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**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)**

**PROPOSED ISSUE OF RMB SHARES ON  
THE STAR MARKET UNDER SPECIFIC MANDATE;  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;  
AND  
CLOSURE PERIOD OF REGISTER OF MEMBERS**

**PROPOSED RMB SHARE ISSUE UNDER SPECIFIC MANDATE**

The Company is pleased to announce that on April 27, 2023, the Board has approved the proposed RMB Share Issue on the STAR Market, the Specific Mandate and related matters, conditional upon and subject to the approval by Shareholders at the EGM and the necessary Regulatory Approval(s).

**SHAREHOLDERS' APPROVAL**

The Company will convene the EGM on Friday, May 19, 2023 at 2 p.m. (or any adjournment thereof) to propose the resolutions for consideration and approval of, among other things, the RMB Share Issue on the STAR Market, the Specific Mandate and related matters (including the Proposed Amendments to the Articles of Association for the RMB Share Issue), and the Proposed Amendments to the Current Articles of Association, by the Shareholders. A circular of the EGM containing, among other things, details on the aforesaid resolutions, together with the notice of EGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirements under the Hong Kong Listing Rules.

Reference is made to the announcement of the Company dated December 5, 2022 whereby the Company announced that the Board has approved a preliminary proposal for the possible issue of RMB Shares and listing on the STAR Market.

The Company is pleased to announce that on April 27, 2023, the Board further approved the proposed RMB Share Issue on the STAR Market, the Specific Mandate and related matters, conditional upon and subject to the approval by Shareholders at the EGM to be held on Friday, May 19, 2023 at 2 p.m. (or any adjournment thereof) and the necessary Regulatory Approval(s).

## **PROPOSED RMB SHARE ISSUE AND THE SPECIFIC MANDATE**

### **RMB Share Issue and the Specific Mandate**

Details of the proposed RMB Share Issue are set out as follows:

- (a) Class of RMB Shares : Ordinary shares to be subscribed for in RMB by the target subscribers (as stated below), to be listed on the STAR Market and traded in RMB. The RMB Shares and the Hong Kong Shares are of the same class.
- (b) Status of RMB Shares : The RMB Shares will rank *pari passu* with the existing Hong Kong Shares which are listed on the Hong Kong Stock Exchange with the same par value (US\$0.00001 each) and the same rights to voting, dividend and return of assets.
- (c) Number of RMB Shares to be issued : The RMB Share Issue only involves issue of new Shares, and will not involve sale of Shares by existing Shareholders. The Company proposes to initially issue not more than 148,421,854 RMB Shares (assuming no Over-Allotment Option is exercised), representing not more than 17.65% of the share capital of the Company as of the date of this announcement, and not more than 15% of the enlarged share capital upon completion of the RMB Share Issue. The Company and lead underwriter(s) can exercise Over-Allotment Option to over-allot Shares up to 15% of the initial size of the issue.
- (d) Target subscribers : Target subscribers of the RMB Share Issue are qualified offline investors, as well as natural persons, legal persons, other investors (except persons prohibited by PRC laws and regulations, rules and regulatory requirements) and such other target subscribers meeting relevant requirements of the CSRC, who maintain stock accounts with the SSE.

If any of the target subscribers are connected persons of the Company, the Company will take reasonable measure to comply with the relevant PRC laws, regulations, regulatory documents and the relevant provisions of the Hong Kong Listing Rules (including but not limited to Chapter 14A of the Hong Kong Listing Rules).

- (e) Method of issuance : The Company will adopt a combination of offline investors inquiry placing and online application for purchasing RMB Shares according to the market value, or such other methods of issuance as approved by the SSE or the CSRC (including but not limited to placing to strategic investors).
- (f) Method of pricing : The price for the issue will be determined by the Company, the sponsor (lead underwriter) and the joint lead underwriter based on the results of preliminary offline investor price inquiry upon negotiation, or other means as approved by CSRC or the SSE.

In accordance with the Implementing Rules of the Shanghai Stock Exchange on Securities Issuance and Underwriting Business for Initial Public Offering (《上海證券交易所首次公開發行證券發行與承銷業務實施細則》), the “**Implementing Rules**”), the issue price shall be determined through offline investor price inquiry process if the Company is in loss. During the price inquiry process, an offline investor may provide a quote for each account of different placement targets under its management, and each quote shall include the information of the placement targets, proposed price per share, and the proposed number of shares to be subscribed for at the said price. There should be no more than three different proposed prices among the same offline investor’s quotes, and the difference between the highest price and the lowest price therein shall not exceed 20% of the lowest price. In accordance with the Implementing Rules and other applicable PRC laws, regulations and rules, the Company and its lead underwriter(s) shall request quotes from professional institutional investors including securities companies, fund management companies, futures companies, trust companies, insurance companies, finance companies, qualified foreign institutional investors (the “**QFIIs**”) and private equity fund managers.

After the completion of the preliminary price inquiry, the Company and the lead underwriter(s) (including its joint lead underwriter(s)) shall reject the highest quotes to the extent that the proposed subscription amount of the highest quotes to be rejected shall not exceed 3% of the total proposed subscription amount of all offline investors. Where the lowest price included in the highest quotes to be rejected is the same as the determined issue price (or the upper limit of the issue price range), such price may no longer be rejected. The Company and its lead underwriter(s) shall determine the issue price (or the upper limit of the issue price range) based on the results of the aforesaid preliminary offline investor price inquiry and other factors in a prudent and reasonable manner. Where the Company and its lead underwriter(s) are to determine an issue price range, the difference between the upper limit and the lower limit of the range shall not exceed 20% of the lower limit.

After rejecting certain highest quotes, the Company and its lead underwriter(s) shall, based on the remaining quotes of the offline investors, comprehensively assess the reasonable investment value of the Company, the valuation level of its peer companies on the secondary market, the valuation level of the secondary market of the industry to which the Company belongs and so on, and take into full account factors such as the valid subscription multiple of the offline investors, the market conditions, the need for fundraising and the underwriting risks, etc., and prudently assess whether the issue price (or the upper limit of the issue price range) exceeds the lower of (i) the median and weighted average of the remaining quotes of the offline investors after rejecting certain highest quotes, and (ii) the median and weighted average of the remaining quotes of publicly-raised securities investment funds, the National Social Security Fund, basic pension insurance funds, enterprise annuity funds, occupational annuity funds, insurance funds (the use of which shall comply with the Administrative Measures on Use of Insurance Funds and other provisions) and funds of the QFIIs, as well as the extent of excess. Such pricing method is in compliance with the requirements of relevant laws and regulations and market practice. Therefore, such pricing method can promote fair and reasonable pricing and is in the interests of the Company and the Shareholders as a whole.

Except certain regulatory requirements provided in the PRC laws, regulations and rules that are applicable to the price inquiry process disclosed above, there is no specific requirement on the issue price (including the minimum issue price) under the PRC laws, rules and regulations. The issue price per RMB Share shall be no less than the par value per Share (i.e. US\$0.00001 each per RMB Share).

- (g) Sponsor and lead underwriter : Huatai United Securities Co., Ltd.
- (h) Joint lead underwriter : CITIC Securities Co., Ltd.
- (i) Method of underwriting : The method of underwriting for the issue will be standby underwriting.
- (j) Use of proceeds : The proceeds raised from the RMB Share Issue after deducting the issuance expenses will be used for (a) research and development of innovative antibody drugs, (b) construction of the new manufacturing base to expand the commercial manufacturing capacity (including construction of Zhongshan Cuiheng Manufacturing Base and Akeso Longyue Commercialization and Manufacturing Base), (c) construction of clinical R&D and operation center; and (d) replenishment of cash flow. For further details, please refer to the subparagraph headed “Proposed use of proceeds from the RMB Share Issue” in this announcement.
- (k) Distribution plan of accumulated profits before the issuance : The undistributed profits (uncovered losses) accumulated before the RMB Share Issue will be shared and borne by existing and new shareholders on pro rata basis after the RMB Share Issue.
- (l) Place and board of listing of RMB Shares : The place and board of listing will be SSE and STAR Market respectively.

(m) Share registers : The RMB Shares will be registered on a separate register of members kept in the PRC (the “**PRC Register**”) and managed by CSDC, the share registrar of the RMB Shares for the Company. The RMB Shares will not be registered on the existing register of members of the Company maintained in Hong Kong (the “**Hong Kong Register**”).

The Hong Kong Register will continue to be kept in Hong Kong and will not include the details of the holders of RMB Shares.

Computershare Hong Kong Investor Services Limited will continue to serve as the Hong Kong share registrar for the Hong Kong Shares traded on the Hong Kong Stock Exchange.

According to the Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “**PRC Securities Law**”), securities issued in a public manner shall be listed and traded on a legally established stock exchange, or on other national securities trading venues approved by the PRC State Council. As the proposed RMB Share Issue constitutes a public offering regulated by the PRC Securities Law, the RMB Shares to be issued can only be listed and traded in the PRC and cannot be moved outside of the PRC. Further, in accordance with the Guidelines No. 1 of the Shanghai Stock Exchange on Securities Issuance and Underwriting Business — Initial Public Offering (《上海證券交易所證券發行與承銷業務指南第1號 — 首次公開發行股票》), the issuer shall enter into a securities listing agreement (the “**Listing Agreement**”) with the SSE on the listing day, pursuant to which the securities listed and traded on the market of the SSE shall have been lawfully issued and have completed the registration and deposit procedure with the institution designated by the SSE, i.e., the CSDC. Therefore, the RMB Shares must be registered and deposited with the CSDC, and without the consent of the SSE, the RMB Shares must not (i) be listed, traded or transferred in any other places, or (ii) form the underlying securities of the derivatives listed, traded or transferred in any other places. As such, due to the restrictions under the PRC law and the Listing Agreement, no movement of Shares will be allowed between the Hong Kong Register and the PRC Register.

The RMB Shares will not be able to be moved outside of the PRC for trading in Hong Kong or to the Hong Kong Register. The RMB Shares will be subscribed and traded in RMB and issued to qualified investors in the PRC solely for trading on the SSE.

- (n) Share depositories : The RMB Shares will be deposited with CSDC. The Hong Kong Securities Clearing Company Limited (or its nominee or appointee) will continue to serve as the depository of the Hong Kong Shares traded on the Hong Kong Stock Exchange.
- (o) Non-fungibility between the RMB Shares and the Hong Kong Shares : The RMB Shares and the Hong Kong Shares will not be fungible.
- (p) Strategic allotment : According to the requirements of business cooperation and financing scale, the Company may implement strategic allotment under the issue so as to allot some of the RMB Shares to investors that satisfy the requirements of the laws and regulations and development strategies of the Company. The detailed proportion and targets of allotment will be determined by the Board or its authorized person(s) under the authorization of the general meeting based on the requirements of the laws and regulations and market conditions.

If any of the targets of allotment are connected persons of the Company, the Company will take reasonable measure to comply with the relevant PRC laws, regulations, regulatory documents and the relevant provisions of the Hong Kong Listing Rules (including but not limited to Chapter 14A of the Hong Kong Listing Rules).

- (q) Timing of the issue : The RMB Share Issue will be conducted upon the approval of the SSE and registration at the CSRC. The specific issue date shall be determined by the Board and its authorized person(s) under the authorization of the general meeting upon the approval of the SSE and registration at the CSRC.
- (r) Valid period of the resolutions : The resolution on the issue will be valid for 12 months from the date of approval at the general meeting.

The proposed valid period of the resolutions is consistent with (i) the annual general mandate customarily granted by the Shareholders to the Company; and (ii) the approach of other listed issuers seeking a PRC listing. Therefore, the Board considers that it is necessary, fair and reasonable and in the interest of the Company and the Shareholders as a whole to propose the said valid period.

The issue of the RMB Shares pursuant to the RMB Share Issue is conditional upon: (1) the grant of the proposed Specific Mandate by the Shareholders to the Board having been obtained at the EGM; and (2) the necessary Regulatory Approval(s) for the RMB Share Issue having been obtained.

**The Board may or may not proceed with the RMB Share Issue, depending on a number of factors nearer the time it is making a formal application for listing or, even after the application for listing is made. Such factors would include regulatory requirements, market conditions, the expected offer price of the RMB Shares, the fulfilment of the conditions precedent to the RMB Share Issue as set out above, the Company's actual capital needs and development strategies at the relevant time. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

After the RMB Share Issue and the listing of RMB Shares on the STAR Market, subject to the Articles of Association and exemptions from competent authorities, the Company will need to comply with laws, rules and regulations in the PRC including but not limited to the PRC Securities Law, the STAR Market Listing Rules and other applicable securities laws of the PRC, the Administrative Measures on Registration of Initial Public Offering of Shares (《首次公開發行股票註冊管理辦法》), the Measures on Ongoing Supervision over the Innovative Enterprises after Issuance of Shares or Depository Receipts (Trial Implementation) (《創新企業境內發行股票或存託憑證上市後持續監管實施辦法(試行)》), the Opinions on the Pilot Programs of Innovative Enterprises Issuing Stocks or Depository Receipts in the Mainland of China (《關於開展創新企業境內發行股票或存託憑證試點的若干意見》), the Announcement of the China Securities Regulatory Commission on Arrangements for the Domestic Listing of Innovative Red Chip Enterprises under the Pilot Program (《中國證監會關於創新試點紅籌企業在境內上市相關安排的公告》) and the Measures for the Implementation of Regulation of Pilot Innovative Enterprises' Offering of Stocks or Depository Receipts and Listing within China (《試點創新企業境內發行股票或存託憑證並上市監管工作實施辦法》).

**Proposed authorization to the Board and its authorized person to exercise full powers to deal with matters relating to the RMB Share Issue**

It is proposed that, authorization will be granted to the Board and its authorized persons, namely Dr. Xia Yu and Dr. Li Baiyong, to exercise full powers to deal with all matters regarding the RMB Share Issue, including but not limited to:

- (1) within the scope of the plan of the RMB Share Issue as considered and approved by the general meeting, pursuant to national laws and regulations and the provisions of the securities supervision and administration institution concerned and the SSE, the Board and its authorized person(s) shall have the full powers to adjust and implement the listing plan, on the basis of thorough negotiation with the sponsor and the lead underwriter(s), to decide on the specific matters related to the RMB Share Issue, including but not limited to the specific matters such as the time, quantity, structure, object, method, pricing method, issue price (including price range and final pricing), place of listing, quantity, proportion and object of strategic placement and other matters related to the RMB Share Issue, to approve the payment of necessary listing fees, to approve the listing cost estimation, and to release the announcement and pre-disclosure documents related to the RMB Share Issue;



- (2) to handle the application of the RMB Share Issue, including but not limited to the application, examination and approval, registration, filing, approval, consent, registration and other procedures with the relevant government authorities, regulatory agencies, stock exchanges and securities registration and settlement institutions for the RMB Share Issue (including but not limited to submitting to the Hong Kong Stock Exchange waiver applications, shareholders' circular and other necessary documents in relation to the RMB Share Issue for, among others, review and approval); to draft, modify, approve, sign, submit, publish, execute, modify and complete any application, report, statement, commitment, confirmation, agreement, contract or necessary documents (including but not limited to the prospectus with intent, prospectus, other application documents, recommendation agreement, underwriting agreement, listing agreement, strategic investment agreement, placement agreement, relevant announcement, shareholders' notice, shareholders' circular, related party (or connected) transaction agreement and intermediary service agreement), and take all other necessary, proper or appropriate actions related to the RMB Share Issue and the investment project for raising funds according to the opinions of relevant government authorities or the actual application, so as to complete the RMB Share Issue;
- (3) to draft, modify, approve and sign the service agreement or employment agreement between the Company and the directors or senior management;
- (4) according to the implementation of the RMB Share Issue plan, market conditions, policy adjustments and the opinions of the regulatory authorities, to adjust the specific terms of the plan of the RMB Share Issue and the investment projects funded by proceeds raised, and to determine the investment schedule of the investment projects funded by proceeds raised; to approve and execute the major contracts in the course of the investment project funded by proceeds raised;
- (5) to make relevant commitments, statements and confirmations in accordance with national laws and regulations, relevant provisions of the securities supervision and administration institution and the actual needs of the RMB Share Issue;
- (6) to amend relevant policies, undertakings, reports, plans and other documents as considered and passed by the Board in accordance with national laws and regulations, relevant provisions of the securities supervision and administration institution and the actual needs of the RMB Share Issue;
- (7) to determine the special account for the deposit of proceeds raised before the RMB Share Issue as required;
- (8) after the completion of the RMB Share Issue, in accordance with the law of the Cayman Islands, to handle the approval, alteration and filing of the Amended Articles of Association applicable after listing with the company registration authority and other relevant government departments;
- (9) to engage and appoint relevant intermediaries for the RMB Share Issue, determine their service fees, and execute engagement and appointment agreements;

- (10) to handle the matters related to the issue and the listing on the SSE upon the completion of the RMB Share Issue, including but not limited to making information disclosures according to relevant laws and regulations as well as the rules and regulations of the SSE; and
- (11) to approve, ratify and confirm the handling, execution, performance and delivery by the authorized person(s) on behalf of the Company, and the taking of all actions and steps he/she deems necessary, desirable or appropriate to implement the above matters and other matters in relation to the RMB Share Issue; to authorize the Board to deal with other matters not listed above but considered by the Board to be related to the RMB Share Issue, including authorizing directors or persons designated by directors to handle specific matters. The Board and relevant authorized person(s) are authorized to use the Company's seal in the course of the RMB Share Issue.

The authorization shall be valid for 12 months from the date of consideration and approval at the EGM.

#### **Proposed plan for distribution of profits accumulated before the RMB Share Issue**

It is proposed that, the undistributed profits (uncovered losses) accumulated before the RMB Share Issue will be shared (and borne) by existing and new registered shareholders on pro rata basis after the RMB Share Issue. For details, please refer to the circular of the Company to be dispatched in due course.

#### **Proposed plan for stabilization of the price of the RMB Shares for the three years after the RMB Share Issue**

The Company has formulated the plan for stabilization of the price of the RMB Shares for the three years after the RMB Share Issue in accordance with relevant laws, regulations and regulatory documents. For details, please refer to the circular of the Company to be dispatched in due course.

#### **Proposed dividend return plan for the coming three years after the RMB Share Issue**

The Company has formulated the dividend return plan for the coming three years after the RMB Share Issue in accordance with the relevant laws and regulations of the Cayman Islands, the PRC Securities Law and other applicable laws and regulations of the PRC. For details, please refer to the circular of the Company to be dispatched in due course.

#### **Proposed use of proceeds from the RMB Share Issue**

According to the Company's operation needs, the proceeds raised by the Company from the RMB Share Issue will be used for the following projects after deducting the issuance expenses. For details, please refer to the circular of the Company to be dispatched in due course.

<b>No.</b>	<b>Project name</b>	<b>Proposed investment amount from proceeds raised</b> <i>(RMB million)</i>
1.	Research and Development of Innovative Antibody Drugs	2,600
2.	Construction of the New Manufacturing Base to Expand the Commercial Manufacturing Capacity	
	(a) Construction of Zhongshan Cuiheng Manufacturing Base	350
	(b) Construction of Akeso Longyue Commercialization and Manufacturing Base	350
3.	Construction of Clinical R&D and Operation Center	300
4.	Replenishment of Cash Flow	<u>1,400</u>
	<b>Total</b>	<u><u>5,000</u></u>

*Note:* The final name of the above project shall be subject to the name approved or filed by the related government department (if necessary). The actual investment amount to be used for each of the projects from proceeds raised in RMB Share Issue as listed above are subject to adjustment based on the final approval of the Board (or its authorized person(s)) as stated in the final prospectus to be issued in relation to the RMB Share Issue.

The proceeds raised will be used for research and development of innovative antibody drugs, construction of the new manufacturing base to expand the commercial manufacturing capacity, construction of clinical R&D and operation center and replenishment of cash flow, aiming for the development of the Company's principal business and core technology.

The research and development of innovative antibody drugs project is based on the Company's broad pipeline of drug candidates. The proceeds will be applied to fund the R&D of innovative antibody drugs with stronger market potential.

The construction of the new manufacturing base to expand the commercial manufacturing capacity involves the construction of Zhongshan Cuiheng Manufacturing Base and Akeso Longyue Commercialization and Manufacturing Base. The construction of Zhongshan Cuiheng Manufacturing Base involves the construction of an antibody drug R&D and manufacturing base in Nanlang Town, Zhongshan City, Guangdong Province, China, which is expected to be equipped with advanced manufacturing base and R&D equipment. The construction of Akeso Longyue Commercialization and Manufacturing Base involves the construction of a new antibody drug commercialization and manufacturing base in Jiulong Town, Huangpu District, Guangzhou City, Guangdong Province, China to expand the manufacturing capacity of the Company. The construction of commercialization and manufacturing base is expected to strengthen its leading position in the field of bispecific antibody drugs.

The construction of clinical R&D and operation centre in Guangzhou International Bio Island, Huangpu District, Guangzhou City, Guangdong Province, China with comprehensive laboratory and advanced R&D equipment, which enhances the R&D capacities of the Company to support the R&D activities of the Company in future.

The Company plans to use RMB1,400 million of the proceeds raised from the RMB Share Issue to supplement working capital of the Company to maintain its market competitiveness.

After the proceeds raised from the RMB Share Issue are in place, the Company will invest the proceeds into the above projects according to the actual needs and priorities of the projects. If the net proceeds actually raised (after deducting the issuance expenses) are less than the total amount of proceeds to be invested, the shortfall shall be covered by the Company with its own funds or self-raised funds. If the proceeds raised from this issuance exceeds the capital requirements of the projects, in accordance with relevant laws and regulations and the corporate policy on the management of the A-share proceeds to be adopted by the Company which shall become effective from the listing date of the RMB Shares proposed to be issued by the Company, the Company may use the surplus to replenish cash flow or repay bank loans (if applicable), or for other purposes which relate to the Company's principal business and daily operations.

Before the proceeds raised from the RMB Share Issue are in place, the Company may make an initial investment with its own funds or self-raised funds according to the needs of the projects, and after the proceeds raised are in place, the Company can replace the initial investment funds according to the requirements and procedures of the relevant laws, regulations and regulatory documents. Within the scope of the finally determined investment projects to be funded by proceeds raised from the RMB Share Issue, the Board may, according to the actual needs of the project, make appropriate adjustments to the sequence and amount of the proceeds to be invested in the above projects.

The Board has conducted sufficient analysis on the feasibility of the investment projects to be funded by the proceeds raised from the RMB Share Issue, and in its opinions, the investment projects to be funded by the proceeds raised from this issuance are feasible.

The Board believes that such projects have a better market prospect. The projects serve as the development, improvement and supplement of the existing business system of the Company. They are in line with the national industrial strategy, environmental policies and other requirements under the rules and regulations. The investment projects and amount of proceeds raised from the RMB Share Issue are compatible with the Company's existing operation scale, financial status, technical conditions, management capabilities and development targets. The use of proceeds is in line with the Company and the Shareholders' interests and are feasible.

### **Proposed remedial measures for the dilution of immediate returns by the RMB Share Issue and commitments of relevant responsible entities**

For the purpose of the RMB Share Issue, the Company has formulated the remedial measures for the dilution of immediate returns by the RMB Share Issue and made relevant commitments in accordance with relevant laws, regulations and regulatory documents. For details, please refer to the circular of the Company to be dispatched in due course.

## **Undertakings and the corresponding binding measures in connection with the RMB Share Issue**

To better protect the interests of the Shareholders, the Company will provide undertakings to be set out in the listing documents with respect to the RMB Share Issue and propose corresponding binding measures in the event of failure to perform the relevant undertakings in accordance with applicable laws, regulations and regulatory requirements, including the requirements of the securities regulatory authorities and other relevant authorities. Such undertakings fully comply with relevant applicable regulatory requirements provided in the relevant laws, regulations and rules, and will take effect upon the listing of the RMB Shares on the STAR Market. For details, please refer to the circular of the Company to be dispatched in due course.

## **Proposed amendments to the Articles of Association**

In order to (i) prepare for the proposed RMB Share Issue, (ii) comply and satisfy the relevant requirements of laws, administrative regulations and regulatory documents, including but not limited to the STAR Market Listing Rules, (iii) further improve and standardize the Articles of Association and adopt other consequential and housekeeping amendments, and (iv) comply with the core shareholder protection standards as set out in Appendix 3 to the Hong Kong Listing Rules which became effective on January 1, 2022, the Board resolved to amend the existing Articles of Association.

Special resolutions will be proposed at the EGM to approve (i) the Proposed Amendments to the Current Articles of Association and the adoption of the Amended Articles of Association which contains all the Proposed Amendments to the Current Articles of Association with immediate effect; and (ii) subject to and conditional upon the approval of the RMB Share Issue and the Specific Mandate, the Proposed Amendments to the Articles of Association for the RMB Share Issue and the adoption of the Amended Articles of Association incorporating the Proposed Amendments to the Current Articles of Association and the Proposed Amendments to the Articles of Association for the RMB Share Issue. The Amended Articles of Association which contains all the Proposed Amendments to the Current Articles of Association will become effective at the time immediately following the approval at the EGM. The Amended Articles of Association which reflects both of the Proposed Amendments to the Current Articles of Association and the Proposed Amendments to the Articles of Association for the RMB Share Issue shall become effective (i) following the Shareholders' approval at the EGM, and (ii) upon completion of the proposed RMB Share Issue, whereupon the then existing Articles of Association will be invalid simultaneously. Relevant details of the Proposed Amendments will be set out in the Company's circular to be dispatched in due course.

## **Proposed adoption of policy governing the procedures for the holding of general meetings**

To satisfy the relevant requirements of laws, regulations and regulatory requirements in respect of the RMB Share Issue, including the STAR Market Listing Rules, a policy governing the procedures for the holding of general meetings of the Company is proposed to be approved by the Shareholders. Such policy will take effect upon the listing of the RMB Shares on the STAR Market. For details, please refer to the circular of the Company to be dispatched in due course.

## Proposed adoption of policy governing the procedures for the holding of board meetings

To satisfy the relevant requirements of laws, regulations and regulatory requirements in respect of the RMB Share Issue, including the STAR Market Listing Rules, a policy governing the procedures for the holding of Board meetings is proposed to be approved by the Shareholders. Such policy will take effect upon the listing of the RMB Shares on the STAR Market. For details, please refer to the circular of the Company to be dispatched in due course.

## OTHER INFORMATION RELATED TO THE RMB SHARE ISSUE

### (i) Impact of the RMB Share Issue on the shareholding structure of the Company

For reference and illustration purposes only, assuming that the initial issue size is 148,421,854 RMB Shares and the Over-Allotment Option is 15% of the initial issue size (i.e. 22,263,278 RMB Shares) which in aggregate amounts to the maximum number of 170,685,132 RMB Shares which could be issued pursuant to the RMB Share Issue, and all are issued to public and there are no changes in the share capital of the Company after December 31, 2022 and prior to the completion of the RMB Share Issue, the shareholding structure of the Company as at December 31, 2022 and immediately after the completion of the RMB Share Issue are set out as follows:

	As at December 31, 2022		Immediately after the completion of the proposed RMB Share Issue (assuming the initial issue size is 148,421,854 RMB Shares and no over-allotment option is exercised)		Immediately after the completion of the proposed RMB Share Issue (assuming the initial issue size is 148,421,854 RMB Shares and the over-allotment option is fully exercised)	
	Number of shares	Approximate percentage of the Company's issued share capital	Number of shares	Approximate percentage of the Company's issued share capital	Number of shares	Approximate percentage of the Company's issued share capital
<b>RMB Shares to be issued under the proposed RMB Share Issue</b>	—	—	148,421,854	15.00%	170,685,132	16.87%
<b>Hong Kong Shares</b>						
<i>Core connected persons</i>						
Dr. XIA Yu (“Dr. Xia”) (Note 1)	243,592,503	28.96%	243,592,503	24.62%	243,592,503	24.08%
– Dr. LI Baiyong (“Dr. Li”) (Note 2)	54,673,194	6.50%	54,673,194	5.53%	54,673,194	5.40%
– Dr. WANG Zhongmin Maxwell (“Dr. Wang”) (Note 3)	47,239,323	5.62%	47,239,323	4.77%	47,239,323	4.67%
Mr. XIA Yu (Ph.D.) (Note 4)	3,914,296	0.47%	3,914,296	0.39%	3,914,296	0.38%
<b>Public</b>	<u>593,550,377</u>	<u>70.57%</u>	<u>593,550,377</u>	<u>59.99%</u>	<u>593,550,377</u>	<u>58.67%</u>
<b>Total</b>	<u>841,057,176</u>	<u>100%</u>	<u>989,479,030</u>	<u>100%</u>	<u>1,011,742,308</u>	<u>100%</u>

*Notes:*

1. Dr. Xia is an executive Director and controls 243,592,503 Hong Kong Shares (a) through her wholly-owned company, (b) as the settlor and trustee of her family trust, (c) as enforcer of the RSU trust, and (d) voting right in Hong Kong Shares entrusted by Dr. Li, Dr. Wang, Dr. ZHANG Peng, and their controlled corporations.
2. Dr. Li is an executive Director and controls 54,673,194 Hong Kong Shares through (a) his wholly-owned company, and (b) his family trust whose settlor and trustee is Dr. LI Baiyong. Given that Dr. Li has entrusted Dr. Xia to exercise the voting rights attached to the Hong Kong Shares he controls, such Hong Kong Shares have been included under Dr. Xia's shareholding interests.
3. Dr. Wang is an executive Director and controls 47,239,323 Hong Kong Shares through (a) his wholly-owned company, and (b) his family trust whose settlor and trustee is Dr. Wang. Given that Dr. Wang has entrusted Dr. Xia to exercise the voting rights attached to the Hong Kong Shares he controls, such Hong Kong Shares have been included under Dr. Xia's shareholding interests.
4. Mr. XIA Yu (Ph.D.) is an executive Director.

As at December 31, 2022, according to the information publicly available to the Company, the public held approximately 70.57% of the Shares issued by the Company. Assuming that the issue of all the 170,685,132 RMB Shares under the RMB Share Issue is approved and all are issued to persons who are not connected persons of the Company, the percentage of RMB Shares held by the public with respect to the total number of Shares after the issuance is expected to be approximately 16.87%, the percentage of Hong Kong Shares held by the public with respect to the total number of Shares after the issuance is expected to be approximately 58.67% and the percentage of Shares (both RMB Shares and Hong Kong Shares in aggregate) held by the public with respect to the total number of Shares after the issuance is expected to be approximately 75.54%.

As at the date of this announcement, the Company had not entered or proposed to enter into any agreement in relation to subscription of RMB Shares with any connected persons of the Company.

**(ii) Use of proceeds from initial public listing and the 2021 Placing**

As at December 31, 2022, all of the proceeds from the Company's initial public listing in April 2020 had been fully utilized.

The Group received net proceeds from 2021 Placing of approximately HK\$1,171.3 million. As at December 31, 2022, the actual use of proceeds from the 2021 Placing is HK\$766.1 million, approximately 65.4% of the net proceeds from the 2021 Placing. The following table sets forth the status of use of net proceeds from the 2021 Placing as at December 31, 2022:

	Use of proceeds as stated in the announcement of 2021 Placing <i>(in HK\$'million)</i> <i>(approximate)</i>	Actual use of proceeds up to December 31, 2022 <i>(in HK\$'million)</i> <i>(approximate)</i>	Net proceeds unutilized as of December 31, 2022 <i>(in HK\$'million)</i> <i>(approximate)</i>	Expected timeline for usage of proceeds
40% for building the Group's commercialization team to prepare for the launch of AK104 (PD-1/CTLA-4) and continuing to recruit and retain talents in both international and domestic markets	468.5	265.1	203.4	The Group expects that the remaining unutilized net proceeds shall be utilized gradually in accordance to the actual business needs and in the manner stated in the announcement of 2021 Placing, and they shall be fully utilized by June 30, 2023.
20% for increased international clinical trial needs for leading oncology programs including PD-1/CTLA-4, PD-1/VEGF, CD47, and non-oncology programs	234.3	234.3	—	
10% for building and developing new production facilities in Guangzhou and Zhongshan Cuiheng New District in the PRC for additional capacity to commensurate with the Group's growth	117.1	48.0	69.1	
10% for funding and expediting the development of other clinical programs including, among others, PCSK9, IL12/IL23	117.1	117.1	—	
10% for general corporate purposes	<u>234.3</u>	<u>101.6</u>	<u>132.7</u>	
Total	<u><u>1,171.3</u></u>	<u><u>766.1</u></u>	<u><u>405.2</u></u>	



**(iii) Fund raising activities in the past twelve months**

The Group received net proceeds from 2022 Placing of approximately HK\$576.6 million. As at December 31, 2022, the actual use of proceeds from the 2022 Placing is HK\$337.8 million, approximately 58.6% of the net proceeds from the 2022 Placing. The following table sets forth the status of use of net proceeds from the 2022 Placing as at December 31, 2022:

	Use of proceeds as stated in the announcement of 2022 Placing <i>(in HK\$'million)</i> <i>(approximate)</i>	Actual use of proceeds up to December 31, 2022 <i>(in HK\$'million)</i> <i>(approximate)</i>	Net proceeds unutilized as of December 31, 2022 <i>(in HK\$'million)</i> <i>(approximate)</i>	Expected timeline for usage of proceeds
40% for marketing and commercialization of 關坦尼® (Cadonilimab, PD-1/CTLA-4, AK104)	230.6	230.6	—	The Group expects that the remaining unutilized net proceeds shall be utilized gradually in accordance to the actual business needs and in the manner stated in the announcement of 2022 Placing, and they shall be fully utilized by December 31, 2023.
20% for expediting the phase III clinical trials of Ivonescimab (PD-1/VEGF, AK112), including head-to-head trial with Keytruda for 1L PD-L1(+) NSCLC, and for EGFR TKI failed NSCLC	115.3	76.9	38.4	
20% for expediting several phase III clinical trials of Cadonilimab (AK104, PD-1/CTLA-4) including for 1L gastric cancer, 1L cervical cancer, and etc, to substantiate marketing activities for Cadonilimab	115.3	30.3	85.0	
10% for expediting the phase III trials and NDA application for Ebronucimab (PCSK9, AK102) and Ebdarokimab (IL-12/IL-23, AK101)	57.7	—	57.7	
10% for general corporate purposes	57.7	—	57.7	
<b>Total</b>	<b>576.6</b>	<b>337.8</b>	<b>238.8</b>	

## **Application for Listing**

An application for the RMB Share Issue will be made to the SSE. The Company, after obtaining approval of the application from the SSE, will apply to the CSRC for the registration of RMB Share Issue. The Company will make another application to the SSE for the listing of, and permission to deal in, the RMB Shares on the STAR Market after the CSRC agrees with the registration and the public offering of the RMB Shares in the PRC has been completed. The RMB Shares will not be listed on the Hong Kong Stock Exchange.

## **Reasons for the RMB Share Issue**

The Company is a commercial-stage biopharmaceutical company committed to the discovery, development, manufacturing and commercialization of innovative medicines with high unmet medical needs worldwide. With fully integrated multi-functional platform, the Company is internally working on a robust pipeline of over 30 innovative assets in the fields of cancer, autoimmune disease, inflammation, metabolic disease, and other major therapeutic areas, among which 17 assets have entered to clinical stage. The Company has been deploying resources to speed up the commercialization process and to maximize the commercial value of its approved products and drug candidates. In particular, in August 2021 and June 2022, 開坦尼<sup>®</sup> (cadonilimab) and 安尼可<sup>®</sup> (penpulimab, a PD-1 antibody) was granted marketing approval by the National Medical Products Administration of the PRC respectively. As such, the Company expects that the demand for capital expenditure will continue to escalate in its business operations.

The Board considers that the RMB Share Issue will enable the Company to access the PRC capital market by way of equity financing and improve its capital structure while maintaining its international development strategy. The Board considers that the proposed RMB Share Issue will enhance the corporate image of the Company, better facilitate the Company's onshore capital expenditure needs, broaden the Company's fund raising channels, improve the Company's capital structure, and further strengthen the financial position of the Group and provide working capital to the Group.

The Board considers that the RMB Share Issue is in line with the interests of the Company and the Shareholders as a whole, and is beneficial to strengthen the sustainable development of the Company.

## **Grant of waivers from strict compliance with certain provisions of the Hong Kong Listing Rules**

For the purpose of the RMB Share Issue, the Company has applied for, and the Hong Kong Stock Exchange has granted, the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules:

(i) *One-off waiver relating to no listing of the RMB Shares on the Hong Kong Stock Exchange*

As the RMB Shares will be of the same class as the Hong Kong Shares (i.e., both are ordinary shares carrying the rights) but will not be listed on the Hong Kong Stock Exchange, the Company has applied for, and the Hong Kong Stock Exchange has granted, a one-off waiver from strict compliance with Rules 8.20 and 13.26(1) of the Hong Kong Listing Rules so that there is no need to seek listing of the RMB Shares to be issued under the proposed RMB Share Issue on the Hong Kong Stock Exchange under Rules 8.20 and 13.26(1) of the Hong Kong Listing Rules, on the following conditions:

- (a) Rule 6.12 of the Hong Kong Listing Rules is modified such that the requirement of obtaining the prior approval of shareholders for voluntary withdrawal of listing on the Hong Kong Stock Exchange by (i) at least 75% of the votes attaching to any class of listed securities held by holders voting either in person or by proxy at the meeting before voluntarily withdrawing its listing on the Hong Kong Stock Exchange; and (ii) the number of votes cast against the resolution is not more than 10% of the votes attaching to any class of listed securities held by holders permitted under Rule 6.12(1) of the Hong Kong Listing Rules to vote in person or by proxy at the meeting, shall apply to holders of the Hong Kong Shares only;
- (b) Rule 6.15 of the Hong Kong Listing Rules is modified such that the requirement of fulfilling shareholders' approval requirements under the Takeovers Code for voluntary withdrawal of listing on the Hong Kong Stock Exchange shall apply to holders of Hong Kong Shares only;
- (c) Rule 13.36(2)(b) of the Hong Kong Listing Rules is modified such that the Shareholders (including both holders of Hong Kong Shares and holders of RMB Shares) can by ordinary resolution in a general meeting give a general mandate to the Directors under which (i) the aggregate number of Hong Kong Shares allotted or agreed to be allotted must not exceed 20% of the number of the issued Hong Kong Shares as at the date of the resolution granting the general mandate; and (ii) the aggregate number of RMB Shares allotted or agreed to be allotted must not exceed 20% of the number of the issued RMB Shares as at the date of the resolution granting the general mandate; and

- (d) Rule 13.36(2)(b) of the Hong Kong Listing Rules is further modified such that the Shareholders (including both holders of Hong Kong Shares and holders of RMB Shares) can by ordinary resolution in general meeting give a repurchase mandate to the Directors under which (i) only the Hong Kong Shares may be repurchased; and (ii) the maximum number of Hong Kong Shares repurchased by the Company since the granting of the general mandate will be 10% of the number of the issued Hong Kong Shares as at the date of the resolution granting the repurchase mandate.

Given this is a one-off waiver for the RMB Share Issue only, the Company would need to apply for waiver from Rules 8.20 and 13.26 of the Hong Kong Listing Rules for any further issue of new RMB Shares.

*(ii) Waiver relating to corporate communications*

Under the relevant PRC rules and regulations, (i) the publication of corporate communications, including circulars, on the websites of the SSE and the Company and through other prescribed communication channels such as specified PRC newspapers would constitute effective delivery to the holders of the RMB Shares; and (ii) the Company is not required to (a) seek an express and positive written confirmation from each holder of the RMB Shares that corporate communications may be made available using electronic means; and (b) physically send a circular to the holders of the RMB Shares.

Accordingly, the Company has applied for, and the Hong Kong Stock Exchange has granted a waiver from strict compliance with Rule 2.07A of the Hong Kong Listing Rules so that the requirements relating to corporate communications thereunder will apply only to the holders of the Hong Kong Shares.

*(iii) Waiver relating to requirements for certification of transfers*

The transfers of RMB Shares on the STAR Market can be conducted by (i) centralized trading transfers (meaning transfers pursuant to transactions conducted between two parties holding SSE stock accounts through the paperless trading platform of the SSE, which does not involve any certificate, temporary documents or split renounceable documents); and (ii) non-centralized trading transfers (including but not limited to share transfers due to written agreements, inheritance, gift and property division, for which the relevant applicant must submit materials required by CSDC to complete the transfer, and CSDC, which will be the Company's share registrar of the RMB Shares and the keeper of the register of holders of the RMB Shares, will provide services of certifying transfers against certificates or temporary documents and splitting renounceable documents with respect to such non-centralized trading transfers of the RMB Shares).

Accordingly, the Company has applied for, and the Hong Kong Stock Exchange has granted a waiver from strict compliance with Rule 13.58 of the Hong Kong Listing Rules so that the requirements relating to certification of transfers to be completed within certain timeframes thereunder will apply only to the Hong Kong Shares and the non-trading transfers of the RMB Shares.

*(iv) Waiver relating to requirements for securities registration services*

As the CSDC will provide securities registration services to holders of the RMB Shares, and there is no need for certificate replacement service given that the RMB Shares can be traded electronically on the STAR Market and will not require a share certificate to evidence title, the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 13.59 and 13.60 of the Hong Kong Listing Rules so that the requirements relating to securities registration services thereunder will apply only to the Hong Kong Shares. To the best knowledge of the Company, the grant of the waiver would not impose undue risk to the Shareholders given the proposed RMB Share Issue is subject to Shareholders' approval at the EGM.

## **SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION**

The Company will convene the EGM to propose for consideration by the Shareholders and seek their approval for the matters relating to the RMB Share Issue, the Specific Mandate, the proposed amendments to the Articles of Association and the other matters as set out above. A circular of the EGM containing, among other things, details of the proposals, together with the notice of EGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirements under the Hong Kong Listing Rules and the Articles of Association currently in force. Please note that in addition to the approval by the Shareholders, the RMB Share Issue is also subject to the necessary Regulatory Approvals.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to ascertain the entitlements of the Shareholders to attend the EGM, the register of members of the Company will be closed from Tuesday, May 16, 2023 to Friday, May 19, 2023 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the EGM, all transfer documents must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for Shareholders no later than 4:30 p.m. on Monday, May 15, 2023.

**The RMB Share Issue and the Specific Mandate are subject to, among other things, approval by Shareholders at the EGM and the necessary Regulatory Approvals and thus may or may not proceed. Shareholders and potential investors of the Company should be aware that there is no assurance that the RMB Share Issue will materialize or as to when it may materialize. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

**Further announcement(s) will be made to disclose any material updates and developments in respect of the proposed RMB Share Issue and the Specific Mandate in accordance with the Hong Kong Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information only and is not intended to and does not constitute, or form part of, an invitation or offer to acquire, purchase or subscribe for any securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“2021 Placing”	issuance of an aggregate of 30,000,000 new shares at a price of HK\$39.60 per share pursuant to the share placing agreement dated January 7, 2021 on January 14, 2021
“2022 Placing”	issuance of an aggregate of 24,000,000 new shares at a price of HK\$24.27 per share pursuant to the share placing agreement dated July 8, 2022 on July 15, 2022
“Amended Articles of Association”	each of the two versions incorporating and consolidating, as applicable, all the Proposed Amendments to the Current Articles of Association and the Proposed Amendments to the Articles of Association for the RMB Share Issue, respectively
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of directors from time to time of the Company or a duly authorized committee thereof
“Company”	Akeso, Inc. (康方生物科技(開曼)有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 9926)
“CSDC”	China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at No. 6, Shennong Road, Torch Development Zone, Zhongshan, China on Friday, May 19, 2023 at 2 p.m., or any adjournment thereof, to consider and, if thought fit, approve, among other things, the proposed RMB Share Issue, Specific Mandate and related matters (including the Proposed Amendments to the Articles of Association for the RMB Share Issue), and the Proposed Amendments to the Current Articles of Association
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Share(s)”	the existing ordinary share(s) which are listed on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Over-Allotment Option”	the over-allotment option which may be exercised by the Company and the lead underwriter(s) in respect of such number of RMB Shares not exceeding 15% of the number of RMB Shares to be issued initially under the RMB Share Issue
“PRC”	the People’s Republic of China, for the purpose of this announcement and for geographical reference only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan region
“Proposed Amendments to the Articles of Association for the RMB Share Issue”	the proposed amendments to the articles of association of the Company in connection with the RMB Share Issue
“Proposed Amendments to the Current Articles of Association”	the proposed amendments to the current articles of association of the Company
“R&D”	research & development
“Regulatory Approvals”	the approvals or decisions from the relevant regulatory authorities and governmental departments in the PRC (including but not limited to the CSRC, the Hong Kong Stock Exchange, the SSE and the CSDC)
“RMB”	Renminbi, the lawful currency of the PRC
“RMB Share(s)”	the ordinary Share(s) to be subscribed for in RMB by target subscribers in the PRC, to be listed on the STAR Market and traded in RMB
“RMB Share Issue”	the Company’s proposed initial issue of no more than 148,421,854 RMB Shares (assuming no Over-allotment Option is exercised) or no more than 170,685,132 RMB Shares (assuming the Over-Allotment Option is exercised in full), which will be listed on the STAR Market
“Shareholder(s)”	holder(s) of the Shares

“Shares”	means ordinary shares of par value of US\$0.00001 each in the share capital of the Company (or of such other nominal amount as may result from a sub-division, consolidation, reclassification or reconstruction of such share capital from time to time)
“Special Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue RMB Shares pursuant to the RMB Share Issue
“SSE”	the Shanghai Stock Exchange
“STAR Market”	the Science and Technology Innovation Board of the SSE
“STAR Market Listing Rules”	the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the SSE (《上海證券交易所科創板股票上市規則》)
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, as amend, supplemented or otherwise amended from time to time
“US\$”	the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, April 28, 2023

*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, Dr. ZHOU Yi and Mr. XIE Ronggang as non-executive directors, and Dr. ZENG Junwen, Dr. XU Yan and Mr. TAN Bo as independent non-executive directors.*