and 31 December 2021.

13. CONTINGENT ASSETS/LIABILITIES

In February 2019, a subsidiary of the Group brought a breach of contract claim against Sichuan Kelun Drug Research Institute Co., Ltd. ("**Sichuan Kelun**") based on Sichuan Kelun's failure to perform its contractual obligations pursuant to the collaboration agreement entered between the subsidiary and Sichuan Kelun (the "**Kelun Collaboration Agreement**"). In this claim, the subsidiary of the Group sought an aggregate amount of approximately US$1.8 million (equivalent to RMB12.3 million). Taking into account the opinion of the Group's legal counsel that it was premature to speculate the outcome of such claim as at the date of this announcement, the Directors considered that the amount receivable in respect of the claim cannot be reliably measured and therefore no such asset was recognised as at the end of the reporting periods.

In July 2019, Sichuan Kelun filed a counterclaim and alleged that the subsidiary did not perform its contractual obligations under the Kelun Collaboration Agreement. In this claim, Sichuan Kelun sought for the return of RMB1 million the subsidiary received and an aggregate amount of approximately RMB20.2 million for compensation. As at the date of this announcement, the claim had completed the substantive hearing stage. Taking into account the opinion of the Group's legal counsel, the Directors believed that the subsidiary has a valid defence against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

14. EVENTS AFTER THE REPORTING PERIOD

On 15 July 2022, 24,000,000 new shares were placed at a price of HK$24.27 per share to not less than six independent third parties for an aggregate cash consideration, before expenses, of approximately HK$582 million (equivalent to approximately RMB500 million). Certain related transaction costs were netted off against the cash proceeds. The net proceeds were intended to be used for the business development of the Group. Details have been set out in the announcements of the Company dated 8 and 15 July 2022, respectively.

DEFINITIONS

In this interim results announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

"AACR"	American Association for Cancer Research
"Akeso Biopharma"	Akeso Biopharma Co., Ltd. (中山康方生物醫藥有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of the Company
"Anniko®", "Penpulimab" or "AK105"	Penpulimab antibody injection, a new PD-1 monoclonal antibody with IgG1 subtype and Fc segment modification, which is structurally stable and less prone to aggregation
"ASCO"	American Society of Clinical Oncology Annual Meeting
"ASCO GI"	Gastrointestinal Cancers Symposium
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors
"BVI"	British Virgin Islands
"CDE"	Center for Drug Evaluation of NMPA
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Chipscreen Biosciences"	Shenzhen Chipscreen Biosciences Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock code: 688321.SH)
"Company", "our Company"	Akeso, Inc. (康方生物科技(開曼)有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on January 30, 2019
"CRO"	contract research organization

"CSCO"	Chinese Society of Clinical Oncology Annual Meeting
"Director(s)"	the director(s) of the Company
"dMMR"	mismatch repair deficient
"EMA"	European Medicines Agency
"FDA"	the Food and Drug Administration of the United States
"GMP"	good manufacturing practice
"Group", "our Group", "our", "we", "us" or "Akeso Group"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"HCC"	hepatocellular carcinoma
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"IPO"	the initial public offering of the Shares on the Main Board of the Stock Exchange on April 24, 2020

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局) (formerly known as the China National Drug Administration and the China Food and Drug Administration)
"NSCLC"	non-small-cell lung cancer, any carcinoma (as an adenocarcinoma or squamous cell carcinoma) of the lungs that is not a small-cell lung carcinoma
"R&D"	Research and Development
"Reporting Period"	the six months ended June 30, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"SGO"	Society of Gynecologic Oncology
"Share(s)"	ordinary share(s) with nominal value of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TACE"	transcatheter arterial chemoembolization
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"US$"	United States dollars, the lawful currency of the United States
"%"	per cent

By order of the Board
Akeso, Inc.
Dr. XIA Yu
Chairwoman and executive director

Hong Kong, August 23, 2022

As at the date of this announcement, the Board of the Company comprises Dr. XIA Yu as chairwoman and executive director, Dr. LI Baiyong, Dr. WANG Zhongmin Maxwell and Mr. XIA Yu (Ph.D.) as executive directors, Dr. ZHOU Yi and Mr. XIE Ronggang as non-executive directors, and Dr. ZENG Junwen, Dr. XU Yan and Mr. TAN Bo as independent non-executive directors.