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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The Board of Akeso, Inc. hereby announces the audited consolidated results of the Group for the year ended December 31, 2020. These annual results have been reviewed by the Company's Audit Committee and audited by 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

	Year Ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**—**	70,879
Other income and gains, net	**123,524**	50,186
Research and development expenses	**(768,589)**	(308,388)
Administrative expenses	**(253,029)**	(55,421)
Loss for the year	**(1,320,579)**	(346,454)
Total comprehensive loss for the year	**(1,552,516)**	(348,521)
Adjusted total comprehensive loss for the year*	**(747,452)**	(238,211)

* Adjusted total comprehensive loss is not defined under the International Financial Reporting Standard (the "**IFRS**"), it represents the total comprehensive loss excluding the effect brought by equity-settled share award expenses, listing expenses and fair value changes on convertible redeemable preferred shares.

IFRS Measures:

- Revenue was RMB70.9 million for the year ended December 31, 2019, which was generated from the receipt of the milestone payment in connection with our out-licensed product AK107.

- Other income and gains, increased by RMB73.3 million from RMB50.2 million for the year ended December 31, 2019 to RMB123.5 million for the year ended December 31, 2020. The increase was primarily attributable to interests earned on the proceeds from the Company's IPO on the Stock Exchange and the increase in subsidies from local government for research and development activities.

- Research and development expenses increased by RMB460.2 million from RMB308.4 million for the year ended December 31, 2019 to RMB768.6 million for the year ended December 31, 2020. The increase was primarily attributable to the clinical trial advancement and increased staff costs as a result of the increase in headcount in research and development personnel and the increase in employee salaries and related benefit costs including equity-settled share award expenses.

- Administrative expenses increased by RMB197.6 million from RMB55.4 million for the year ended December 31, 2019 to RMB253.0 million for the year ended December 31, 2020, primarily attributable to the increase in listing expenses in connection with the IPO and the increase in employee salaries and benefits including equity-settled share award expenses and the increase in headcount of non-research and development personnel.

- The loss for the year increased by RMB974.1 million from RMB346.5 million for the year ended December 31, 2019 to RMB1,320.6 million for the year ended December 31, 2020. The increase was attributable to (i) the increase of the loss in the amount of RMB659.1 million mainly as a result of the above factors; and (ii) a non-cash, one time change of RMB315.0 million in the fair value of convertible redeemable preferred shares as required under the IFRS.

Non-IFRS Measures:

Adjusted total comprehensive loss represents the total comprehensive loss excluding the effect brought by equity-settled share award expenses, listing expenses and certain non-cash items and non-recurring events, namely the fair value changes on convertible redeemable preferred shares.

The term adjusted total comprehensive loss is not defined under the IFRS. The table below sets forth a reconciliation of the total comprehensive loss to adjusted total comprehensive loss:

	Year Ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Total comprehensive loss for the year	**(1,552,516)**	(348,521)
Added:		
Fair value changes on convertible redeemable preferred shares	**412,421**	97,382
Equity-settled share award expenses	**347,151**	—
Listing expenses	**45,492**	12,928
Adjusted total comprehensive loss for the year	**(747,452)**	(238,211)

BUSINESS HIGHLIGHTS

On April 24, 2020, the Company was successfully listed on the Stock Exchange. We have made significant progress with respect to our product pipeline and business operations since our Listing Date:

Oncology

- ***PD-1/CTLA-4 bi-specific antibody (AK104):***

  1. Clinical Progress:

  — In April 2020, we obtained the IND approval from the FDA to initiate a registrational clinical trial of AK104 monotherapy as second-line therapy in patients with recurrent or metastatic cervical cancer.

  — In May 2020, we obtained approval from the NMPA to initiate a pivotal registrational trial for third-line treatment of patients with metastatic nasopharyngeal carcinoma and the first patient has been successfully dosed with AK104 in this trial.

  — In July 2020, the first patient was successfully dosed with AK104 in combination with Lenvatinib for first-line treatment for advanced HCC.

  — In August 2020, FDA granted Fast Track designation to AK104 monotherapy for the treatment of patients with recurrent or metastatic cervical cancer.

  — In October 2020, AK104, which is designated for treating recurrent or metastatic cervical cancer, was included in the list of "Breakthrough Therapy Designation" by the NMPA.

  — In December 2020, the Company completed the patient screening for enrollment in advance in a registrational Phase II clinical trial for AK104, which is designated for treating patients suffering from recurrent or metastatic cervical cancer in China.

2. *Data Readouts:*

— In September 2020, we orally presented the latest information of AK104 for treating advanced mesothelioma at ESMO 2020.

— In November 2020, the periodic data of AK104, which is designated for treating recurrent or metastatic cervical cancer, was released at the 2020 China Immuno-Oncology Conference.

- ***PD-1/VEGF bi-specific antibody (AK112):***

1. *Clinical Progress:*

— In August 2020, we obtained NMPA approval for AK112 to advance to Phase Ib of clinical trial for advanced solid tumors in China.

2. *Data Readouts:*

— In November 2020, the periodic data of Phase Ia clinical research of AK112 was released at the 2020 China Immuno-Oncology Conference.

- ***CD47 monoclonal antibody (AK117):***

1. *Clinical Progress:*

— In May 2020, the first patient was successfully dosed with AK117 in Australia. Currently, the clinical trial for dose escalation of AK117 for patients with advanced solid tumors and lymphomas is being carried out in Australia.

— In September 2020, we obtained the IND approval from the NMPA for AK117 in China.

2. *Data Readouts:*

— In November 2020, the first in-human clinical study progress of AK117 was presented at SITC 2020.

- ***PD-1 monoclonal antibody (Penpulimab, AK105):***

  1. Clinical Progress:

  — In May 2020, NMPA accepted the new drug application of Penpulimab (AK105) injection for the treatment of patients with classical Hodgkin's lymphoma that is relapsed or refractory (r/r) after at least two lines of systemic chemotherapy (r/r cHL).

  — In October 2020, the registrational clinical trial for third-line metastatic nasopharyngeal cancer with AK105 reached key endpoints and obtained Fast Track designation from the FDA.

  — In October 2020, the enrollment in Phase III clinical trial in combination with chemotherapy for first-line metastatic squamous non-small cell lung cancer with AK105 was completed.

  — The Company jointly initiated or are initiating multiple Phase II/III clinical trials of AK105 in combination with Anlotinib with CTTQ for various indications including:

    — Non-squamous non-small cell lung cancer (nsq-NSCLC);
    — Small cell lung cancer (SCLC);
    — Gastric cancer (GC);
    — Esophageal squamous cell carcinoma (ESCC);
    — Hepatocellular carcinoma (HCC);
    — Urothelial carcinoma (UC);
    — Head and neck cancer (HNC);
    — MSI-H or mismatch repair deficient (dMMR) solid tumor;
    — Neuroendocrine carcinoma, and etc.

  2. Data Readouts:

  — In November 2020, the Company presented the latest information regarding the study of AK105 for treatment of patients with relapsed or refractory classic Hodgkin's lymphoma and treatment of patients with metastatic nasopharyngeal carcinoma who had progressed after two or more lines of chemotherapy at SITC 2020.

- ***CD73 monoclonal antibody (AK119):***

  Clinical Progress:

  — In October 2020, the first healthy subject was successfully dosed with AK119 for the treatment of COVID-19 in a clinical trial conducted in New Zealand.

- ***VEGFR-2 monoclonal antibody (AK109):***

  Clinical Progress:

  — In June 2020, the first patient with advanced solid tumor was enrolled and dosed in Phase I clinical trial of AK109 dose escalation in China.

Immunology and Other Therapeutic Areas

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

  Clinical Progress:

  — In December 2020, we completed the enrollment of patients in Phase IIb clinical trial of AK102 for the treatment of patients with a high or very high risk of hypercholesterolemia in China. The Company will launch Phase III clinical trial for the respective indications in China soon.

- ***IL-4R monoclonal antibody (AK120):***

  Clinical Progress:

  — In June 2020, the first healthy subject was successfully dosed with AK120 in Phase Ia clinical trial in New Zealand.

  — In October 2020, the first patient was successfully enrolled in multi-dose escalation of AK120 in Phase Ib clinical trial in New Zealand and Australia for treatment of moderate-to-severe atopic dermatitis.

  — In December 2020, Phase Ib clinical trial of AK120 for treatment of moderate-to-severe atopic dermatitis in the United States was approved by the FDA.

- ***IL-12/IL-23 monoclonal antibody (AK101):***

  Clinical Progress:

  — In May 2020, the IND application for the treatment of ulcerative colitis for AK101 was approved by the NMPA to initiate clinical trials in China, which marked the clinical trial approval granted to AK101 in addition to the previous one from the FDA to initiate clinical trials for the treatment of ulcerative colitis.

- ***IL-17 monoclonal antibody (AK111):***

  Clinical Progress:

  — In June 2020, the first patient of moderate-to-severe psoriasis was successfully enrolled and dosed with AK111 in Phase Ib clinical trial in China.

RECENT DEVELOPMENT AFTER THE REPORTING PERIOD

We continued to make significant progress in our drug pipeline and business operations after the Reporting Period, including the following major milestones and achievements. As of the date of this announcement, we have progressed 6, 23 and 8 clinical programs into Phase Ia, Ib/II and pivotal/III studies, respectively. We have also increased the total number of ongoing registrational or pivotal trials to 9. Moreover, we have received 5 IND approvals after the Reporting Period.

1. Clinical Progress:

- In January 2021, latest results of phase Ib/II study of AK104 in the first-line treatment of advanced gastric cancer or adenocarcinoma of gastroesophageal junction in combination with chemotherapy published at the 2021 ASCO GI.

- In January 2021, successful dosing of the first patient with combination of AK104 and AK119 for treatment of advanced solid tumors in Phase I clinical trial.

- In January 2021, latest study of AK105 in combination with anlotinib for first-line advanced HCC published at the 2021 ASCO GI.

- In February 2021, AK104 obtained orphan drug designation from the FDA for treating cervical cancer (except very early stage IA1).

- In February 2021, AK105 in combination with paclitaxel and carboplatin for first-line treatment of locally advanced or metastatic squamous non-small cell lung cancer has reached key research endpoints.

- In February 2021, the clinical trial application for IL-4R monoclonal antibody (AK120) was accepted by the NMPA.

- In February 2021, IL-17 monoclonal antibody (AK111) for treatment of axial spondylitis has obtained clinical trial approval from the NMPA.

2. Clinical Progress of our Business Development Partner:

- In March 2021, a combination therapy of CTLA-4 monoclonal antibody (AK107/MK-1308), an antibody we out-licensed to Merck, with Merck's PD-1 (Keytruda) has received clinical trial permission in China.

3. Others:

- In January 2021, the Company raised approximately HK$1.19 billion through a placing of new shares to further strengthen our financial position and expedite the development of corporate operation and various clinical programs.

- In February 2021, the Company completed GMP commissioning and process validation, and commenced GMP production of our Phase I commercialization manufacturing base in Guangzhou, with the manufacturing facilities housing up to 20,000 L disposable bioreactors.

OTHER HIGHLIGHTS

Human Resources Management

In order to fully support our continued growth, we continue to invest in attracting and retaining top talents, expand our talent pool and enhance our capabilities in various aspects of our operations including clinical development and commercialization.

The following table sets forth a breakdown of our employees by function as of December 31, 2020:

Function	Number of employees	% of total
Research and Development	160	21.5
Clinical	195	26.1
Manufacturing	233	31.3
Sourcing	13	1.7
Selling, General and Administrative	145	19.4
Total	746	100

Talent Acquisitions

In July 2020, we appointed Dr. Xinfeng Zhang as senior vice president of the Company. Dr. Zhang has extensive experience in global biopharmaceutical CMC operation and is responsible for CMC development, MST, and technology transfer for antibody drugs of the Company.

In July 2020, we appointed Dr. Michael (Chen) Chen as business development vice president of the Company. Dr. Chen has extensive experience in global business development and is responsible for overseeing the global business development of the Company.

In August 2020, we appointed Mr. Wenjun Shi as senior vice president of the commercialization department of the Company. Mr. Shi has extensive experience in pharmaceutical commercialization in China and is responsible for the commercialization of the Company in China.

In October 2020, we also appointed Dr. Jason Ni as senior vice president of the medical department of the Company. Dr. Ni has extensive experience in global drug development and is responsible for the clinical non-oncology medical team, pharmacovigilance division, clinical quality division and other relevant work of the Company.

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

We are a clinical-stage biopharmaceutical company committed to in-house discovery, development and commercialization of first-in-class and best-in-class therapies. We are dedicated to addressing global unmet medical needs in oncology, immunology and other therapeutic areas.

Our vision is to become a global leader in developing, manufacturing and commercializing innovative, next-generation and affordable therapeutic antibodies for patients worldwide.

Our business is designed to drive success through both efficient and breakthrough R&D innovation. We believe that fully integrated in-house R&D capabilities are critical to achieving success in China.

Since our inception, we have had the foresight to develop an end-to-end platform, the ACE Platform, encompassing comprehensive drug discovery and development functionalities, including target validation, antibody drug discovery and development, CMC and GMP-compliant manufacturing. Through our ACE Platform, we have developed one of the richest and most diversified innovative antibody drug pipelines in China covering over 20 drug development programs, including 13 antibodies in clinical-stage development and 6 bi-specific antibodies. By the end of 2020, we have received 12 IND approvals.

In addition to the strong product portfolio, we have also utilized the scientific strengths of our clinical assets, and our management relationships, to conduct business development activities and forged landmark transactions repetitively in China's biotech industry including successful out-licensing our CTLA-4 antibody (AK107) to Merck for a total consideration of up to US$200 million, and our commercialization partnership with Chia Tai Tianqing, the principal subsidiary of Sino Biopharmaceutical Limited, a company listed on the Stock Exchange (stock code: 1177), for the joint development and commercialization of our PD-1 antibody drug candidate (Penpulimab, AK105).

During the Reporting Period, the Company was included in both the MSCI China Index and the Hang Seng Hong Kong-Listed Biotech Index as a high quality biopharmaceutical company, and was included in the Southbound trading of Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect programs.

Product Pipeline

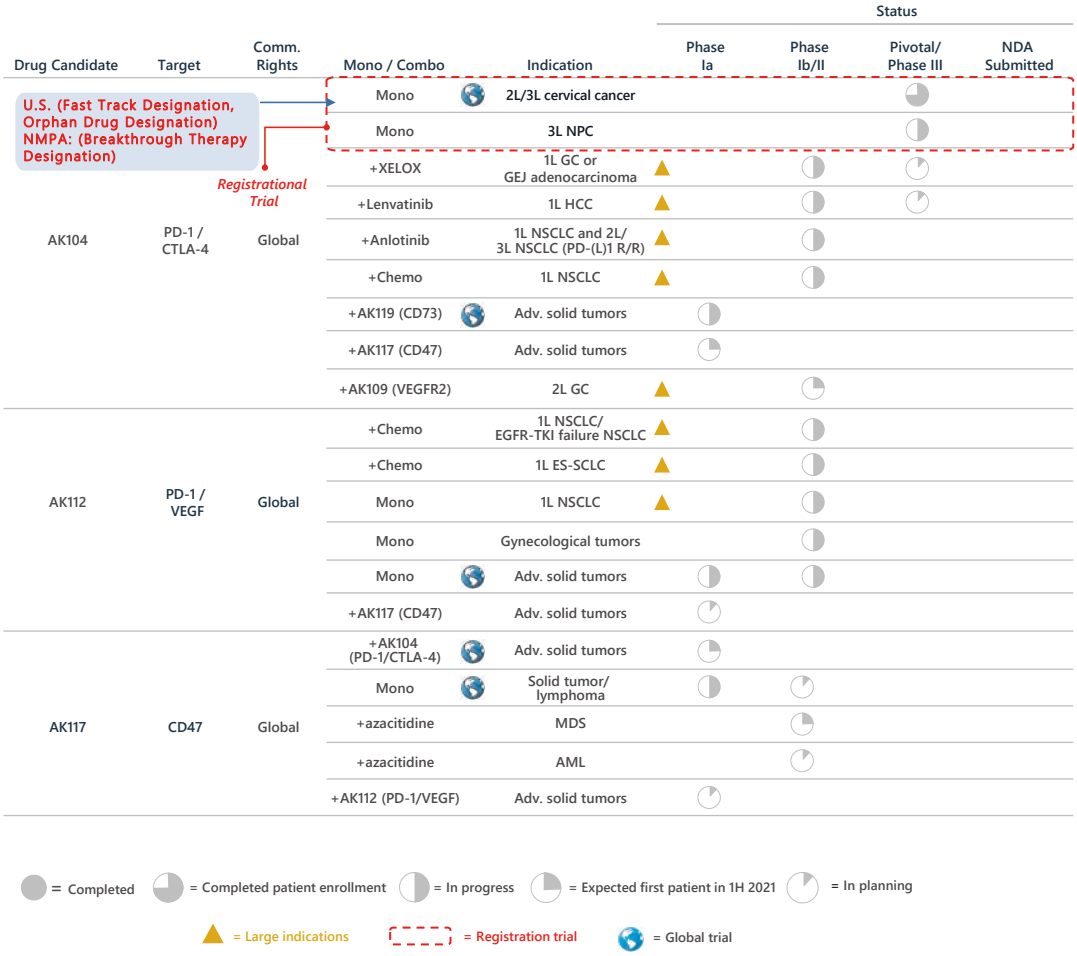
We have 13 clinical-stage drug candidates, including ten drug candidates under internal development and other three have been licensed out. Thereinto, we licensed out a CTLA-4 monoclonal antibody (AK107) to Merck in 2015 and two other drug candidates to our commercial partners for continued clinical development in 2014 and 2016, respectively.

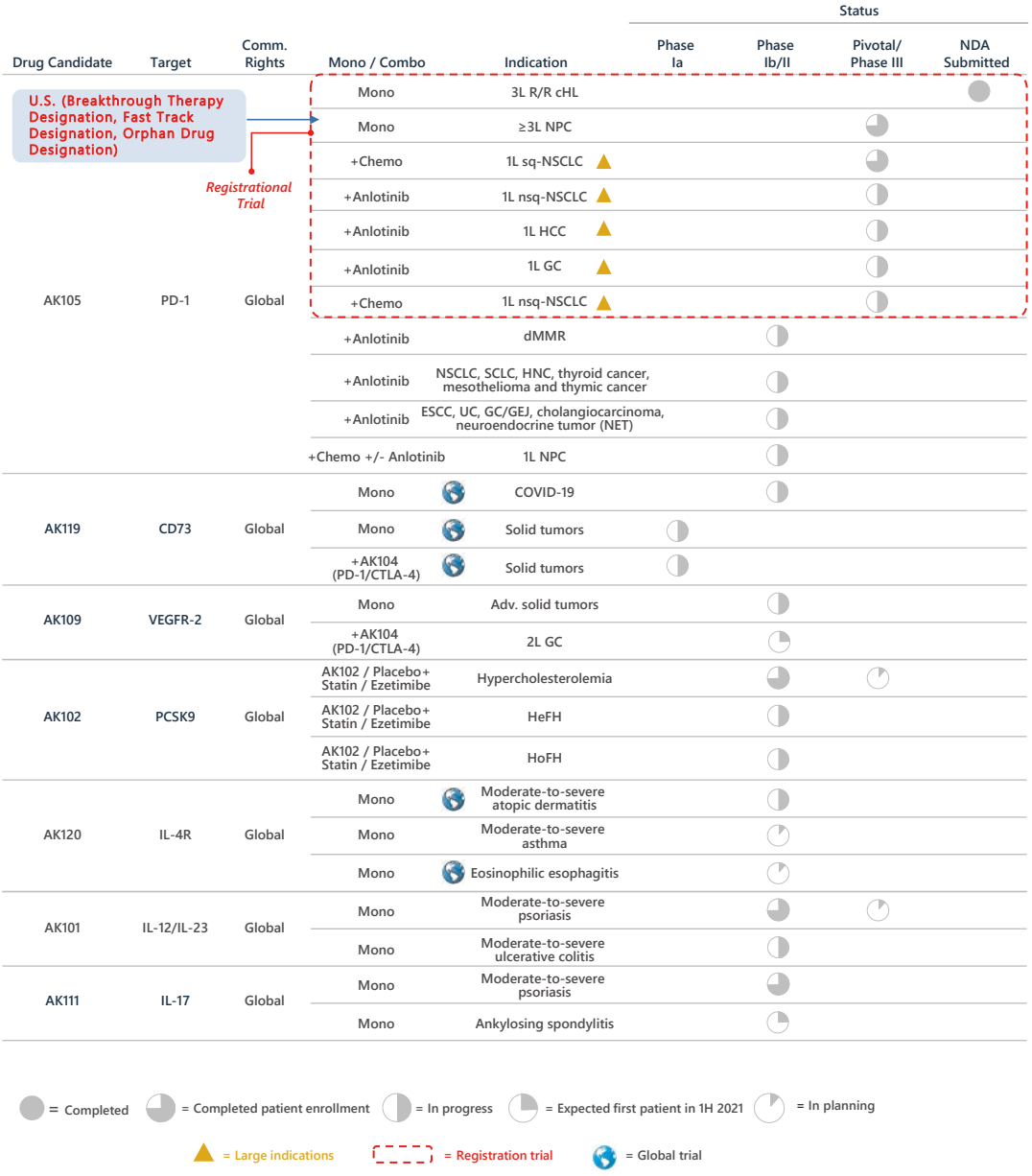
Oncology is one of our focused therapeutic areas. Our products in clinical trials include a PD-1/CTLA-4 bi-specific antibody (Cadonilimab, AK104), a PD-1/VEGF bi-specific antibody (AK112), a CD47 monoclonal antibody (AK117), a PD-1 monoclonal antibody (Penpulimab, AK105), a CD73 monoclonal antibody (AK119) and a VEGFR-2 monoclonal antibody (AK109). We believe that some of these candidates have the potential to become first-in-class or best-in-class therapies, as well as either important components or backbone of combination therapies.

We have also strategically developed an expertise in immunology since our inception, which positions us well to capture China's underserved and growing autoimmune disease market. In this therapeutic area, our products currently in clinical trials include a CD73 monoclonal antibody (AK119), an IL-4R monoclonal antibody (AK120), an IL-12/IL-23 monoclonal antibody (AK101) and an IL-17 monoclonal antibody (AK111).

In addition to oncology and immunology, we have several compounds targeting diseases in other therapeutic areas including a PCSK-9 monoclonal antibody (Ebronucimab, AK102) in collaboration under a joint venture agreement with Dawnrays Pharma.

The following chart summarizes the development status of our 10 internally-developed, clinical-stage antibody drug candidates as of the date of this announcement:





Abbreviations: 1L = first-line; 2L = second-line; 3L = third-line; Adv. = advanced; AML = acute myeloid leukemia; cHL = classic Hodgkin's lymphoma; Chemo = chemotherapy; Combo = combination therapy; Comm. = commercial; COVID-19 = Coronavirus Disease 2019; dMMR = mismatch repair deficient; EGFR-TKI = epidermal growth factor receptor tyrosine kinase inhibitors; ES = extensive stage; ESCC = esophageal squamous cell carcinoma; GC = gastric cancer; GEJ = gastroesophageal junction; HCC = hepatocellular carcinoma; HeFH = heterozygous familial hypercholesterolemia; HoFH = homozygous familial hypercholesterolemia; HNC = head and neck cancer; MDS = myelodysplastic syndrome; Mono = monotherapy; NPC = nasopharyngeal cancer; nsq-NSCLC = non-squamous non-small cell lung cancer; NSCLC = non-small cell lung cancer; R/R = relapsed/refractory; SCLC = small cell lung cancer; sq-NSCLC = squamous non-small cell lung cancer; UC = urothelial carcinoma.

BUSINESS REVIEW

During the Reporting Period, we continued to make significant progress in our product pipeline and business operations, including the following milestones and achievements:

Our Product Candidates

Oncology

- **PD-1/CTLA-4 bi-specific antibody (Cadonilimab, AK104)**: AK104 is our first-in-class PD-1/CTLA-4 bi-specific antibody designed to achieve preferential binding to tumor infiltrating lymphocytes rather than normal peripheral tissue lymphocytes. It has demonstrated the clinical efficacy of the combination therapy of PD-1 and CTLA-4 monoclonal antibodies, together with a favorable safety profile that the combination therapy of PD-1 and CTLA-4 monoclonal antibodies has failed to offer.

  For AK104, we have initiated a Phase Ia trial in Australia, and six Phase Ib and Phase II trials in China, including two Phase II basket trials covering multiple tumor types. Based on the current clinical development plan and our fast-to-market strategy, we expect to file the first NDA of AK104 in China for cervical cancer in the second half of 2021. Since our IPO, we have achieved the following progress or milestone(s):

  1. Clinical Progress:

  — In April 2020, we obtained the IND approval from the FDA to initiate a registrational clinical trial of AK104 monotherapy as second-line therapy in patients with recurrent or metastatic cervical cancer.

  — In May 2020, we obtained approval from the NMPA to initiate a pivotal registrational trial for third-line treatment of patients with metastatic nasopharyngeal carcinoma and the first patient has been successfully dosed with AK104 in this trial.

— In July 2020, the first patient was successfully dosed with AK104 in combination with Lenvatinib for first-line treatment for advanced HCC.

— In August 2020, FDA granted Fast Track designation to AK104 monotherapy for the treatment of patients with recurrent or metastatic cervical cancer.

— In October 2020, AK104, which is designated for treating recurrent or metastatic cervical cancer, was included in the list of "Breakthrough Therapy Designation" by the NMPA.

— In December 2020, the Company completed the patient screening for enrollment in advance in a registrational Phase II clinical trial for AK104, which is designated for treating patients suffering from recurrent or metastatic cervical cancer in China.

2. *Data Readouts:*

— In September 2020, we orally presented the latest information of AK104 for treating advanced mesothelioma at ESMO 2020.

— In November 2020, the periodic data of AK104, which is designated for treating recurrent or metastatic cervical cancer, was released at the 2020 China Immuno-Oncology Conference.

The table below sets forth details of our clinical development plan for AK104.

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
2L/3L cervical cancer*	Pivotal	Mono	September 2019	2H 2021	China/NMPA
3L NPC	Phase III	Mono	May 2020	—	China
1L GC or GEJ adenocarcinoma*	Phase II	Combo (with XELOX)	January 2019	—	China
1L HCC	Phase II	Combo (with Lenvatinib)	July 2020	—	China
1L NSCLC and 2L/3L NSCLC (PD-(L)1R/R)**	Phase II	Combo (with Anlotinib)	November 2020	—	China
1L NSCLC	Phase II	Combo (with chemo)	December 2020	—	China
Advanced solid tumors	Phase Ia	Combo (with AK119 (CD73))	January 2021	—	Australia
Advanced solid tumors	Phase Ia	Combo (with AK117 (CD47))	In planning	—	China
2L GC	Phase Ib/II	Combo (with AK109 (VEGFR2))	In planning	—	China

Abbreviations: 1H = first half; 2H = second half; 1L = first-line; 2L = second-line; 3L = third-line; GC = gastric cancer; GEJ = gastroesophageal junction; HCC = hepatocellular carcinoma; NPC = nasopharyngeal cancer; NSCLC = non-small cell lung cancer; R/R = relapsed/refractory.

Notes: (1) Denotes the date on which the first patient was or is expected to be enrolled.

* denotes the indications evaluated in the basket trial No. 1.

** denotes the indications evaluated in the basket trial No. 2. If promising efficacy signals are observed in these selected indications, we may expand these basket trials into a registrational trial or initiate a Phase III trial (which may include the sites in the United States).

- **PD-1/VEGF bi-specific antibody (AK112)**: AK112 is a potential first-in-class PD-1/VEGF bi-specific antibody. Given the strong correlation between VEGF and PD-1 expression in the tumor microenvironment, the simultaneous blockade of these two targets by AK112 as a single agent might achieve higher target binding specificities and synergistically produce enhanced antitumor activity compared to co-administration of anti-PD-(L)1 and anti-VEGF therapies. Engineered with our TETRABODY technology, AK112 blocks PD-1 binding to PD-L1 and PD-L2, and blocks VEGF binding to VEGF receptors, thus inhibiting tumor cell proliferation and tumor angiogenesis.

  In October 2019, the first patient was successfully enrolled in Phase Ia clinical trial of AK112 for the treatment of solid tumors in Australia. We also obtained IND approval from FDA in June 2019. Since our IPO, we have achieved the following progress or milestone(s):

  1. Clinical Progress:

  — In August 2020, we obtained NMPA approval for AK112 to advance to Phase Ib of clinical trial for advanced solid tumors in China.

  2. Data Readouts:

  — In November 2020, the periodic data of Phase Ia clinical research of AK112 was released at the 2020 China Immuno-Oncology Conference.

The table below sets forth details of our clinical development plan for AK112.

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
1L NSCLC/EGFR-TKI failure NSCLC	Phase II	Combo (with chemo)	1H 2021	—	China
1L ES-SCLC	Phase Ib	Combo (with chemo)	1H 2021	—	China
1L NSCLC	Phase II	Mono	1H 2021	—	China
Gynecological tumors	Phase II	Mono	1H 2021	—	China
Advanced solid tumors	Phase Ia/Ib	Mono	October 2019	—	Australia/China
Advanced solid tumors	Phase Ia	Combo (with AK117 (CD47))	In planning	—	China

Abbreviations: 1H = first half; 1L = first-line; EGFR-TKI = epidermal growth factor receptor tyrosine kinase inhibitors; ES = extensive stage; NSCLC = non-small cell lung cancer; SCLC = small cell lung cancer.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

- **CD47 monoclonal antibody (AK117)**: AK117 is a monoclonal antibody against CD47. We are evaluating this drug candidate for the treatment of cancer in combination with other therapies.

  We received an IND approval for AK117 in Australia in February 2020. Since our IPO, we have achieved the following progress or milestone(s):

  1. *Clinical Progress:*

     — In May 2020, the first patient was successfully dosed with AK117 in Australia. Currently, the clinical trial for dose escalation of AK117 for patients with advanced solid tumors and lymphomas is being carried out in Australia.

     — In September 2020, we obtained the IND approval from the NMPA for AK117 in China.

2. Data Readouts:

— In November 2020, the first in-human clinical study progress of AK117 was presented at SITC 2020.

The table below sets forth details of our clinical development plan for AK117.

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
Advanced solid tumors	Phase Ia	Combo (with AK104 (PD-1/CTLA-4))	1H 2021	—	Australia
Solid tumors/lymphoma	Phase Ia/Ib	Mono	1H 2021/In planning	—	Australia/China
MDS	Phase II	Combo (with azacitidine)	1H 2021	—	China
AML	Phase II	Combo (with azacitidine)	In planning	—	China
Advanced solid tumors	Phase Ia	Combo (with AK112 (PD-1/VEGF))	In planning	—	China

Abbreviations: 1H = first half; AML = acute myeloid leukemia; MDS = myelodysplastic syndrome.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

- **PD-1 monoclonal antibody (Penpulimab, AK105)**: Penpulimab is an innovative, potentially best-in-class humanized monoclonal antibody against PD-1 we developed in house, and is currently jointly developed and commercialized by the joint venture — CTTQ-Akeso (established by the Company and CTTQ).

  We have initiated an array of clinical studies for AK105 in Australia and China, including seven on-going registrational trials in China and a focus on combination trials with anlotinib. AK105 is differentiated from all of the currently marketed PD-1 antibodies with the key strengths including (1) differentiated structure design that (i) removes Fc-receptor-mediated effector function to increase anti-tumor activities and (ii) leads to slower off-rate and better receptor occupancy; (2) strong efficacy data and favorable safety profile observed in clinical trials. Since our IPO, we have achieved the following progress or milestone(s):

1. *Clinical Progress:*

— In May 2020, NMPA accepted the new drug application of Penpulimab (AK105) injection for the treatment of patients with classical Hodgkin's lymphoma that is relapsed or refractory (r/r) after at least two lines of systemic chemotherapy (r/r cHL).

— In October 2020, the registrational clinical trial for third-line metastatic nasopharyngeal cancer with AK105 reached key endpoints.

— In October 2020, the enrollment in Phase III clinical trial in combination with chemotherapy for first-line metastatic squamous non-small cell lung cancer with AK105 was completed.

— In October 2020, AK105 obtained Fast Track designation from the FDA for third-line metastatic nasopharyngeal carcinoma.

— The Company jointly initiated or is initiating multiple Phase II/III clinical trials of AK105 in combination with Anlotinib with CTTQ for various indications including:

  — Non-squamous non-small cell lung cancer (nsq-NSCLC);
  — Small cell lung cancer (SCLC);
  — Gastric cancer (GC);
  — Esophageal squamous cell carcinoma (ESCC);
  — Hepatocellular carcinoma (HCC);
  — Urothelial carcinoma (UC);
  — Head and neck cancer (HNC);
  — MSI-H or mismatch repair deficient (dMMR) solid tumor;
  — Neuroendocrine carcinoma, and etc.

2. *Data Readouts:*

— In November 2020, the Company presented the latest information regarding the study of AK105 for treatment of patients with relapsed or refractory classic Hodgkin's lymphoma and treatment of patients with metastatic nasopharyngeal carcinoma who had progressed after two or more lines of chemotherapy at SITC 2020.

The table below sets forth details of our clinical development plan for penpulimab (AK105).

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
3L R/R cHL	NDA submitted	Mono	January 2019	May 2020	China/NMPA
≥3L NPC	Pivotal	Mono	March 2019	2H 2021	China/NMPA
1L sq-NSCLC	Phase III	Combo (with chemo)	December 2018	2H 2021	China/NMPA
1L nsq-NSCLC	Phase III	Combo (with chemo)	July 2019	2022	China/NMPA
1L nsq-NSCLC	Phase III	Combo (with Anlotinib)	January 2020	2022	China/NMPA
1L HCC	Phase III	Combo (with Anlotinib)	2H 2020	2H 2022	China/NMPA
1L GC	Phase III	Combo (with Anlotinib)	2H 2020	—	China/NMPA
dMMR	Phase II	Combo (with Anlotinib)	2H 2020	—	China/NMPA
NSCLC, SCLC, HNC, thyroid cancer, mesothelioma and thymic cancer	Phase II	Combo (with Anlotinib)	May 2020	—	China/NMPA
ESCC, urothelial carcinoma, GC or GEJ adenocarcinoma, cholangiocarcinoma, neuroendocrine tumor (NET)	Phase II	Combo (with Anlotinib)	May 2020	—	China/NMPA
1L NPC	Phase II	Combo (with chemo+/- Anlotinib)	2H 2020	—	China/NMPA

Abbreviations: 1H = first half; 2H = second half; 1L = first-line; 2L = second-line; 3L = third-line; cHL = classic Hodgkin's lymphoma; dMMR = mismatch repair deficient; ESCC = esophageal squamous cell carcinoma; GC = gastric cancer; GEJ = gastroesophageal junction; HCC = hepatocellular carcinoma; HNC = head and neck cancer; NPC = nasopharyngeal cancer; nsq-NSCLC = non-squamous non-small cell lung cancer; NSCLC = non-small cell lung cancer; R/R = relapsed or refractory; SCLC = small cell lung cancer; sq-NSCLC = squamous non-small cell lung cancer.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

- **CD73 monoclonal antibody (AK119)**: AK119 is a monoclonal antibody against CD73 and is a full antagonist of CD73 activity. Complete blockade of CD73 activity by AK119 causes strong B cell activation and enhanced antibody production. Enhanced antibody production in COVID-19 patients may potentially augment their ability to destroy SARS-CoV-2 virus. We believe that AK119 can potentially be the effective treatment to be used for COVID-19 illness. AK119 may also result in more long-term immunity to SARS-CoV-2 virus, and potentially be used in conjunction with vaccination of healthy people to enhance the efficacy of vaccines. Since our IPO, we have achieved the following progress or milestone(s):

  Clinical Progress:

  — In October 2020, the first healthy subject was successfully dosed with AK119 in a clinical trial conducted in New Zealand.

The table below sets forth details of our clinical development plan for AK119.

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
COVID-19	Phase Ib	Mono	1H 2021	—	Global
Solid tumors	Phase Ia	Mono	1H 2021	—	Global
Solid tumors	Phase Ia	Combo (with AK104 (PD-1/CTLA-4))	1H 2021	—	Global

Abbreviations: 1H = first half; COVID-19 = Coronavirus Disease 2019.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

- **VEGFR-2 monoclonal antibody (AK109)**: AK109 is a fully human monoclonal IgG1 antibody against VEGFR-2. AK109 blocks VEGF binding to VEGFR-2, inhibiting VEGF mediated biological processes including angiogenesis. We are evaluating this drug candidate for the treatment of solid tumor.

  We have obtained the IND approval from the NMPA for AK109 and is conducting a Phase Ia/Ib dose escalation and extension trial in China. After the dose escalation and extension trial, we plan to conduct a series of clinical trials to evaluate AK109 in combination with either AK104 or AK105 for the treatment of different types of solid tumors, such as non-small cell lung cancer and liver cancer. Since our Listing Date, we have achieved the following progress or milestone(s):

  Clinical Progress:

  — In June 2020, the first patient with advanced solid tumor was enrolled and dosed in Phase I clinical trial of AK109 dose escalation.

The table below sets forth details of our clinical development plan for AK109.

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
Advanced solid tumors	Phase Ib	Mono	1H 2021	—	China
2L GC	Phase II	Combo (with AK104 (PD-1/CTLA-4))	1H 2021	—	China

Abbreviations: 1H = first half; GC = gastric cancer.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

Immunology and Other Therapeutic Areas

- **PCSK9 monoclonal antibody (Ebronucimab, AK102)**: AK102 is potentially the first domestically-developed PCSK9 monoclonal antibody to reach the market in China. We are evaluating AK102 for the treatment of hyperlipidemias, HoFH, HeFH and hypercholesterolemia. AK102 has the same target as Amgen's Repatha (evolocumab) and Sanofi/Regeneron's Praluent (alirocumab).

  We are enrolling the patients in Phase II clinical trials in China for Ebronucimab (AK102) to treat HoFH, HeFH, hypercholesterolemia patients with a very high or high risk of cardiovascular disease, respectively. Since our IPO, we have achieved the following progress or milestone(s):

  Clinical Progress:

  — In December 2020, we completed the enrollment of patients in Phase IIb clinical trial of AK102 for the treatment of patients with a high or very high risk of cardiovascular disease in China. The Company will launch Phase III clinical trial for the respective indications in China soon.

The table below sets forth details of our clinical development plan for AK102.

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
Hypercholesterolemia (for patients with very high/high cardiovascular risk)	Phase III	Ebronucimab (AK102)/Placebo plus Statin and/or Ezetimibe	In planning	2022	China
HoFH	Phase II	Ebronucimab (AK102)/Placebo plus Statin and/or Ezetimibe	May 2019	—	China
HeFH	Phase II	Ebronucimab (AK102)/Placebo plus Statin and/or Ezetimibe	December 2019	—	China

Abbreviations: HeFH = heterozygous familial hypercholesterolemia; HoFH = homozygous familial hypercholesterolemia.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

- **IL-4R monoclonal antibody (AK120)**: AK120 is a monoclonal antibody against IL-4R and blocks the biological activities of cytokines IL-4 and IL-13.

  We are evaluating this drug candidate as a monotherapy for the treatment of atopic dermatitis and asthma, and received an IND approval for AK120 in Australia in February 2020. Since our IPO, we have achieved the following progress or milestone(s):

  Clinical Progress:

  — In June 2020, the first healthy subject was successfully dosed with AK120 in Phase Ia clinical trial in New Zealand.

  — In October 2020, the first patient was successfully enrolled in multi-dose escalation of AK120 in Phase Ib clinical trial in New Zealand and Australia for treatment of moderate-to-severe atopic dermatitis.

  — In December 2020, Phase Ib clinical trial of AK120 for treatment of moderate-to-severe atopic dermatitis in the United States was approved by the FDA.

The table below sets forth details of our clinical development plan for AK120.

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
Moderate-to-severe atopic dermatitis	Phase II	Mono	1H 2021	—	Global
Moderate-to-severe asthma	Phase II	Mono	In planning	—	China
Eosinophilic esophagitis	Phase II	Mono	In planning	—	Global

Abbreviations: 1H = first half.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

- **IL-12/IL-23 monoclonal antibody (AK101)**: AK101 is potentially the first domestically-developed monoclonal antibody against the validated second-generation autoimmune disease target IL-12/IL-23, which is superior in efficacy, safety and ease of use to the first-generation target, tumor necrosis factor (TNF- α). AK101 has the same target as Johnson & Johnson's Stelara (ustekinumab).

  We are currently conducting Phase IIb clinical trial of AK101 in moderate-to-severe psoriasis patients in China. Based on the current clinical development plan, we expect to initiate a Phase III trial for moderate-to-severe psoriasis in the second half of 2021. We have also received IND approval from the FDA for evaluating AK101 for the treatment of ulcerative colitis in the United States in October 2019. Since our IPO, we have achieved the following progress or milestone(s):

  Clinical Progress:

  — In May 2020, the IND application for the treatment of ulcerative colitis for AK101 was approved by the NMPA to initiate clinical trials in China, which marked the clinical trial approval granted to AK101 in addition to the previous one from the FDA to initiate clinical trials for the treatment of ulcerative colitis.

The table below sets forth details of our clinical development plan for AK101.

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
Moderate-to-severe psoriasis	Phase II	Mono	December 2019	2024	China/NMPA
Moderate-to-severe ulcerative colitis	Phase Ib	Mono	1H 2021	—	China

Abbreviations: 1H = first half.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

- **IL-17 monoclonal antibody (AK111)**: AK111 is a humanized IL-17 monoclonal antibody intended for the treatment of psoriasis, ankylosing spondylitis (AS) and axial spondyloarthritis (axSpA). AK111 has the same target as Novartis's Cosentyx (secukinumab).

  We have completed a Phase I clinical trial of AK111 in New Zealand and have obtained an IND approval for psoriasis in China. Since our IPO, we have achieved the following progress or milestone(s):

Clinical Progress:

— In June 2020, the first patient of moderate-to-severe psoriasis was successfully enrolled and dosed with AK111 in Phase Ib clinical trial in China.

The table below sets forth details of our clinical development plan for AK111.

Indication	Clinical trial stage	Type of therapy	(Expected) first patient in date[1]	Expected NDA submission date	Location and competent authority
Moderate-to-severe psoriasis	Phase II	Mono	1H 2021	—	China
Ankylosing spondylitis	Phase II	Mono	1H 2021	—	China

Abbreviations: 1H = first half.

Note: (1) Denotes the date on which the first patient was or is expected to be enrolled.

- **Warning under Rule 18A.08(3) of the Rules Governing the Listing of Securities on the Stock Exchange**: There is no assurance that AK104, AK112, AK117, AK105, AK 119, AK102, AK120, AK101, AK111 and AK109 will ultimately be successfully developed and marketed by the Company. As at 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, as of December 31, 2020, 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
AK127	TIGIT	Monotherapy	Oncology	Global
AK131	PD-1/CD73	Monotherapy	Oncology	Global
AK130	TIGIT/TGFbeta	Monotherapy	Oncology	Global
AK129	PD-1/LAG3	Monotherapy	Oncology	Global

We meticulously evaluate these drug candidates' toxicity and pharmacological effects in a variety of pre-clinical studies using in vitro and in vivo laboratory animal testing techniques, and we actively explore their clinical development opportunities both in China and beyond.

Our Discovery Stage Candidates

In addition to our clinical-stage and IND-enabling stage drug candidates, we are also developing over ten discovery-stage drug candidates. Each of these candidates has been approved by our science committee, which reviews all proposals for research programs before they enter into discovery and development. Our drug discovery platform has allowed us to maintain and expand a strong discovery-stage drug pipeline in potentially important areas, such as oncology and immunology/inflammation. These are mostly novel targets with few or no available clinical data for proof of concept.

RESEARCH AND DEVELOPMENT

Our ACE Platform encompasses comprehensive modern biologic drug discovery and development capabilities and processes and allows us to operate with minimal dependence on external vendor services. These in-house capabilities are grouped in five main functions: (1) drug discovery; (2) process development; (3) pre-clinical development; (4) GMP-compliant manufacturing; and (5) clinical development.

Our ACE Platform incorporates our proprietary TETRABODY technology, expertise in crystallography and structure-based antibody design and engineering, superior in-house CMC capability, and adherence to global standard throughout the drug development process. These, combined with our fully integrated approach, have allowed us to consistently innovate and produce new drug candidates. We have built an efficient operating system for these individual functional platforms, laying a solid foundation for bringing our strong pipeline of innovative drugs from inception through development, manufacturing and commercialization.

MANUFACTURING FACILITIES

We develop and manufacture all drug candidates in-house, which gives us greater control over the production process of our drug candidates, thereby increasing our production efficiency, reducing costs, and allowing us to effectively manage our development processes and schedules.

From our inception, we have focused on establishing manufacturing facilities that are designed to meet rigorous international GMP standards. 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. We have manufactured nine clinical stage drug candidates for clinical trials. Our manufacturing facilities are comprised of the following sites:

- **GMP Pilot Plant**: Our GMP Pilot Plant currently houses our early-stage production with 50 L, 200 L and 250 L disposable bioreactors.

- **FDA/NMPA Compliant GMP Manufacturing Facility**: Our Zhongshan facility enables GMP-compliant manufacturing capacity of 3,500 L. The Zhongshan facility also features a 6,000 vial/hour (10 mL and 2 mL vials) fill/finish line.

- **Commercialization Manufacturing Base in Guangzhou**: This facility can house up to a total of 40,000 L manufacturing capacity to accommodate our future growth for drug supply. In the first phase, the facility house up to 20,000 L bioreactors and two fill/finish lines for vials and pre-filled syringes, respectively, with an anticipated annual production capacity of ten million dose units (vials and syringes). We expect this facility to also serve as our bio-analysis center with comprehensive quality control and micro-testing functions. A development laboratory with pilot plant will be established and enable late stage process development and full manufacturing support. Construction of the first phase of the facility has completed and operation commenced in early 2021.

- **Commercialization Manufacturing Base in Cuiheng, Zhongshan**: This facility will be built on a piece of land of 111,218 square meters and can house up to a total of 80,000 L manufacturing capacity to accommodate our future growth for drug supply. In the first phase, we plan to house up to 40,000 L bioreactors with an anticipated annual production capacity of twenty million dose units (vials and syringes). Construction of the first phase of the facility has commenced in December 2020.

HUMAN RESOURCES MANAGEMENT

In order to fully support our continued growth, we continue to invest in attracting and retaining top talents, expand our talent pool and enhance our capabilities in various aspects of our operations including but not limited to research and development, clinical development, and manufacturing.

The following table sets forth a breakdown of our employees by function as of December 31, 2020:

Function	Number of employees	% of total
Research and Development	160	21.5
Clinical	195	26.1
Manufacturing	233	31.3
Sourcing	13	1.7
Selling, General and Administrative	145	19.4
Total	746	100

KEY SENIOR APPOINTMENT

In July 2020, Dr. Xinfeng Zhang was appointed as senior vice president of the Company. Dr. Zhang has extensive experience in global biopharmaceutical CMC operation and he is responsible for CMC development and technology transfer for antibody drugs of the Company. Dr. Zhang has dedicated himself to CMC operation for years and has extensive experience and practical achievements in process and product development, technology transfer, process validation, industrialization declaration and launching, quality system, plant design, production and supply chain management of biologic drugs. The appointment of Dr. Zhang will enhance our CMC efforts and facilitate the technology transfer and will accelerate the development and global registration of our new drugs.

In July 2020, Dr. Michael (Chen) Chen was appointed as business development vice president of the Company. He is responsible for overseeing the global business development of the Company. Dr. Chen has extensive experience in global business development. Dr. Chen has dedicated himself to biopharmaceutical industry and global business development for years and has extensive experience and practical achievements in external innovation, pipeline cooperation and business development. The joining of Dr. Chen means the Company will further strengthen pipeline cooperation and business development and will speed up the process of commercialization, which will enhance the core competitiveness and global business layout of the Group.

In August 2020, Mr. Wenjun Shi was appointed as senior vice president of the commercialization department of the Company. He is responsible for the commercialization of the Company in China. Mr. Shi has extensive experience in pharmaceutical commercialization in China. Mr. Shi has dedicated himself to biopharmaceutical commercialization for years and has extensive theoretical and practical achievements in sales, medicine, marketing, governmental affairs, and business development. The joining of Mr. Shi will speed up the commercialization process of the Company's various products.

In October 2020, Dr. Jason Ni, who has extensive experience in global drug development, was appointed as the senior vice president of the medical department of the Company. He is responsible for the clinical non-oncology medical team, pharmacovigilance division, clinical quality division and other relevant work. Dr. Ni has extensive experience and expertise in various aspects, such as clinical development, pharmacovigilance and clinical quality. The appointment of Dr. Ni will enhance our capability in non-oncology pipeline drugs development and speed up the development and registration application of new drugs for non-oncology disease.

RECENT DEVELOPMENT AFTER THE REPORTING PERIOD

We continued to make significant progress in our drug pipeline and business operations after the Reporting Period, including the following major milestones and achievements. As of the date of this announcement, we have 5, 22 and 9 clinical programs in Phase Ia, Ib/II and pivotal/III studies, respectively. We have also increased the total number of ongoing registrational or pivotal trials to 9. Moreover, we have received 5 IND approvals after the Reporting Period.

1. Clinical Progress:

- In January 2021, latest results of phase Ib/II study of AK104 in the first-line treatment of advanced gastric cancer or adenocarcinoma of gastroesophageal junction in combination with chemotherapy published at the 2021 ASCO GI.

- In January 2021, successful dosing of the first patient with combination of AK104 and AK119 for treatment of advanced solid tumors in Phase I clinical trial.

- In January 2021, latest study of AK105 in combination with Anlotinib for first-line advanced HCC published at the 2021 ASCO GI.

- In February 2021, AK104 obtained orphan drug designation from the FDA for treating cervical cancer (except very early stage IA1).

- In February 2021, AK105 in combination with paclitaxel and carboplatin for first-line treatment of locally advanced or metastatic squamous non-small cell lung cancer has reached key research endpoints.

- In February 2021, the clinical trial application for IL-4R monoclonal antibody (AK120) was accepted by the NMPA.

- In February 2021, IL-17 monoclonal antibody (AK111) for treatment of axial spondylitis has obtained clinical trial approval from the NMPA.

2. Clinical Progress of our Business Development Partner:

- In March 2021, a combination therapy of CTLA-4 monoclonal antibody (AK107/MK-1308), an antibody we out-licensed to Merck, with Merck's PD-1 (Keytruda) has received clinical trial permission in China.

3. Others:

- In January 2021, the Company raised approximately HK$1.19 billion through a placing of new shares to further strengthen our financial position and expedite the development of corporate operation and various clinical programs.

- In February 2021, the Company completed GMP commissioning and process validation, and commenced GMP production of our Phase I commercialization manufacturing base in Guangzhou, with the manufacturing facilities housing up to 20,000 L disposable bioreactors.

For details, please refer to the corresponding announcements of the Company published on the website of the Stock Exchange.

IMPACT OF COVID-19 AND RESPONSE

Global Outbreak of COVID-19

It is expected that our clinical tests in China and overseas will not be significantly affected by the outbreak of COVID-19. 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 a significant impact on our financial conditions and financial results.

We are unable to predict if and when the COVID-19 will be suppressed. The above conclusion is based on the information about COVID-19 available for the time being. 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 will speed up the submission of new drugs for regulatory assessment and approval, the preparation for production and commercialization of drugs and the global development of our business. We will continue to push forward the clinical test of the existing and proposed pipeline products in China and overseas (including the United States) and the preparation for the commercialization of the pipeline products. We expect that the new drug application for Penpulimab (AK105, PD-1) for treatment of patients with classical Hodgkin's lymphoma that has relapsed or refractory after second or more systemic chemotherapy will be approved in 2021. In the first half of 2021, we expect to submit the new drug application for Penpulimab (AK105, PD-1) for third-line treatment of nasopharyngeal cancer. The new drug application for Penpulimab (AK105, PD-1) for first-line treatment of squamous non-small cell lung cancer will also be submitted in 2021. It is expected that the new drug application for Cadonilimab (AK104, PD-1/CTLA-4) for second- and third-line treatment of cervical cancer will be submitted in the second half of 2021. Further data readouts of other drugs in the pipeline, including Cadonilimab, AK112 (PD-1/VEGF), AK117 (CD47), AK105 (PD-1), AK119 (CD73), Ebronucimab (AK102, PCSK9), AK120 (IL-4R) and AK111 (IL-17), are expected in the next twelve months.

We have prepared for the roll-out of AK104 in 2022. We are actively identifying and recruiting sales and marketing executives for the establishment of our commercialization capability. We intend to establish an experienced and capable commercialization team comprising 500 members having knowledge of local markets by the end of 2021.

Furthermore, we will push forward our pre-clinical test preparation to discover, verify and select targets through our ACE Platform to enrich our product offering, in particular the products for cancer immunology and immunotherapy. It is expected that one or two drug candidates will commence clinical test in 2021.

To speed up the commercialization process and to maximize the commercial value of drugs, we will identify strategic partners in China and overseas with high value-added potential to cooperate in business development, joint venture and licensing arrangement.

We anticipate that the demand of our drug candidates will increase and intend to expand our GMP production capacity in accordance with the requirements of the United States, China, Japan and European Union. The establishment of the new manufacturing facilities in Guangzhou will complete in early 2021 for operation. The facilities will initially accommodate bioreactors of total capacity as high as 20,000 L. The construction of our technology centre in Kangfang Bay of Cuiheng New District in Zhongshan has commenced. According to our initial plan, the new manufacturing facilities will have additional production capacity of 40,000 L.

We are pleased to witness the rapid development of the Company and have proposed detailed development plan for the future. It is our mission and vision to become a global biopharmaceutical company dedicated to the development, production and commercialization of innovative antibody drugs that are affordable to patients worldwide.

FINANCIAL REVIEW

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

	Year Ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**—**	70,879
Other income and gains, net	**123,524**	50,186
Research and development expenses	**(768,589)**	(308,388)
Administrative expenses	**(253,029)**	(55,421)
Other expenses, net	**(2,077)**	(592)
Fair value changes on convertible redeemable preferred shares	**(412,421)**	(97,382)
Finance costs	**(7,987)**	(5,736)
Loss for the year	**(1,320,579)**	(346,454)
Other comprehensive loss		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**70,613**	6,128
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Translation from functional currency to presentation currency	**(302,550)**	(8,195)
Other comprehensive loss for the year, net of tax	**(231,937)**	(2,067)
Total comprehensive loss for the year	**(1,552,516)**	(348,521)
Non-IFRS Measures		
Adjusted total comprehensive loss for the year	**(747,452)**	(238,211)

1. Revenue

For the year ended December 31, 2019, the Group recorded revenue of RMB70.9 million in connection with receipt of milestone payment related to AK107, namely the CTLA-4 antibody (Quavonlimab, MK1308) we out-licensed to Merck, which did not occur in 2020.

2. Other Income and Gains, net

The Group's other income and gains primarily consisted of government grants, bank and other interest income, foreign exchange differences, net and net changes in fair value of financial assets at fair value through profit or loss. The government grants consist 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.

For the year ended December 31, 2020, the other income and gains, net of the Group increased by RMB73.3 million from RMB50.2 million for the year ended December 31, 2019 to RMB123.5 million. The increase was primarily attributable to interests earned on the proceeds from the Company's IPO on the Stock Exchange and the increase in subsidies from local government for research and development activities.

3. 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 including share based compensation 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 year ended December 31, 2020, the research and development expenses of the Group increased by RMB460.2 million, or 149.2%, to RMB768.6 million from RMB308.4 million for the year ended December 31, 2019. The increase was primarily attributable to (i) clinical trial advancement of our late stage drug candidates and the increased expenses incurred for additional clinical trials as more drug candidates progressed into clinical trial stage in 2020; and (ii) increase in employee salaries and related benefit costs, and increase in headcount of research and development personnel.

4. Administrative Expenses

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

For the year ended December 31, 2020, the administrative expenses of the Group increased by RMB197.6 million to RMB253.0 million from RMB55.4 million for the year ended December 31, 2019, which was primarily attributable to (i) the increase in listing expenses in connection with the IPO; and (ii) the increase in employee salaries and benefits mainly caused by equity-settled share award expense and increase in headcount of non-research and development personnel.

5. Fair Value Changes on Convertible Redeemable Preferred Shares

For the year ended December 31, 2020, the Group recorded fair value loss on convertible redeemable preferred shares of RMB412.4 million, representing an increase of RMB315.0 million from RMB97.4 million for the year ended December 31, 2019 as the fair value of the convertible redeemable preferred shares was deemed to be increased upon the completion of the IPO of the Company. Such loss on the fair value changes of convertible redeemable preferred shares was non-cash and non-recurring, as all of the Company's preferred shares were converted to ordinary shares upon the Listing Date, the Group will not incur any additional losses related to the fair value changes of preferred shares on going forward.

6. Finance Costs

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

For the year ended December 31, 2020, the finance costs of the Group increased by RMB2.3 million to RMB8.0 million from RMB5.7 million for the year ended December 31, 2019, which was primarily attributable to an increase in interest incurred from bank and other borrowings.

7. Loss for the Year

For the reasons described above, loss for the year of the Group increased by RMB974.1 million from RMB346.5 million for the year ended December 31, 2019 to RMB1,320.6 million for the year ended December 31, 2020.

8. Non-IFRS Measure

To supplement the Group's annual consolidated financial statements, which are presented in accordance with the IFRS, the Company also uses adjusted total comprehensive loss for the year 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 its shareholders and potential investors in understanding and evaluating the Group's annual consolidated results of operations in the same manner as they help the Company's management.

Adjusted total comprehensive loss for the year represents the total comprehensive loss for the year excluding the effect of equity-settled share award expenses, listing expense and certain non-cash items and non-recurring events, namely fair value changes on convertible redeemable preferred shares. The term adjusted total comprehensive loss for the year is not defined under the IFRS. However, the Company believes that this and other non-IFRS measures are the 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 year, as the management of the Group believes, is accepted and adopted in the industry which the Group is operating in. However, the presentation of the adjusted total comprehensive loss for the year 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 year) 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 year to adjusted total comprehensive loss for the year during the years indicated:

	Year ended December 31,	
	2020	2019
	RMB'000	*RMB'000*
Total comprehensive loss for the year	**(1,552,516)**	(348,521)
Added:		
Fair value changes on convertible redeemable preferred shares	**412,421**	97,382
Equity-settled share award expenses	**347,151**	—
Listing expenses	**45,492**	12,928
Adjusted total comprehensive loss for the year	**(747,452)**	(238,211)

Selected Data from Consolidated Statement of Financial Position

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Total current assets	**3,001,326**	1,255,964
Total non-current assets	**854,843**	416,975
Total Assets	**3,856,169**	1,672,939
Total current liabilities	**169,971**	119,761
Total non-current liabilities	**235,759**	1,337,473
Total liabilities	**405,730**	1,457,234
Net current assets	**2,831,355**	1,136,203

9. Liquidity and Source of Funding and Borrowing

As at December 31, 2020, the Group's cash and cash equivalents increased by RMB1,498.5 million to RMB2,684.5 million from RMB1,186.0 million as at December 31, 2019. The increase primarily resulted from the proceeds from the IPO.

As at December 31, 2020, the current assets of the Group were RMB3,001.3 million, including cash and cash equivalents of RMB2,684.5 million, financial assets at fair value through profit or loss of RMB110.0 million and other current assets of RMB206.8 million.

As at December 31, 2020, the current liabilities of the Group were RMB170.0 million, including trade payables of RMB112.6 million, other payables and accruals of RMB39.6 million, bank and other borrowings of RMB13.8 million and other current liabilities of RMB4.0 million.

As at December 31, 2020, the Group had available unutilized bank loan facilities of approximately RMB362.5 million, as compared to RMB26.8 million as at December 31, 2019.

As at December 31, 2020, the Group had short term loans of approximately RMB13.8 million (as at December 31, 2019: approximately RMB38.1 million) and had long term loans of approximately RMB178.6 million (as at December 31, 2019: approximately RMB173.3 million).

Such borrowings bear interest at fixed annual interest rates ranging from 5.23% to 6.5%. There was no material influence of seasonality on the Group's borrowing needs.

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

10. Pledge of Assets

As at December 31, 2020, the Group had total RMB156.6 million of buildings and land use right pledged to secure its loans and banking facilities.

11. Key Financial Ratios

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

	As at December 31,	
	2020	2019
	RMB'000	*RMB'000*
Quick ratio[(1)]	**17.3**	10.4
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 was negative.

12. Significant Investments

As at December 31, 2020, 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 of the date of this announcement.

13. Material Acquisitions and Disposals

The Group did not have material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2020.

14. Contingent Liabilities

Save as disclosed in note 15 to the consolidated financial statements, the Group did not have any material contingent liabilities as at December 31, 2020.

15. Capital Commitment

The capital commitments of the Group as at December 31, 2020 were RMB478.9 million, representing an increase of RMB210.8 million as compared with that of RMB268.1 million as at December 31, 2019, primarily attributable to progress made in the construction of manufacturing facilities.

16. Foreign Exchange Exposure

During the year ended December 31, 2020, 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. As at December 31, 2020, a significant amount of the Group's cash and cash equivalents was denominated in Hong Kong dollars. Except for certain cash and cash equivalents, trade and other payables denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as at December 31, 2020. Our Group currently does not have a foreign currency hedging policy. However, we manage foreign exchange risk by performing regular reviews of our net foreign exchange exposures and seeks to minimize these exposures whenever possible.

17. Employees and Remuneration

As at December 31, 2020, the Group had a total of 746 employees. The following table sets forth the total number of employees by function as of December 31, 2020:

Function	Number of employees	% of total
Research and Development	160	21.5
Clinical	195	26.1
Manufacturing	233	31.3
Sourcing	13	1.7
Selling, General and Administrative	145	19.4
Total	746	100

The total remuneration cost incurred by the Group for the year ended December 31, 2020 was RMB469.8 million, as compared to RMB57.4 million for the year ended December 31, 2019. The increase was primarily attributable to (i) equity-settled share award expenses of RMB347.2 million; and (ii) an increase of RMB65.2 million in employee salaries and benefits in line with the expansion in headcount.

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 Chinese 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.

The Company has also adopted the Restricted Share Unit Scheme on August 29, 2019. For details, please refer to the paragraph headed "D. Share Incentive Schemes — 1. Restricted Share Unit Scheme" in Appendix IV to the Prospectus.

OTHER INFORMATION

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend to the Shareholders for the year ended December 31, 2020.

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 CG Code as its own code to govern its corporate governance practices.

As the Shares were listed on the Stock Exchange on April 24, 2020, the CG Code did not apply to the Company during the period before the Listing Date. In the opinion of the Directors, save as disclosed below, the Company has complied with the relevant code provisions contained in the CG Code during the period from the Listing Date to December 31, 2020.

Under the code provision A.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 chairman 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 during the period from the Listing Date to December 31, 2020. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the period from the Listing Date to December 31, 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to December 31, 2020.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the CG Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The Audit Committee consists of three independent non-executive Directors being Dr. ZENG Junwen, Dr. XU Yan and Mr. TAN Bo. The chairman of the Audit Committee is Mr. TAN Bo. Mr. TAN Bo holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee had reviewed together with the management the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements of the Group for the year ended December 31, 2020.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position as at December 31, 2020, consolidated statement of profit or loss and other comprehensive income for the year then ended and the related notes thereto as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditor, Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards in Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

EVENTS AFTER THE REPORTING PERIOD

On January 14, 2021, 30,000,000 new shares were placed at a price of HK$39.60 per share to not less than six Independent Third Parties for an aggregate cash consideration, before expenses, of HK$1,188 million (equivalent to RMB900 million). The related transaction costs amounting to HK$16.7 million (equivalent to RMB13.9 million) were netted off against the cash proceeds. Details have been set out in the announcement of the Company dated January 7, 2021 and January 14, 2021, respectively.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company at www.akesobio.com. The annual report of the Company for the year ended December 31, 2020, containing all the information required by the Listing Rules, will be dispatched to shareholders of the Company and published on the above websites in due course.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
REVENUE	*4*	**—**	70,879
Cost of sales		**—**	—
Gross profit		**—**	70,879
Other income and gains, net	*4*	**123,524**	50,186
Administrative expenses		**(253,029)**	(55,421)
Research and development expenses		**(768,589)**	(308,388)
Other expenses, net		**(2,077)**	(592)
Fair value changes on convertible redeemable preferred shares		**(412,421)**	(97,382)
Finance costs	*6*	**(7,987)**	(5,736)
LOSS BEFORE TAX	*5*	**(1,320,579)**	(346,454)
Income tax expense	*7*	**—**	—
LOSS FOR THE YEAR		**(1,320,579)**	(346,454)
OTHER COMPREHENSIVE LOSS			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**70,613**	6,128
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Translation from functional currency to presentation currency		**(302,550)**	(8,195)

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(231,937)**	(2,067)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,552,516)**	(348,521)
Loss attributable to:			
Owners of the parent		**(1,177,051)**	(335,386)
Non-controlling interests		**(143,528)**	(11,068)
		(1,320,579)	(346,454)
Total comprehensive loss attributable to:			
Owners of the parent		**(1,408,988)**	(337,453)
Non-controlling interests		**(143,528)**	(11,068)
		(1,552,516)	(348,521)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For loss for the year	*9*	**RMB(1.65) yuan**	RMB(2.74) yuan

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	**31 December 2020** ***RMB'000***	31 December 2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**608,251**	214,005
Right-of-use assets	*11*	**150,916**	52,405
Intangible assets		**1,230**	500
Advance payments for acquisition of land use rights	*11*	**—**	99,263
Advance payments for property, plant and equipment		**94,446**	50,802
Total non-current assets		**854,843**	416,975
CURRENT ASSETS			
Inventories		**61,235**	15,523
Prepayments, other receivables and other assets		**143,639**	51,362
Financial assets at fair value through profit or loss	*12*	**110,000**	772
Pledged deposits		**1,953**	2,263
Cash and cash equivalents		**2,684,499**	1,186,044
Total current assets		**3,001,326**	1,255,964
CURRENT LIABILITIES			
Trade payables	*13*	**112,607**	42,923
Other payables and accruals		**39,567**	34,459
Interest-bearing bank and other borrowings		**13,811**	38,095
Tax payable		**1,122**	1,425
Lease liabilities	*11*	**2,864**	2,859
Total current liabilities		**169,971**	119,761
NET CURRENT ASSETS		**2,831,355**	1,136,203
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,686,198**	1,553,178

	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares	*14*	**—**	1,099,563
Interest-bearing bank and other borrowings		**178,614**	173,280
Lease liabilities	*11*	**3,702**	4,481
Deferred income		**53,443**	60,149
Total non-current liabilities		**235,759**	1,337,473
Net assets		**3,450,439**	215,705
EQUITY			
Equity attributable to owners of the parent			
Share capital		**55**	34
Reserves		**3,185,491**	(6,387)
		3,185,546	(6,353)
Non-controlling interests		**264,893**	222,058
Total equity		**3,450,439**	215,705

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
Net cash flows used in operating activities	**(617,775)**	(219,595)
Net cash flows used in investing activities	**(555,699)**	(127,894)
Net cash flows from financing activities	**2,878,323**	1,230,192
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,704,849**	882,703
Cash and cash equivalents at beginning of year	**1,186,029**	313,701
Effect of foreign exchange rate changes, net	**(206,379)**	(10,375)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**2,684,499**	1,186,029

1. CORPORATE AND GROUP 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 are involved in research and development of biological products.

The shares of the Company were listed on the Main Board of the Stock Exchange on 24 April 2020.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss and the convertible redeemable preferred shares which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's plant and buildings have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB54,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decision about resources allocation and preformation assessment.

Geographical information

(a) Revenue from a customer

	2020	2019
	RMB'000	*RMB'000*
USA	**—**	70,879

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

(b) Non-current assets

	2020	2019
	RMB'000	*RMB'000*
Mainland China	**852,780**	416,840
HK	**1,930**	–
USA	**102**	135
Australia	**31**	–
	854,843	416,975

Information about a major customer

	2020	2019
	RMB'000	*RMB'000*
Customer A	**—**	70,879

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

Revenue

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Revenue from licencing fee income	**—**	70,879

Revenue from contracts with customers

Disaggregated revenue information

	2020	2019
	RMB'000	*RMB'000*
Timing of revenue recognition:		
Transferred at a point in time	**—**	70,879

Other income and gains, net

	2020	2019
	RMB'000	*RMB'000*
Bank and other interest income	**41,528**	5,217
Government grant released*	**69,195**	36,972
Net income from lab testing services	**273**	8,098
Foreign exchange differences, net	**12,526**	—
Others	**2**	(101)
	123,524	50,186

* 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):

	Notes	**2020** ***RMB'000***	2019 *RMB'000*
Employee benefit expenses (excluding directors' and chief executive's remuneration)			
Wages and salaries		**97,588**	41,833
Pension scheme contributions		**6,414**	7,510
Equity-settled share award expenses		**347,151**	—
		451,153	49,343
Depreciation of property, plant and equipment	*10*	**15,627**	13,419
Depreciation of right-of-use assets	*11*	**6,030**	2,964
Amortisation of intangible assets*		**450**	109
Lease payments not included in the measurement of lease liabilities		**1,380**	171
Loss upon early termination of a lease**	*11*	**65**	—
Auditor's remuneration		**1,683**	339
Listing expenses		**45,492**	12,928
Write-down of inventories to net realisable value**		**1,903**	—
Foreign exchange differences, net***		**(12,526)**	586

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

** Included in "Other expenses, net" in the consolidated statements of profit or loss and other comprehensive income

*** Included in "Other income and gains, net" (2019: "Other expenses, net") in the consolidated statements of profit or loss and other comprehensive income

6. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Finance cost on lease liabilities	**356**	385
Interest on bank and other borrowings	**16,904**	7,049
Total interest expense on financial liabilities not at fair value through profit of loss	**17,260**	7,434
Less: Interest capitalised	**(9,273)**	(1,698)
	7,987	5,736

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% (2019: 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 year ended 31 December 2020 (2019: 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 中山康方生物醫藥有限公司 (Akeso Biopharma Co., Ltd.^) which was qualified as a High and New Technology Enterprise and was subject to a preferential income tax rate of 15% for the years ended 31 December 2020 and 2019.

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% during the Relevant Periods and California income tax was provided at the rate of 8.84% for the years ended 31 December 2020 and 2019 on the estimated assessable profits arising in the USA.

^ *The English names are for identification purposes only.*

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 is analysed as follows:

	2020	2019
	RMB'000	*RMB'000*
Current		
Charge for the year	**—**	—
Deferred	**—**	—
Total tax charge for the year	**—**	—

8. DIVIDENDS

No dividend has been paid or proposed by the Company during the year ended 31 December 2020 and subsequent to the end of the reporting period (2019: Nil).

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

The calculation of basic loss per share is based on the loss for the period attributable to equity holders of the Company, and the weighted average number of ordinary shares of 628,941,610 (2019: 102,970,363) in issue during the year.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the impact of the conversion of the convertible redeemable preferred shares had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, the dilutive loss per share amounts for the years ended 31 December 2020 and 2019 are the same as the basic loss per share amounts.

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

	2020	2019
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the parent	**(1,177,051)**	(335,386)
Add: Loss attributable to preferred shareholders*	**140,677**	53,624
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(1,036,374)**	(281,762)

	Number of shares	
	2020	2019
Shares		
Weighted average number of shares in issue during the period used in the basic and diluted loss per share calculation	**628,941,610**	102,970,363

* Upon the completion of the IPO on 24 April 2020, all preferred shares were converted into ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
At beginning of year:		
Cost	**247,896**	157,817
Accumulated depreciation	**(33,891)**	(20,472)
Net carrying amount	**214,005**	137,345
At beginning of year, net of accumulated depreciation	**214,005**	137,345
Additions	**400,618**	88,408
Interest capitalised *(note 6)*	**9,273**	1,698
Disposals	**(9)**	(25)
Depreciation provided during the year *(note 5)*	**(15,627)**	(13,419)
Exchange realignment	**(9)**	(2)
At end of year, net of accumulated depreciation	**608,251**	214,005
At end of year:		
Cost	**657,716**	247,896
Accumulated depreciation	**(49,465)**	(33,891)
Net carrying amount	**608,251**	214,005

As at 31 December 2020, the Group's buildings with a net carrying amount of RMB56,356,000 (2019: RMB59,552,000) were pledged to secure bank loans and other borrowings. Certain of the Group's construction in progress with a net carrying amount of approximately RMB69,208,000 were also pledged to secure bank loans and other borrowings as at 31 December 2019.

11. LEASES

The Group has lease contracts for various items of plant and buildings, machinery and land use rights with lease terms of 2 to 50 years used in its operations.

	Right-of-use assets				Lease liabilities
	Plant and buildings	Machinery	Land use rights	Total	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020					
At 1 January 2020	2,746	3,508	46,151	52,405	7,340
Additions	2,908	—	102,291	105,199	2,908
Depreciation charged	(1,973)	(1,053)	(3,004)	(6,030)	—
Interest expense	—	—	—	—	356
Covid-19-related rent concessions from lessors	—	—	—	—	(54)
Remeasurement resulting from early termination of a lease	(658)	—	—	(658)	(593)
Payments	—	—	—	—	(3,391)
At 31 December 2020	3,023	2,455	145,438	150,916	6,566
As at 31 December 2019					
At 1 January 2019	376	4,563	47,110	52,049	6,487
Additions	3,320	—	—	3,320	3,320
Depreciation charged	(950)	(1,055)	(959)	(2,964)	—
Interest expense	—	—	—	—	385
Payments	—	—	—	—	(2,852)
At 31 December 2019	2,746	3,508	46,151	52,405	7,340

Balance of advance payments for acquisition of land use rights as at 31 December 2019 represented the advanced payments made by the Group for acquisition of a parcel of land in Zhongshan, which was acquired by the Group in January 2020.

At 31 December 2020, the Group's land used rights with a net carrying amount of approximately RMB100,245,000 (31 December 2019: Nil) was pledged to secure bank and other borrowings.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
Investments in financial products, at fair value	**110,000**	772

The above investments represented investment in financial products which were issued by banks with expected interest rates ranging from 1% to 2.90% per annum and can be redeemed at any time. The returns on all of these financial products are not guaranteed. The fair values of the investments approximate to their costs plus expected interest.

13. TRADE PAYABLES

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

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
Within 3 months	**98,145**	41,974
3 to 6 months	**6,256**	840
6 months to 1 year	**5,790**	109
Over 1 year	**2,416**	—
	112,607	42,923

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

14. PREFERRED SHARES

After completing Series D investments on 4 November 2019, pursuant to the Group's Reorganisation as defined and detailed in the Prospectus, the Company had 88,417,200 Series A Preferred Shares, 102,357,109 Series B Preferred Shares, 24,369,600 Series C Preferred Shares and 103,614,927 Series D Preferred Shares. All Series A Preferred Shares and Series C Preferred Shares are convertible. 17,157,109 Series B Preferred Shares are convertible and redeemable (the "**Series B Preferred Share I**" as defined below), while the other 85,200,000 Series B Preferred Shares are convertible (the "**Series B Preferred Share II**"). All Series D Preferred Shares are convertible and redeemable. Capitalised terms used herein but not defined shall have the meanings given in the Second Amended and Restated Memorandum and Articles of Association of the Company (as amended from time to time, the "**Articles**").

Presentation and classification

The Group does not bifurcate any embedded derivatives from Series D Preferred Shares and designates the entire instruments as financial liabilities at fair value through profit or loss. The change in fair value is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income, if any. Series D Preferred Shares are presented as a separate line item "convertible redeemable preferred shares" in the statements of financial position.

The movements of Series D Preferred Shares are set out below:

	2020	2019
	RMB'000	*RMB'000*
At 1 January	**1,099,563**	—
Issuance of 90,978,960 Series D Preferred Shares	**—**	888,506
Re-designated and reclassified from ordinary shares	**—**	120,971
Changes in fair value	**412,421**	97,382
Conversion into ordinary shares upon the completion of IPO	**(1,524,715)**	—
Currency translation differences	**12,731**	(7,296)
At 31 December	**—**	1,099,563

Upon the completion of the IPO on 24 April 2020, Series D Preferred Shares were converted into ordinary shares.

15. 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 during the reporting period.

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 suit had completed substantive hearing stage. Taking into account the opinion of the Group's legal counsel, the Directors believed that the subsidiary has a valid defense 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.

16. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	31 December 2020	31 December 2019
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Plant and machinery	**478,905**	268,134

17. EVENTS AFTER THE REPORTING PERIOD

On 14 January 2021, 30,000,000 new shares were placed at a price of HK$39.60 per share to not less than six independent third parties for an aggregate cash consideration, before expenses, of HK$1,188 million (equivalent to RMB900 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 announcement of the Company dated 7 and 14 January 2021, respectively.

DEFINITIONS

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

"ACE Platform"	Akeso Comprehensive Exploration platform
"2021 ASCO GI"	Gastrointestinal Cancers Symposium 2021
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors
"BVI"	British Virgin Islands
"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 annual results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"CMC"	chemistry, manufacturing and controls
"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
"CTTQ"	Chia-Tai Tianqing
"CTTQ-Akeso"	CTTQ-Akeso (Shanghai) Biomed. Tech. Co., Ltd. (正大天晴康方(上海)生物醫藥科技有限公司), a limited liability company incorporated under the law of the PRC on August 30, 2019, one of our Group's subsidiaries
"Director(s)"	the director(s) of the Company
"dMMR"	mismatch repair deficient

"Dr. Chen"	Dr. Michael (Chen) Chen
"Dr. Ni"	Dr. Jason Ni
"Dr. Zhang"	Dr. Zhang Xinfeng
"EMA"	European Medicines Agency
"ESMO 2020"	European Society for Medical Oncology of 2020
"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 dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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 Date"	April 24, 2020, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"Mr. Shi"	Mr. Wenjun Shi
"MSCI"	Morgan Stanley Capital International
"MSI-H"	metastatic microsatellite-instability-high
"MST"	manufacturing science and technology
"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
"Reporting Period"	the year ended December 31, 2020
"Restricted Share Unit Scheme"	the restricted share unit scheme approved and adopted by our Company on August 29, 2019 as amended from time to time, for the benefit of any director, employee, adviser or consultant of the Company or any of our subsidiaries
"Prospectus"	the prospectus of the Company dated April 14, 2020

"R&D"	Research and Development
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) with nominal value of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"SITC 2020"	35th Annual Meeting of the Society for Immunotherapy of Cancer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TETRABODY"	a portmanteau of the phrase "tetravalent antibody", refers to our proprietary technology for the design and production of innovative tetravalent bi-specific antibodies (with four antigen-binding sites in each antibody molecule)
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	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, March 31, 2021

As at the date of this announcement, the Board 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, Mr. XIE Ronggang and Dr. ZHOU Yi as non-executive directors, and Dr. ZENG Junwen, Dr. XU Yan and Mr. TAN Bo as independent non-executive directors.