

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.*

*Neither this announcement nor any copy thereof may be released into or distributed directly or indirectly in the United States or any other jurisdiction where such release or distribution might be unlawful.*

*This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933 (the “U.S. Securities Act”), and may not be offered or sold in the United States unless registered under the U.S. Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act. The Company has no intention to register under the U.S. Securities Act any of the securities referred to herein or to conduct a public offering of securities in the United States.*



**Akesobio**

**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)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**

**Morgan Stanley**

On July 8, 2022 (before trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, an aggregate of 24,000,000 Placing Shares to not less than six Places at a price of HK\$24.27 per Placing Share.

The Placing Price of HK\$24.27 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents (i) a discount of approximately 7.0% to the closing price of HK\$26.10 per Share as quoted on the Stock Exchange on July 7, 2022, being the last full trading day prior to the date of the Placing Agreement and (ii) a discount of approximately 5.5% to the average closing price of HK\$25.67 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares prior to and including the last full trading day prior to the date of the Placing Agreement.

The Placing Shares will represent approximately 2.94% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.85% of the enlarged issued share capital of the Company immediately following the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the issued share capital of the Company between the date of this announcement and the completion of Placing). The Placing Shares will be allotted and issued under the General Mandate, and will not be subject to approval by the Shareholders.

Assuming all the 24,000,000 Placing Shares are subscribed for in full, upon completion of the Placing, the gross proceeds will be HK\$582.48 million and the net proceeds arising from the Placing are estimated to be HK\$576.65 million.

The Placing is conditional upon the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the completion of the Placing).

**Shareholders and potential investors should note that the completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## THE PLACING AGREEMENT

Date: July 8, 2022

Parties: (i) the Company; and  
(ii) the Placing Agent.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Placing Agent is a third party independent of the Company and its connected persons.

## **The Placing**

The Placing Agent has conditionally agreed to place, or procure the placing of 24,000,000 Placing Shares at the Placing Price of HK\$24.27 per Placing Share during the Placing Period (or, failing which, to purchase itself as principal).

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

## **The Placees**

The Placing Agent will place the Placing Shares to professional, institutional, or other investors that are third parties independent of the Company and its connected persons. It is currently expected that the Placing Shares will be placed to not less than six Placees who, together with their ultimate beneficial owners, will be Independent Third Parties of the Company and its connected persons. The Placing Agent will use its reasonable endeavors, based on information available to the Placing Agent, information provided by the Company and confirmations from the Placees procured by the Placing Agent, to ensure that each Placee procured by the Placing Agent is not a connected person of the Company (as defined in the Listing Rules). It is not expected that any Placee will become a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the Placing.

## **Number of Placing Shares**

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of Placing, the number of 24,000,000 Placing Shares under the Placing represents approximately 2.94% of the issued share capital of the Company as at the date of this announcement, and approximately 2.85% of the issued share capital as enlarged by the issue of the Placing Shares. The maximum aggregate nominal value of the Placing Shares under the Placing will be US\$240.

## **Placing Price**

The Placing Price is HK\$24.27 per Placing Share which represents:

- (i) a discount of approximately 7.0% to the closing price of HK\$26.10 per Share as quoted on the Stock Exchange on the last full trading day prior to the date of the Placing Agreement; and
- (ii) a discount of approximately 5.5% to the average closing price of approximately HK\$25.67 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the last full trading day prior to the date of the Placing Agreement.

The net placing price (after deducting related costs and expenses to be borne by the Company) is approximately HK\$24.03 per Share.

The Placing Price was determined on an arm's length negotiation between the Company and the Placing Agent and with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions.

### **Placing Shares**

The Placing Shares will be allotted and issued under the General Mandate granted to the Board by a resolution of the Shareholders dated June 28, 2022, pursuant to which the Board is authorized to allot and issue up to 163,411,435 Shares. As at the date of this announcement, the Company had not utilized the General Mandate and the 24,000,000 Placing Shares under the Placing represents approximately 14.69% of the entire General Mandate.

The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

### **Ranking of Placing Shares**

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

### **Conditions precedent and completion**

The completion of the Placing is conditional upon the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the completion of the Placing).

If the above condition is not satisfied at or before 8:00 a.m. (Hong Kong time) on July 15, 2022, being the long stop date of the Placing Agreement, or such other date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the other (save for any antecedent breaches).

Completion of the Placing will take place on the Business Day after the fulfilment of the condition as set out above but in any event no later than July 15, 2022 or such other date to be agreed between the Company and the Placing Agent in writing (the "**Closing Date**").

### **Lock-up Undertakings by the Company**

The Company undertakes to the Placing Agent to procure, that for a period of three months from the Closing Date, the Company, or any person acting on its behalf, will not:

- (1) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares;

- (2) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (1) above; or
- (3) announce any intention to enter into or effect any such transaction described in paragraph (1) or (2) above without first having obtained written consent of the Placing Agent.

The undertaking shall not apply to the issue of the Placing Shares under the Placing Agreement and any grant or exercise or vesting of option or share award and allotment of shares as a result of any of the foregoing under the restricted share unit schemes adopted by the Company on August 29, 2019 and December 6, 2021 and the share option scheme adopted by the Company on June 28, 2022.

### **Termination**

If at any time at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date, any of the specific events provided in the Placing Agreement, such as any breach of any of the representations, warranties and undertakings by the Company as set out in the Placing Agreement, occurs, then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date.

**Since the completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### **GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES**

The Placing Shares will be allotted and issued pursuant to the General Mandate. The number of new Shares that can be issued by the Company under the General Mandate is 163,411,435 Shares. Up to the date of this announcement, no Share has been issued by the Company under the General Mandate. Therefore, the issue of the Placing Shares is not subject to the approval of the Shareholders.

### **APPLICATION FOR LISTING**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is an integrated drug discovery platform in the PRC. Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$582.48 million and approximately HK\$576.65 million respectively. The net placing price per Placing Share will be approximately HK\$24.03.

The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Placing are expected to be fully utilized by the end of 2023 and will be used for the following purposes:

- (i) 40% for marketing and commercialization of 開坦尼<sup>®</sup> (Cadonilimab, PD-1/CTLA-4, AK104);
- (ii) 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;
- (iii) 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;
- (iv) 10% for expediting the phase III trials and NDA application for Ebronucimab (PCSK9, AK102) and Ebdarokimab (IL-12/IL-23, AK101); and
- (v) the remaining of the net proceeds for other general corporate purposes where appropriate.

The Board is of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future development. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

## **FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has not conducted any equity fund raising activity during the past 12 months immediately before the date of this announcement.

## SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming all 24,000,000 Placing Shares are placed and there is no change in the issued share capital of the Company from the date of this announcement up to the completion of the Placing) are set out as follows:

|  | As of the date of this announcement |   | Immediately upon completion of the Placing (Assuming all the Placing Shares have been issued and allotted) |   |
|--|-------------------------------------|---|--|---|
|  | <i>Number of Shares held</i>        | <i>Approximate % of total Shares in issue</i> | <i>Number of Shares held</i>   | <i>Approximate % of total Shares in issue</i> |
| Dr. XIA Yu and corporations controlled by her ( <i>Note 1</i> )                | 109,244,871                         | 13.37%  | 109,244,871  | 12.99%  |
| Dr. LI Baiyong and corporations controlled by him ( <i>Note 2</i> )            | 54,673,194                          | 6.69%   | 54,673,194   | 6.50%   |
| Dr. WANG Zhongmin Maxwell and corporations controlled by him ( <i>Note 3</i> ) | 47,239,323                          | 5.78%   | 47,239,323   | 5.62%   |
| Mr. XIA Yu (Ph.D.) ( <i>Note 4</i> )   | 3,309,296                           | 0.41%   | 3,309,296  | 0.39%   |
| The Places   | —                                   | —   | 24,000,000   | 2.85%   |
| Other Shareholders   | <u>602,590,492</u>                  | <u>73.75%</u>                                 | <u>602,590,492</u>   | <u>71.65%</u>                                 |
| Total  | <u>817,057,176</u>                  | <u>100.00%</u>                                | <u>841,057,176</u>   | <u>100.00%</u>                                |

Notes:

- Dr. XIA Yu is an executive Director and controls 109,244,871 Shares through (a) Golden Oaks LLC, which holds 21,000,000 Shares and is wholly-owned by Dr. XIA Yu, (b) The Gemstone Living Trust which holds 59,771,042 Shares and whose settlor and trustee is Dr. XIA Yu, and (c) Aquae Hyperion Limited, which holds 28,473,829 Shares with Zedra Trust Company (Cayman) Limited as the trustee and Dr. XIA Yu as the enforcer.
- Dr. LI Baiyong is an executive Director and controls 54,673,194 Shares through (a) Kampfire LLC, which holds 10,934,640 Shares and is wholly-owned by Dr. LI Baiyong and (b) The Sunny Beach Living Trust which holds 43,738,554 Shares and whose settlor and trustee is Dr. LI Baiyong.
- Dr. WANG Zhongmin Maxwell is an executive Director and controls 47,239,323 Shares through (a) Blazing Rosewood LLC, which holds 31,492,881 Shares and is wholly-owned by Dr. WANG Zhongmin Maxwell and (b) The Max Mahogany Living Trust, which holds 15,746,442 Shares and whose settlor and trustee is Dr. WANG Zhongmin Maxwell.
- Mr. XIA Yu (Ph.D.) is an executive Director and is interested in 3,309,296 Shares.

Given that the completion of the Placing may or may not take place, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

**Cautionary Statement required by Rule 18A.05 of the Listing Rules:** There is no assurance that the Company will be able to develop, market, and/or commercialize any of the products in its pipeline successfully. Shareholders and potential investors should exercise due care when dealing in the securities of the Company.

## DEFINITIONS

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

|                             |  |
|-----------------------------|--|
| “Board”                     | the board of Directors   |
| “Business Day(s)”           | any day (excluding a Saturday, Sunday and public holidays in Hong Kong) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong |
| “Company”                   | Akeso, Inc., a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9926)                    |
| “connected person(s)”       | has the meaning ascribed thereto in the Listing Rules  |
| “Director(s)”               | the director(s) of the Company   |
| “General Mandate”           | the general mandate granted to the Directors pursuant to the resolutions of the Shareholders dated June 28, 2022   |
| “Group”                     | the Company and its subsidiaries   |
| “Hong Kong”                 | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Third Parties” | person(s) who is(are) third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)   |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “NDA”                       | new drug application   |
| “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   |
| “Placee(s)”                 | any professional, institutional and other investor whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement  |

|                     |   |
|---------------------|---|
| “Placing”           | the placing of 24,000,000 Placing Shares pursuant to the terms of the Placing Agreement   |
| “Placing Agent”     | Morgan Stanley Asia Limited   |
| “Placing Agreement” | the conditional placing agreement entered into between the Company and the Placing Agent dated July 8, 2022 in relation to the Placing  |
| “Placing Period”    | the period commencing upon the execution of the Placing Agreement and terminating at 8:00 a.m. (Hong Kong time) on the Closing Date (or such later time and date as the Company and the Placing Agent may agree in writing) |
| “Placing Price”     | HK\$24.27 per Placing Share   |
| “Placing Shares”    | 24,000,000 Placing Shares to be placed pursuant to the Placing Agreement  |
| “PRC”               | the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan  |
| “Share(s)”          | ordinary share(s) in the capital of the Company with a par value of US\$0.00001 each  |
| “Shareholder(s)”    | the holder(s) of Shares   |
| “Stock Exchange”    | The Stock Exchange of Hong Kong Limited   |
| “HK\$”              | Hong Kong dollars, the lawful currency of Hong Kong   |
| “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, July 8, 2022

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