# 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, 2023

The Board of Akeso, Inc. hereby announces the consolidated results of the Group for the year ended December 31, 2023. These annual results have been reviewed by the Company's Audit Committee and agreed 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

**1. Revenue**

The Group's revenue increased by 440% from RMB837.7 million for the year ended December 31, 2022 to RMB4,526.3 million for the year ended December 31, 2023. For the year ended December 31, 2023, the total sales generated from marketed products was approximately RMB1,631.1 million, including sales revenue of 開坦尼® (cadonilimab, PD-1/CTLA-4) of RMB1,357.8 million, representing a significant year-on-year increase of 149% as compared to approximately RMB546.3 million for the corresponding period in 2022. Besides, the Company recognized license income of RMB2,922.8 million for the year ended December 31, 2023, mainly because the Company received the upfront payment of the license agreement of ivonescimab (AK112, PD-1/VEGF) from Summit Therapeutics Inc (NASDAQ: SMMT) (SUMMIT).

**2. Gross Profit**

The Group's gross profit increased by 491% from RMB743.5 million for the year ended December 31, 2022 to RMB4,393.0 million for the year ended December 31, 2023. It was mainly attributable to the strong increase in the license income recognized by the Company.

**3. Profit for the Year**

For the reasons discussed above, profit for the year was RMB1,942.4 million for the year ended December 31, 2023, as compared to loss of RMB1,422.2 million for the year ended December 31, 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

Akeso, Inc. is a biopharmaceutical company dedicated to the research, development, manufacturing and commercialization of innovative antibody drugs that are affordable to patients worldwide. Since the Company's inception, the Company has established an end-to-end comprehensive drug development platform (ACE Platform), encompassing fully integrated drug discovery and development functions, including target validation, antibody drug discovery and development, CMC production process development, and GMP compliant production. The Company has also successfully developed a bi-specific antibody drug development technology (Tetrabody technology), which helps us overcome three CMC challenges in the development and manufacture of bi-specific antibodies, including low expression levels, process development hurdles, and antibody stability and druggability. The Company currently has a pipeline of over 50 innovative programs covering the areas of oncology, autoimmune and metabolic diseases. 19 of these products are in the clinical trial stage (including 3[1] marketed products, and 4[2] out-licensed products) and 6 of which are potential first-in-class or best-in-class bi-specific antibodies. The Company's vision is to become a global leading biopharmaceutical company through research and development of highly effective and innovative new drugs that are either first-in-class or best-in-class therapies.

During the Reporting Period, the Company recorded a revenue of approximately RMB4,526.3 million, as compared to approximately RMB837.7 million for the corresponding period in 2022, representing a significant year-on-year increase of 440%. For the year ended December 31, 2023, the total sales generated from marketed products was approximately RMB1,631.1 million, including sales revenue of 開坦尼® (cadonilimab, PD-1/CTLA-4) of RMB1,357.8 million, representing a significant year-on-year increase of 149% as compared to approximately RMB546.3 million for the corresponding period in 2022. Besides, the Company recognized license income of RMB2,922.8 million for the year ended December 31, 2023, mainly because the Company received the upfront payment of the license agreement of ivonescimab (AK112, PD-1/VEGF) from Summit Therapeutics Inc (NASDAQ: SMMT) (SUMMIT). As a result, the Company recorded annual profits for the first time, which rose fee significantly to approximately RMB1,942.4 million, as compared to a loss for the year ended December 31, 2022 of approximately RMB1,422.2 million.

1 開坦尼® (cadonilimab, PD-1/CTLA-4), ANNIKO® (penpulimab, PD-1) and 普佑恒™ (pucotenlimab, PD-1), which was licensed out by the Group and developed by Lepu Biopharma Co., Ltd (stock code: 2157.HK)

2 Including AK107, which was licensed out to MSD, 普佑恒™ (pucotenlimab, PD-1), which was licensed out to Lepu Biopharma Co., Ltd (stock code: 2157.HK), tagitanlimab (PD-1), which was licensed out to Kelun Pharmaceutical (stock code: 002422.SS) and ivonescimab (AK112, PD-1/VEGF), which was licensed out to SUMMIT (NASDAQ: SMMT)

As of the date of this announcement, 3 in-house developed innovative products of the Company have been commercialized, and 3 New Drug Application (NDA) of ivonescimab, ebronucimab and ebdarokimab are under review by the National Medical Products Administration (NMPA). The Company is expanding its commercialization-stage pipeline portfolio, with a number of products achieving milestones during the Reporting Period.

**開坦尼® (cadonilimab, PD-1/CTLA-4)**

During the Reporting Period, the commercial performance of 開坦尼® (cadonilimab, PD-1/CTLA-4) remained excellent, achieving product sales of approximately RMB1,357.8 million during the year ended December 31, 2023, as compared to approximately RMB546.3 million for the year ended December 31, 2022, representing a significant increase of 149% year-on-year. With outstanding clinical data and extensive clinical applications, 開坦尼® has been included in nearly ten definitive guidelines and expert consensus. During the Reporting Period, the results of nearly 20 clinical studies covering various tumors of cadonilimab were published at the international academic conferences and journal articles. In terms of market access and channel coverage, the Company has been actively promoting the hospital admission and commercial insurance inclusion of 開坦尼®. Currently, 開坦尼® has been included in the commercial insurance of 15 provinces and around 70 cities, and was covered by more than 80 commercial insurance products, which has significantly improved the accessibility of the drug by patients.

During the Reporting Period, major milestones were achieved in two Phase III clinical studies of cadonilimab. In November 2023, the Phase III clinical trial of cadonilimab in combination with chemotherapy as the first-line treatment of unresectable, locally advanced, recurrent or metastatic gastric or gastroesophageal junction (G/GEJ) adenocarcinoma reached its primary endpoint of overall survival (OS) in the interim analysis. The results of this trial demonstrates a long-term survival benefit in all patients with gastric cancer regardless of PD-L1 expression. The Company had submitted supplemental new drug application (sNDA) for this indication in January 2024. In November 2023, the Phase III clinical trial of cadonilimab in combination with chemotherapy with or without bevacizumab as the first-line treatment for persistent, recurrent or metastatic cervical cancer achieved the primary endpoint of progression-free survival (PFS) in the interim analysis. The Company believes that cadonilimab will further bring a more efficacious first-line therapy for patients with gastric and cervical cancers.

The clinical development plan of cadonilimab has covered 16 indications and more than 20 clinical trials for various tumors, including lung cancer, liver cancer, gastric cancer, cervical cancer, kidney cancer, esophageal cancer and colorectal cancer, etc., with combination therapy. The Company will continue to explore the market potential of cadonilimab, and accelerate to establish a higher marketing-entry barrier through a clinical development strategy of comprehensive combination therapy to expand 開坦尼®'s commercial potential in the future.

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

The Phase III clinical trials of ivonescimab in combination with chemotherapy for the treatment of locally advanced or metastatic non-squamous NSCLC patients with EGFR mutation who progressed after the treatment of EGFR TKI, reached primary endpoint in 2023, and the NDA was accepted and granted "Priority Review" by NMPA in August 2023, which represented the second bi-specific antibody independently developed by the Company is entering the commercialization stage. Ivonescimab has been engaged in several clinical trials in various lung cancer patient groups, such as the Phase III clinical trials of ivonescimab monotherapy versus pembrolizumab as the first-line treatment for NSCLC with PD-L1 positive expression, the Phase III clinical trial of ivonescimab in combination with chemotherapy versus tislelizumab in combination with chemotherapy as the treatment for locally advanced or metastatic squamous NSCLC, which are advancing effectively. During the Reporting Period, the clinical trial results and mechanism of action of ivonescimab were published in several international academic conferences and journals.

In overseas markets, the Company collaborated with SUMMIT to jointly advance the clinical development of ivonescimab. In May 2023, SUMMIT announced that its first US-based patient was treated in the HARMONi Phase III trial (NCT05184712), which is the global multi-regional clinical trial in patients with EGFR-mutant locally advanced or metastatic non-squamous NSCLC who have progressed after third-generation EGFR-TKI. In November 2023, SUMMIT also announced the first patient treated in the HARMONi-3 Phase III trial (NCT05899608), which is the global multi-regional trial of ivonescimab in combination with chemotherapy versus pembrolizumab in combination with chemotherapy as the first line treatment of metastatic squamous NSCLC. The Chinese part of HARMONi-3 will be undertaken by the Company to accelerate the overall advancement of global clinical trials. The effective execution will rapidly advance the global trials of ivonescimab. We believe these global trials can bring valuable next-generation innovative therapies to patients around the world.

**ANNIKO® (penpulimab, PD-1)**

In January 2023, the sNDA of ANNIKO® in combination with chemotherapy as first-line treatment of locally advanced or metastatic squamous NSCLC was approved by NMPA. In December 2023, the Company submitted the sNDA of ANNIKO® in combination with chemotherapy as first-line treatment of recurrent or metastatic nasopharyngeal carcinoma (NPC). In 2023, ANNIKO® has been included in a number of clinical guidelines and the Chinese Medicare lists in various provinces and cities. The Company also continues to expand the indications of ANNIKO® to accelerate it potential into commercial value from clinical application.

In overseas markets, CTTQ-Akeso, a joint venture of the Company and Chia Tai Tianqing, entered into a licence agreement with Specialised Therapeutics Asia Pte Ltd ("**ST**") in April 2023, and granted ST the exclusive right to sell ANNIKO® in Australia, New Zealand, Papua New Guinea and 11 Southeast Asian countries, including Singapore and Malaysia.

**Ebronucimab (AK102, PCSK9) and ebdarokimab (AK101, IL-12/IL-23)**

Two of the Company's non-oncology products also entered into the pre-marketing stage. In the area of metabolism diseases, the Company has submitted the NDA of ebronucimab (AK102, PCSK9) in June 2023 for the treatment of two indications: (i) essential hypercholesterolemia and mixed hypercholesterolemia; and (ii) heterozygous familial hypercholesterolaemia (HeFH). In the area of autoimmune diseases, the Company has submitted the NDA of ebdarokimab (AK101, IL-12/IL-23) in August 2023 for the treatment of moderate-to-severe plaque psoriasis. The Company is preparing for manufacturing, marketing and commercialization of these two products.

## DEVELOPMENT OF PRODUCT PORTFOLIO

As of December 31, 2023, the Company had over 50 innovative programs covering the areas of oncology, autoimmune and metabolic diseases. 19 of these products are in the clinical trial stage (including 3 marketed products, and 4 out-licensed products) and 6 of which are potential first-in-class or best-in-class bi-specific antibodies.

Oncology is one of the Company's focused therapeutic areas. We are conducting several clinical trials of 開坦尼® (cadonilimab, PD-1/CTLA-4) which has obtained marketing approval, ivonescimab (AK112, PD-1/VEGF) which has submitted the NDA, ANNIKO® (penpulimab, PD-1) which has obtained marketing approval, ligufalimab (AK117, CD47), drebuxelimab (AK119, CD73), pulocimab (AK109, VEGFR-2), AK127 (TIGIT), AK115 (NGF), AK129 (PD-1/LAG-3) and AK130 (TIGIT/TGF-β), and AK131 (PD-1/CD73) and AK132 (Claudin18.2/CD47), which have newly entered into clinical stage in 2023. Such drugs and drug candidates cover various indications including solid tumors and hematological tumors. Based on cadonilimab and ivonescimab, as our two backbone drugs, we expect to target broader indications with huge market potential through combination strategy with high quality in-house developed products and external drugs.

We also have ebronucimab (AK102, PCSK9), an innovative product targeting metabolic diseases, of which the NDA was accepted in June 2023. In autoimmune diseases, we also have a strong and broad pipeline. In particular, the NDA of ebdarokimab (AK101, IL-12/IL-23) has been accepted in August 2023. Meanwhile, we are also accelerating the clinical development of gumokimab (AK111, IL-17) and manfidokimab (AK120, IL-4R).

In the pre-clinical stage, the Company prospectively stepped into a number of therapeutic areas with broad potential, including but not limited to tumors, autoimmune diseases, metabolic diseases, and neurodegenerative diseases. The Company is also actively establishing in-house technology platforms to comprehensively explore the fields of ADC, cell therapy and mRNA, and efficiently promote more candidates to the clinical stage.

The following chart highlighted the clinical development plan of the Company's main product portfolio as of the date of this announcement:

| Oncology - Core products | | | | | Current Status | | | |
|---|---|---|---|---|---|---|---|---|
| Product (Target) | Areas | Mono/Combo Therapy | Indication | | Phase Ia | Phase Ib/II | Pivotal/Phase III | NDA Submitted/ Approved |
| Cadonilimab AK104 (PD-1/CTLA-4) | CerAvical cancer | Mono | 2L/3L cervical cancer | 🌐 | | | | Approved on 2022.6.29 |
| | | +Chemo±Bevacizumab | 1L cervical cancer | | | | | |
| | | Mono | Neoadjuvant cervical cancer | | | | | |
| | Gastric cancer | +XELOX | 1L G/GEJ adenocarcinoma | | | | | sNDA submitted in 2024.1 |
| | | +AK109+chemo | G/GEJ adenocarcinoma progressed after PD-(L)1 treatment | | | | Initiated | |
| | | +AK117+chemo | 1L G/GEJ adenocarcinoma | | | | | |
| | | +AK117+chemo | Neoadjuvant/adjuvant G/GEJ adenocarcinoma | | | | | |
| | Hepatocellular carcinoma | Mono | HCC adjuvant therapy | | | | Enrollment in process | |
| | | +Lenvatinib+TACE | HCC, intermediate | | | | Initiated | |
| | | +Lenvatinib | 1L HCC | | | | | |
| | | +AK109 | HCC progressed after PD-(L)1 treatment | | | | | |
| | | +AK112 | 1L HCC | | | | | |
| | Lung cancer | +chemo | 1L PD-L1(-) NSCLC | | | | Enrollment in process | |
| | | +Chiauranib | ≥2L SCLC | | | | | |
| | | +Docetaxel | NSCLC progressed after platinum-based chemo and PD-(L)1 treatment | | | | | |
| | | +AK109±Docetaxel | NSCLC progressed after PD-(L)1 treatment | | | | | |
| | | +AK112±chemo | Advanced NSCLC | | | | | |
| | Esophageal cancer | ±AK117+chemo | 1L ESCC | | | | | |
| | Pancreatic cancer | +chemo | 1L PDAC | | | | | |
| | Others | +AK117 (CD47) | Adv. solid tumors | 🌐 | | | | |
| | | +AK119 (CD73) | Adv. solid tumors | 🌐 | | | | |
| | | +AK127 (TIGIT) | Adv. solid tumors | 🌐 | | | | |
| Ivonescimab AK112 (PD-1/VEGF) | Lung cancer | +Chemo | EGFRm NSCLC progressed after EGFR-TKI treatment | 🌐★ | | | HARMONi China part | NDA submitted in 2023.8 |
| | | Mono | 1L PD-L1(+) NSCLC | ★ | | | | |
| | | +Chemo | 1L adv. sqNSCLC with driver gene negative | | | | | |
| | | +Chemo | 1L metastatic sqNSCLC | 🌐 | | | HARMONi-3 China part | |
| | | ±chemo | Neoadjuvant/adjuvant NSCLC | | | | | |
| | | +Chemo | 1L NSCLC with driver gene negative | | | | | |
| | | +Docetaxel | IO-R NSCLC | ★ | | | | |
| | | +AK119±chemo | EGFRm NSCLC progressed after EGFR-TKI treatment | | | | | |
| | | +AK104±chemo | Advanced NSCLC | | | | | |
| | Gastrointestinal cancer | +chemo±AK117 | 1L G/GEJ adenocarcinoma, BTC, pancreatic cancer | | | | | |
| | Biliary tract cancer | +chemo±AK117 | 1L BTC | | | | | |
| | Pancreatic cancer | +chemo±AK117 | 1L pancreatic cancer | | | | | |
| | Breast cancer | +chemo±AK117 | 1L TNBC | | | | | |
| | Head and neck cancer | ±AK117±chemo | HNSCC | | | | | |
| | Hepatocellular carcinoma | Mono | Unresectable HCC | | | | | |
| | | +AK104 | 1L HCC | | | | | |
| | | +AK127 | 1L HCC | | | | | |
| | | +AK130 | 1L HCC | | | | | |
| | Colorectal cancer | ±AK117+chemo | 1L CRC | | | | | |
| | | +AK119±chemo | pMMR/MSS advanced CRC | | | | | |
| | Ovarian cancer | Mono | Platinum resistant OC | | | | | |
| | Others | Mono | Adv. solid tumors | 🌐 | | | | |
| | | +AK119 | Adv. solid tumors | | | | | |
| | | +AK127 | Adv. solid tumors | | | | | |
| Ligufalimab AK117 (CD47) | Hematological tumor | + azacitidine | 1L MDS | | | | | |
| | | + azacitidine | 1L MDS | 🌐 | | | | |
| | | + azacitidine | 1L AML | | | | | |
| | | + azacitidine+venetoclax | 1L AML | | | | | |
| | Solid tumor | +AK112+chemo | 1L G/GEJ adenocarcinoma | | | | | |
| | | +AK112+chemo | 1L BTC | | | | | |
| | | +AK112+chemo | 1L pancreatic cancer | | | | | |
| | | +AK112±chemo | HNSCC | | | | | |
| | | +AK112+chemo | 1L CRC | | | | | |
| | | +Chemo±AK112 | 1L TNBC | | | | | |
| | | +AK104+chemo | 1L G/GEJ adenocarcinoma | | | | | |
| | | +AK104+chemo | 1L ESCC | | | | | |
| | Others | Mono | Adv solid tumors/lymphoma | 🌐 | Completed | | | |
| | | +AK104 | Adv solid tumors | 🌐 | Completed | | | |

🌐 Global  NMPA approval  Registrational Trials  ★ Breakthrough Therapy

| Oncology - Other Products | | | | Current Status | | | |
|---|---|---|---|---|---|---|---|
| Product (Target) | Mono/Combo Therapy | Indication | | Phase Ia | Phase Ib/II | Pivotal/Phase III | NDA Submitted/ Approved |
| Penpulimab AK105 (PD-1) | Mono | 3L R/R cHL | | | | | Approved on 2021.8 |
| | +Chemo | 1L sq NSCLC | | | | | Approved on 2023.1 |
| | Mono | ≥3L NPC | | | | | sNDA submitted in China |
| | +Chemo | 1L NPC | 🌍 | | | | sNDA submitted in China |
| | +Anlotinib | 1L HCC | | | | | |
| | +Anlotinib | dMMR | | | | | |
| | +Anlotinib | NSCLC, SCLC, HNC, thyroid cancer, mesothelioma and thymic cancer | | | | | |
| | +Anlotinib | ESCC, UC, GC/GEJ, cholangiocarcinoma, neuroendocrine tumor (NET) | | | | | |
| AK119 (CD73) | +AK112±chemo | EGFR-TKI failed EGFRm NSCLC | | | | | |
| | +AK112±chemo | pMMR/MSS advanced CRC | | | | | |
| | +AK104 | Adv. solid tumors | | | | | |
| | +AK112 | Adv. solid tumors | | | | | |
| | Mono | Adv. solid tumors | | | | | |
| | +AK104 | Adv. solid tumors | 🌍 | | | | |
| AK109 (VEGFR-2) | +AK104+chemo | G/GEJ adenocarcinoma progressed after PD-(L)1 treatment | | | | Initiated | |
| | +AK104 | HCC progressed after PD-(L)1 treatment | | | | | |
| | +AK104±Docetaxel | NSCLC progressed after PD-(L)1 treatment | | | | | |
| | Mono | Adv. solid tumors | | | | | |
| AK127 (TIGIT) | +AK104 | Adv. solid tumors | 🌍 | | | | |
| | ±AK104 | Adv. solid tumors | | | | | |
| | +AK112 | Adv. solid tumors | | | | | |
| | +AK112 | 1L HCC | | | | | |
| | Mono | Adv. solid tumors | | | | | |
| AK115(NGF) | Mono | Pain (including cancer pain) | | | | | |
| AK129 (PD-1/LAG-3) | Mono | Adv. solid tumors | | | | | |
| AK130 (TIGIT/TGF-β) | Mono | Adv. solid tumors | | | | | |
| | +AK112 | 1L HCC | | | | | |
| AK131 (PD-1/CD73) | Mono | Adv. solid tumors | | | | | |
| AK132 (CLDN18.2/CD47) | Mono | Adv. solid tumors | | | | | |

🌍 Global  NMPA approval  Registrational Trials

| Auto-immunity/Metabolism | | | Current Status | | | |
|---|---|---|---|---|---|---|
| Product (Target) | Mono/ Combo Therapy | Indication | Phase Ia | Phase Ib/II | Pivotal/Phase III | NDA Submitted |
| AK102 (PCSK9) | + Statin/Ezetimibe | Primary hypercholesterolemia and mixed hpyerlipidemia | | | | NDA submitted in 2023.6 |
| | + Statin/Ezetimibe | HeFH | | | | NDA submitted in 2023.6 |
| AK101 (IL-12/IL-23) | Mono | Moderate-to-severe plaque psoriasis | | | | NDA submitted in 2023.8 |
| | Mono | Moderate-to-severe ulcerative colitis | | | | |
| AK111 (IL-17) | Mono | Moderate-to-severe psoriasis | | | | |
| | Mono | Ankylosing spondylitis | | | | |
| AK120 (IL-4Rα) | Mono | Moderate-to-severe atopic dermatitis | | | In planning | |
| | Mono | Moderate-to-severe atopic dermatitis | | | | |

Registrational Trials

**Oncology**

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

  *1. Significant Clinical Progress during the Reporting Period*

  — In March, we completed patient enrollment of pivotal Phase III registration trial of cadonilimab in combination with chemotherapy as first line treatment of unresectable locally advanced or metastatic gastric/gastroesophageal junction (G/GEJ) adenocarcinoma.

  — In March, we commenced R&D collaboration with Shanghai Pharmaceuticals Holding Co., Ltd. (02607.HK; 601607.SH) to initiate combination therapies of cadonilimab in combination with SPH4336 (CDK4/6) for the treatment of well-differentiated liposarcomas (WDLS)/dedifferentiated liposarcoma (DDLS).

  — In April, we obtained NMPA approval to initiate Phase II trial of cadonilimab in combination with AK117 as neoadjuvant treatment of G/GEJ adenocarcinoma.

  — In May, we obtained NMPA approval to initiate Phase II trial of cadonilimab in combination with chemotherapy for the treatment of pancreatic cancer.

  — In July, we completed first patient enrollment of Phase Ia/Ib trial of cadonilimab in combination with AK127 for treatment of advanced solid tumor.

  — In July, we obtained NMPA approval to initiate Phase III trial of cadonilimab in combination with chemotherapy, versus tislelizumab in combination with chemotherapy, as first line treatment of locally advanced or metastatic NSCLC patients with PD-L1 negative expression.

— In September, we commenced collaboration with RemeGen Co., Ltd. (09995.HK; 688331.SH) to initiate Phase II trials of cadonilimab in combination with Disitamab Vedotin (HER2 ADC) for the treatment of gastric cancer.

— In November, Phase III trial of cadonilimab in combination with XELOX chemothrapy as first-line treatment for unresectable locally advanced or metastatic gastric or gastroesophageal junction adenocarcinoma (GC/GEJC) (AK104-302) reached primary endpoint of overall survival (OS) at interim analysis.

— In November, Phase III trial of cadonilimab in combination with platinum-based chemotherapy with or without bevacizumab as first-line treatment of cervical cancer (AK104-303) reached primary endpoint of progression-free-survival (PFS) at interim analysis.

2. *Included in Guidelines and Publication during the Reporting Period*

— In March, mechanism studies of cadonilimab was published at *mAbs*.

— In April, 開坦尼® was recommended in *Gynecologic Tumor Immune Checkpoint Inhibitor Clinical Practice (2023)*.

— In June, two-year follow-up data of Phase Ib/II trial of cadonilimab in combination with chemotherapy as first line treatment of G/GEJ adenocarcinoma was published at 2023 ASCO Annual Meeting.

— In June, preliminary data of cadonilimab in combination with AK117 and chemotherapy as first line treatment of advanced G/GEJ adenocarcinoma was published at 2023 ASCO.

— In June, 開坦尼® was included in *Chinese Experts Concensus on the Diagnosis and Treatment of Gastric-type Endocervical Adenocarcinomas (2023)*.

— In August, 開坦尼® was recommended in *Chinese Gynecologic Tumor Clinical Practice 7th version (2023)*.

— In October, Phase Ib/II trial data of cadonilimab as treatment of advanced solid tumor was published at *The Lancet Oncology*.

— In October, Phase I Australian trial data of cadonilimab as treatment of advanced solid tumor was published at *Cell*.

— In October, Phase Ib/II trial data of cadonilimab in combination with lenvatinib as first-line treatment of hepatocellular carcinoma was published at 2023 European Society for Medical Oncology (ESMO).

— In November, Phase Ib/II trial data of cadonilimab in combination with lenvatinib as first-line treatment of hepatocellular carcinoma was published at *Frontiers In Immunology*.

— In December, 開坦尼® was recommended in *NCCN Clinical Practice Guidelines 2023.V1:China Version*, as priority alternative as second- or later-line treatment of recurrent or metastatic cervical cancer.

— In December, 開坦尼® was included in *Chinese Guidelines for Radiotherapy of Esophageal Cancer (2023)*.

*3. Recent Development After the Reporting Period*

— In January 2024, NMPA accepted the sNDA for cadonilimab in combination with chemotherapy as first-line treatment for G/GEJ adenocarcinoma.

— In January 2024, Phase II clinical data of cadonilimab in combination with lenvatinib and TACE for intermediate to advanced unresectable hepatocellular carcinoma (uHCC) was published at 2024 Gastrointestinal Cancers Symposium of the American Society of Clinical Oncology (ASCO GI).

— In January 2024, cadonilimab was included in *Chinese Expert Consensus on Immunotherapy for Gastric Cancer based on PD-L1 expression (2023 Edition)*.

— In February 2024, we had first patient treated in the Phase III clinical trial of cadonilimab in combination with chemotherapy, versus tislelizumab in combination with chemotherapy, as first line treatment of locally advanced or metastatic NSCLC patients with PD-L1 negative expression.

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

  *1. Significant Clinical Progress during the Reporting Period*

  — In March, we commenced collaboration with LaNova Medicines to initiate a series of clinical trials of Ivonescimab in combination with LM-302(Claudin18.2 ADC) for treatment of solid tumors including advanced gastrointestinal cancer.

  — In April, we obtained NMPA approval to initiate Phase I clinical trial of Ivonescimab in combination with AK127 for the treatment of advanced solid tumor.

  — In May, our partner SUMMIT have first patient treated in US in the Phase III HARMONi trial. The HARMONi trial is ivonescimab in combination with chemotherapy for treatment of EGFR-mutated locally advanced or metastatic nsqNSCLC patients who progressed after the third generation EGFR-TKI treatment.

  — In May, we initiated Phase III trial of ivonescimab in combination with chemotherapy, versus tislelizumab in combination with chemotherapy, as first line treatment of sqNSCLC.

  — In August, we completed patient enrollment of Phase III trial of ivonescimab monotherapy versus pembrolizumab monotherapy as first line treatment of NSCLC with PD-L1 positive expression.

  — In August, Phase III clinical trial of ivonescimab in combination with chemotherapy, versus tislelizumab in combination with chemotherapy, for the treatment of sqNSCLC have first patient treated.

  — In November, our partner SUMMIT have first patient treated in US in the Phase III HARMONi-3 trial. The HARMONi-3 trial is ivonescimab in combination with chemotherapy versus pembrolizumab in combination with chemotherapy as first-line treatment of metastatic squamous NSCLC.

2. *Publication during the Reporting Period*

— In June, Phase II clinical data of ivonescimab in combination with chemotherapy as first line treatment advanced or metastatic NSCLC without actionable genomic alterations (AGA) in EGFR/ALK was published at 2023 ASCO.

— In August, phase II clinical data of ivonescimab in combination with chemotherapy for the treatment of advanced NSCLC was published at eclinical medicine.

— In October, Phase Ib data of ivonescimab monotherapy as first- or second-line treatment for advanced or metastatic immunotherapy naive NSCLC was published at Journal of Thoracic Oncology.

— In November, mechanism of action of ivonescimab was published at 2023 EORTC-NCI-AACR, hosted by American Association for Cancer Research (AACR), National Cancer Institute (NCI) and European Organisation for Rearch and Treatment of Cancer (EORTC), and 2023 Society for Immunotherapy of Cancer (SITC).

3. *Recent Development After the Reporting Period*

— In January 2024, we obtained NMPA approval to initiate Phase Ib/II trial of ivonescimab in combination with cadonilimab or AK130(TIGIT/TGFβ) or AK127(TIGIT) for treatment of hepatocellular carcinoma.

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

1. *Significant Clinical Progress during the Reporting Period*

— In April, we obtained CDE approval to initiate Phase II trial of AK117 in combination with chemotherapy as neoadjuvant treatment G/GEJ.

— In September, we obtained FDA approval to initiate a global, multi-regional Phase II trial of AK117 in combination with azacitidine as first-line treatment of high-risk myelodysplastic syndromes (MDS).

2. *Publication during the Reporting Period*

— In June, preliminary data of AK117 in combination with cadonilimab with chemotherapy as first line treatment of advanced G/GEJ was published at 2023 ASCO.

— In December, Phase Ib updated data of AK117 monotherapy or in combination with azacitidine for treatment of mid- or high-risk myelodysplastic syndromes (MDS) was published at 2023 American Society of Hematology (ASH).

— In December, Phase Ib updated data of AK117 in combination with azacitidine for treatment of acute myelogenous leukemia (AML) was published at 2023 ASH.

3. *Recent Development After the Reporting Period*

— In January 2024, we obtained NMPA approval to initiate Phase II clinical trial of AK117 in combination with azacitidine and venetoclax for treatment of AML patient who are not eligible for standard induction chemotherapy as first treatment.

- ***Pulocimab (AK109, VEGFR2)***

1. *Publication during the Reporting Period*

— In March, Phase I clinical data of AK109 were published at *ESMO Open*.

- ***AK115 (NGF)***

1. *Selective Significant Clinical Progress during the Reporting Period*

— In March, we completed Phase I trial of AK115 for alleviating pain (including cancer pain).

- ***AK127 (TIGIT)***

1. *Selective Significant Clinical Progress during the Reporting Period*

— In April, we obtained NMPA approval to initiate Phase I clinical trial of AK127 in combination with ivonescimab for the treatment of advanced malignant tumor.

2. *Recent Development After the Reporting Period*

— In July, Phase Ia/Ib clinical trial of AK127 in combination with cadonilimab for treatment of advanced malignant tumor completed dosing first patient.

- ***AK129 (PD-1/LAG3)***

1. *Selective Significant Clinical Progress during the Reporting Period*

— In March, Phase I clinical trial of AK129 for treatment of advanced malignant tumor completed dosing of first patient.

- ***AK130 (TIGIT/TGF-β)***

1. *Selective Significant Clinical Progress during the Reporting Period*

— In February, Phase I clinical trial of AK130 for treatment of advanced malignant tumor completed dosing of first patient.

- ***AK131 (PD-1/CD73)***

1. *Selective Significant Clinical Progress during the Reporting Period*

— In September, we obtained NMPA approval to initiate Phase I clinical trial of AK131 for treatment of advanced malignant tumors.

2. *Recent Development After the Reporting Period*

— In January 2024, Phase I clinical trial of AK131 for treatment of advanced solid tumor completed dosing of first patient.

- ***AK132 (Claudin18.2/CD47)***

1. *Selective Significant Clinical Progress during the Reporting Period*

— In September, we obtained NMPA approval to initiate Phase I clinical trial of AK132 for treatment of advanced malignant tumors.

2. *Recent Development After the Reporting Period*

— In January 2024, Phase I clinical trial of AK132 for treatment of advanced solid tumor completed dosing of first patient.

**Autoimmune and Other Therapeutic Areas**

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

  *1. Regulatory Approval Progress during the Reporting Period*

  — In June, NMPA accepted NDA for ebronucimab injection for the treatment of two indications: primary hypercholesterolemia and mixed hyperlipidemia, and heterozygous familial hypercholesterolaemia (HeFH).

  *2. Publication during the Reporting Period*

  — In May, results of a pivotal Phase III trial of AK102 for the treatment of primary hypercholesterolemia and mixed hyperlipidemia were published at 2023 European Atherosclerosis Society (EAS).

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

  *1. Commercialization and NDA progress during the Reporting Period*

  — In August, NMPA accepted NDA for ebdarokimab injection for the treatment of moderate-to-severe plaque psoriasis.

  *2. Significant Clinical Progress during the Reporting Period*

  — In February, Phase III trial of AK101 for the treatment of moderate-to-severe plaque psoriasis reached its primary endpoint.

  *3. Publication during the Reporting Period*

  — In June, results of Phase I trial of AK101 for the treatment of moderate-to-severe active ulcerative colitis were published at 2023 Federation of Clinical Immunology Societies (FOCIS).

  — In October, Phase III data of AK101 for the treatment of moderate-to-severe plaque psoriasis was published at 2023 European Academy of Dermatology and Venereology (EADV).

- ***Gumokimab (AK111, IL-17)***

  *1. Significant Clinical Progress during the Reporting Period*

  — In August, we completed patient enrollment of Phase III trial of AK111 for the treatment of moderate-to-severe plaque psoriasis.

  — In November, we completed dosing first patient of Phase III trial of AK111 for the treatment of ankylosing spondylitis.

  — In December, Phase III trial of AK111 for the treatment of moderate-to-severe plaque psoriasis reached all efficacy endpoints.

  *2. Publication during the Reporting Period*

  — In February, results of Phase Ib trial of AK111 for the treatment of moderate-to-severe psoriasis was published at Dermotal Therapy.

- ***Manfidokimab (AK120, IL-4Rα)***

  *1. Significant Clinical Progress during the Reporting Period*

  — In March, we completed patient enrollment of Phase II trial of AK120 for the treatment of moderate-to-severe atopic dermatitis.

  *2. Publication during the Reporting Period*

  — In September, results of Phase I trial of AK120 for the treatment of moderate-to-severe atopic dermatitis was published at Dermotal Therapy.

**Warning under Rule 18A.08(3) of the Listing Rules:** There is no assurance that the Company will continuously succeed in commercialization of 開坦尼® and ANNIKO®. There is no assurance that Ivonescimab (AK112, PD-1/VEGF), Ligufalimab (AK117, CD47), Pulocimab (AK109, VEGFR2), Drebuxelimab (AK119, CD73), AK127 (TIGIT), AK115 (NGF), AK129 (PD-1/LAG-3), AK130 (TIGIT/TGF-β), AK131(PD-1/CD73), AK132 (Claudin18.2/CD47), Ebronucimab (AK102, PCSK9), Ebdarokimab (AK101, IL-12/IL-23), Gumokimab (AK111, IL-17) and Manfidokimab (AK120, IL-4Rα) will ultimately be successfully developed and/or marketed by the Company. As of the date of this announcement, no material adverse changes had occurred with respect to the regulatory approvals we had received in relation to our drug candidates.

## HUMAN RESOURCES MANAGEMENT

As of December 31, 2023, we had a total of 2,778 employees. With the goal to enhance our integrated platform of R&D, manufacturing and commercialization, the Company continues to recruit more talents, upgrade the employee training system and development mechanism, and committed to creating a diversified, fair, open and inclusive platform for employees.

| | **Number of employees As of December 31, 2023** | Number of employees As of December 31, 2022 |
|---|---|---|
| Research and Development (Pre-clinical) | **320** | 275 |
| Clinical | **679** | 532 |
| Manufacturing, quality assurance and quality control | **687** | 605 |
| Selling and Marketing | **788** | 652 |
| Sourcing, General and Administrative | **304** | 277 |
| Total | **2,778** | 2,341 |

## MANUFACTURING FACILITIES

As of December 31, 2023, the Company had a total production capacity of 54,000L in operation. We have a continuous and steady capacity expansion plan to cope with our future clinical development and commercialization requirement. Our GMP-compliant manufacturing facilities are designed and validated according to the FDA, the EMA, and the NMPA regulations, to support the entire drug development process, from drug discovery to process development, GMP-compliant and commercial manufacturing, which will effectively support the Company's clinical and commercialization development.

— National Health Technology Park (Zhongshan): The production capacity in operation is 3,500L.

— Knowledge City Biopharmaceutical Base(Guangzhou): The production capacity in operation is 36,000L.

— Greater Bay Area Technology Park (Zhongshan): 14,500L of phase I project capacity has been in operation at the end of 2023. The total production capacity in planning exceeds 100,000L.

## FUTURE DEVELOPMENT

Looking forward, we will further enrich our marketed product portfolio, accelerate the clinical development, manufacturing and commercialization of new drug candidates globally, and promote a series of global leading pre-clinical candidates into clinical stage.

In the area of oncology, focusing on the two bi-specific antibodies cadonilimab and ivonescimab as our backbone products, we will continuously speed up the exploration and application in different indications. We are conducting over 20 clinical trials for cadonilimab based on combination therapies, covering 16 indications such as gastric cancer, liver cancer, lung cancer, cervical cancer, ESCC, colorectal cancer, etc., including 6 Phase III pivotal trials. Ivonescimab (AK112, PD-1/VEGF) has fully covered large sub-group patient populations with lung cancer, with various head-to-head studies undergoing. We also conducted multiple clinical trials covering 16 indications such as gastrointestinal, hepatocellular carcinoma and colorectal cancer. In global market, we collaborated with SUMMIT to jointly advance the global clinical development plan of ivonescimab. Two global multiregional phase III clinical trials are conducted by our partners, with the mission to bring valuable next-generation innovative therapies to patients. Serving as foundation of combination therapies, the Company is conducting multiple trials of these two cornerstone drugs targeting various indications to improve overall efficacy and will further expand our portoforlio's market potential in the future. There are also four in-house developed bi-specific antibodies at clinical stage, including AK129 (PD-1/LAG-3), AK130 (TIGIT/TGF-β), AK131 (PD-1/CD73) and AK132 (Claudin18.2/CD47). We will actively explore these antibodies in various solid tumors through the combination with other products in the pipeline, such as pulocimab (AK109, VEGFR2), ligufalimab (AK117, CD47), AK127 (TIGIT) and AK119 (CD73).

In the non-oncology area, we are actively preparing for the manufacturing and commercialization of ebronucimab (AK102, PCSK9) and ebdarokimab (AK101, IL-12/IL-23), and the Company will also accelerate the phase III clinical development and commercialization of AK111 (IL-17) and AK120 (IL-4Rα) which are in late clinical stages in the autoimmune disease area.

In the early-stage drug discovery, we have prospectively tapped into a number of therapeutic areas with broad potential, including but not limited to oncology, autoimmune diseases, metabolic diseases, and neurodegenerative diseases by constructing numerous in-house developed technology platforms, such as ADC platform, cell therapy and mRNA platform. We believe more high potential candidates could be delivered into clinical stage by those endeavors.

Facing potential cooperation opportunities in China and even around the world, we will also take the mission and vision of "providing differentiated and innovative therapies that can bring significant clinical benefits to patients around the world", keep exploring value-added strategic partnerships, and create more co-development, cooperation and license opportunities for our independently-developed products globally.

## FINANCIAL REVIEW

*Year Ended December 31, 2023 Compared to Year Ended December 31, 2022*

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Product sales | **1,631,111** | 1,104,385 |
| License income | **2,922,775** | 3,920 |
| Total sales from products and license | **4,553,886** | 1,108,305 |
| Less: Distribution cost | **(27,633)** | (270,649) |
| REVENUE | **4,526,253** | 837,656 |
| Cost of sales | **(133,248)** | (94,117) |
| Gross profit | **4,393,005** | 743,539 |
| Gross profit margin | **97.06%** | 88.76% |
| Other income and gains, net | **454,180** | 158,613 |
| Administrative expenses | **(200,094)** | (199,007) |
| Selling and distribution expenses | **(890,384)** | (552,661) |
| Research and development expenses | **(1,254,023)** | (1,323,098) |
| Other expenses | **(281,450)** | (206,312) |
| Share of loss of a long-term equity investment | **(191,722)** | – |
| Finance costs | **(86,987)** | (43,290) |
| **PROFIT/(LOSS) BEFORE TAX** | **1,942,525** | (1,422,216) |
| Income tax expense | **(174)** | – |
| **PROFIT/(LOSS) FOR THE YEAR** | **1,942,351** | (1,422,216) |
| **OTHER COMPREHENSIVE (LOSS)/INCOME** | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | **(95,025)** | (294,663) |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | |
| Translation from functional currency to presentation currency | **89,139** | 423,297 |
| **Other comprehensive (loss)/income for the year, net of tax** | **(5,886)** | 128,634 |
| **Total comprehensive income/(loss) for the year** | **1,936,465** | (1,293,582) |

## 1. Products Sales

The Group's total product sales increased by 48% from RMB1,104.4 million for the year ended December 31, 2022 to RMB1,631.1 million for the year ended December 31, 2023. The rapid growth in sales was attributable to the following reasons:

(i) With the outstanding clinical value, the Company's innovative product 開坦尼® (cadonilimab, PD-1/CTLA-4), since its launch on June 29, 2022, has recorded significant increase of the patients as well as product sales, which has contributed revenue of RMB1,357.8 million for the year ended December 31, 2023;

(ii) Other products achieved sales of RMB273.4 million for the year ended December 31, 2023, including Anniko® (penpulimab, PD1) which was approved and commercialized in late August 2021 and the investigational products for ivonescimab (AK112, PD-1/VEGF) supplied to SUMMIT.

| | **For the year ended December 31** | | | | | |
|---|---|---|---|---|---|---|
| | **Products Sales*** | | | **Consolidated Revenue**** | | |
| *Million (RMB)* | **2023** | 2022 | % change | **2023** | 2022 | % change |
| 開坦尼® (cadonilimab, PD-1/CTLA-4) | **1,357.8** | 546.3 | +149% | **1,357.8** | 546.3 | +149% |
| Other products | **273.4** | 558.1 | –56% | **245.7** | 287.4 | –15% |
| Total | **1,631.1** | 1,104.4 | +48% | **1,603.5** | 833.7 | +92% |

* Products sales is the sales from 開坦尼® (cadonilimab, PD-1/CTLA-4) and other products.

** Consolidated revenue is the Group's total sales from products net of the distribution cost.

**2. License income**

The Group's license income was RMB2,922.8 million for the year ended December 31, 2023, as compared to RMB3.9 million for the year ended December 31, 2022. The significant increase was mainly attributable to the total upfront payment received by the Company during the year ended December 31, 2023 pursuant to the collaborative and licensing agreement the Company entered into with SUMMIT for its independently-developed bi-specific antibody, ivonescimab (AK112, PD-1/VEGF), part of which was recognized as license income which significantly contributed to the revenue of the Company for the year ended December 31, 2023.

**3. Cost of Sales**

The cost of sales increased by 42% from RMB94.1 million for the year ended December 31, 2022 to RMB133.2 million for the year ended December 31, 2023, which was mainly attributable to the increase in the cost of sales associated with the increase of the sales volume of 開坦尼® (cadonilimab,PD-1/CTLA-4). Cost of sales of the Group mainly represents cost of raw materials, direct labor, depreciation and other manufacturing overhead.

**4. Gross Profit**

The Group's gross profit increased by 491% from RMB743.5 million for the year ended December 31, 2022 to RMB4,393.0 million for the year ended December 31, 2023. It was mainly attributable to the strong increase in the license income recognized by the Company.

**5. Other Income and Gains, net**

Other income and gains, net increased by 186% from RMB158.6 million for the year ended December 31, 2022 to RMB454.2 million for the year ended December 31, 2023, which was mainly attributable to the increase in exchange gains, bank interest income and investment income from financial product.

The Group's other income and gains primarily consisted of exchange gains, subsidies from local government, bank interest income and investment income from financial product.

**6. Research and Development Expenses**

Research and development expenses decreased by 5% from RMB1,323.1 million for the year ended December 31, 2022 to RMB1,254.0 million for the year ended December 31, 2023, mainly due to the strong clinical team strategically built up by the Group, which had reduced the Group's reliance on CRO vendors. The Group's clinical trails of each pipelines are progressing smoothly and have reached the expected goals. The New Drug Applications (NDA) of the first-inclass ivonescimab (PD-1/VEGF, AK112), ebronucimab (PCSK9, AK102) and ebdarokimab (AK101, IL-12/IL-23) have been accepted by the National Medical Products Administration (NMPA).

The Group's research and development expenses primarily consisted of: (i) clinical trial sites fees, central laboratory bioanalysis fees, third-party assessment fees, costs associated with purchasing reference listed drugs and concomitant drugs, third-party contract fees signed by clinical trial site management service providers and other trial related service providers; (ii) employee salaries and related benefit costs in connection with our research and development activities; (iii) third-party contracting costs relating to testing expenses for pre-clinical programs; and (iv) costs associated with purchasing raw materials for research and development of our drug candidates.

**7. Selling and Marketing Expenses**

Selling and marketing expenses increased by 61% from RMB552.7 million for the year ended December 31, 2022 to RMB890.4 million for the year ended December 31, 2023. The increase in selling and marketing expenses was mainly attributable to the increase in marketing activities for the approved and commercialized product 開坦尼® (cadonilimab, PD-1/CTLA-4), which was launched on June 29, 2022.

**8. Administrative Expenses**

Administrative expenses were RMB200.1 million for the year ended December 31, 2023, which remained stable as compared to RMB199.0 million for the year ended December 31, 2022.

Administrative expenses primarily consisted of employee salaries and benefits, depreciation, professional fees, taxes and other administrative expenses include travel expenses and other expenses in connection with administrative activities.

**9. Finance Costs**

Finance costs were RMB87.0 million for the year ended December 31, 2023, as compared to RMB43.3 million for the year ended December 31, 2022, representing a year-on-year increase of 101%. The increase in finance costs was mainly due to the increase in interest expenses on bank and other borrowings, and finance costs on lease liabilities.

## 10. Profit for the Year

For the reasons discussed above, profit for the year was RMB1,942.4 million for the year ended December 31, 2023, as compared to loss of RMB1,422.2 million for the year ended December 31, 2022.

## 11. Liquidity and Source of Funding and Borrowing

In 2023, we actively explored financing channel, improved business capabilities and managed our cash to further enrich our cash position so as to provide strong capital support for the Company's sustainable and high efficient development.

As of December 31, 2023, the current assets of the Group were RMB5,676.8 million, of which aggregate balance of cash and cash equivalent, time deposits and financial products amounted to RMB4,894.4 million and other current assets amounted to RMB782.3 million.

The aggregate balance of cash and cash equivalent, time deposits and financial products of the Group increased by RMB2,606.0 million to RMB4,894.4 million as of December 31, 2023, from RMB2,288.4 million as of December 31, 2022.

As of December 31, 2023, the current liabilities of the Group were RMB1,204.6 million, including trade payables of RMB354.8 million, other payables and accruals of RMB443.6 million and interest-bearing bank and other borrowings of RMB390.5 million.

As of December 31, 2023, the Group had short-term loan and mid-long-term loan due within next one year of RMB390.5 million and long term loans of RMB2,577.3 million, among which, interest rate of commercial bank borrowings ranging from 1.6% to 4.45% based on annual interest rate over or below LPR.

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

## 12. Pledge of Assets

As at December 31, 2023, the Group had a total pledge of RMB793.3 million of buildings and land use right pledged to secure its loans and banking facilities.

## 13. Key Financial Ratios

| | **As at December 31, 2023** | As at December 31, 2022 |
|---|---|---|
| Quick ratio[(1)] | **4.39** | 2.0 |
| Gearing ratio[(2)] | **Not meaningful[(2)]** | Not meaningful[(2)] |

*Notes:*

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

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

## 14. Significant Investments

As at December 31, 2023, the Group did not hold any significant investments. Save as disclosed in this announcement, the Group did not have other plans for significant investments or capital assets as at the date of this announcement.

## 15. 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, 2023.

## 16. Contingent Liabilities

The Group did not have any material contingent liabilities as at December 31, 2023.

## 17. Capital Commitment

The capital commitments of the Group as at December 31, 2023 were RMB770.0 million, as compared to RMB981.1 million as at December 31, 2022, primarily attributable to the development of world-class manufacturing equipment in Zhongshan Cuiheng Manufacturing Site and Guangzhou Commercialization and Manufacturing Site. The project is currently under smooth progress and has been put into operation gradually. Besides, our Shanghai & Guangzhou research and development bases were under construction.

## 18. Foreign Exchange Risk Exposure

For the year ended December 31, 2023, 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.

For the year ended December 31, 2023, a portion of the Group's cash and cash equivalents were dominated in Hong Kong dollars and US dollars. Except for certain cash and cash equivalents, time deposits, financial products, other receivables, payables, other payables and accrued expenses denominated in foreign currencies, the Group did not have significant foreign exchange risk exposure from its operations during the Reporting Period.

Our Group currently does not have a foreign currency hedging policy, however, we manage our foreign exchange risk by performing regular reviews of our net foreign exchange risks and uses forward contracts to eliminate the foreign exchange risk exposures.

## 19. Employees and Remuneration

As at December 31, 2023, the Group had a total of 2,778 employees.

The following table sets forth the total number of employees by function:

| Function | **December 31, 2023 Number of employees** | December 31, 2022 Number of employees |
|---|---|---|
| Research and Development (Pre-clinical) | **320** | 275 |
| Clinical | **679** | 532 |
| Manufacturing, quality assurance and quality control | **687** | 605 |
| Selling and Marketing | **788** | 652 |
| Sourcing, General and Administrative | **304** | 277 |
| Total | **2,778** | 2,341 |

* *For identification purpose only*

The total remuneration cost incurred by the Group was RMB847.1 million for the year ended December 31, 2023, and RMB624.1 million for the year ended December 31, 2022. The increase in remuneration cost was primarily attributable to the increase in the number of employees, which led to an increase in employees' salaries and benefits.

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 and share option expenses. In accordance with applicable PRC laws, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees. We provide training programs to employees, including new hire orientation and continuous on-the-job training in order to accelerate the learning progress and improve the knowledge and skill levels of our employees.

The Company has adopted the Pre-IPO RSU Scheme on August 29, 2019 and the 2021 restricted share unit scheme on December 6, 2021. For details, please refer to the paragraph headed "D. Share Incentive Schemes — 1. Restricted Share Unit Scheme" in Appendix IV to the Prospectus and the announcement of the Company dated December 7, 2021, respectively.

The Company has also adopted the share option scheme on June 28, 2022. For details, please refer to the announcement of the Company dated June 1, 2022.

## OTHER INFORMATION

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend to the Shareholders for the Reporting Period (year ended December 31, 2022: Nil).

## CORPORATE GOVERNANCE PRACTICES

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

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

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

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

## MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

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

## 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 A.2 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 and annual results of the Group for the year ended December 31, 2023.

## 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, 2023, 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 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 5, 2024, 開坦尼® in combination with chemotherapy as first-line treatment for gastric cancer had obtained the acceptance of the supplemental new drug application from NMPA. For details, please refer to the Company's announcement dated January 5, 2024.

On February 8, 2024, the Company, Akeso Biopharma Co., Ltd.* (中山康方生物醫藥有限公司) (the "**Purchaser**") (an indirect wholly-owned subsidiary of the Company), Dawnrays Biotechnology Capital (Asia) Limited (東瑞生物投資發展(亞洲)有限公司) (the "**Vendor**"), Dawnrays Pharmaceutical (Holdings) Limited and AD Pharmaceuticals Co., Ltd.* (康融東方(廣東)醫藥有限公司) ("**AD Pharmaceuticals**") entered into an equity transfer agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 35% of the equity interest in AD Pharmaceuticals at the consideration of RMB267,387,280.82 (the "**Acquisition**"). Upon completion of the Acquisition, AD Pharmaceuticals will be an indirect wholly-owned subsidiary of the Company. For details, please refer to the Company's announcements dated February 9, 2024 and March 4, 2024.

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

## PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.akesobio.com. The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be dispatched (if necessary) to Shareholders 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 2023*

| | *Notes* | **2023** ***RMB'000*** | 2022 *RMB'000* |
|---|---|---|---|
| Product sales | *3* | **1,631,111** | 1,104,385 |
| License income | *3* | **2,922,775** | 3,920 |
| Total sales from products and license | | **4,553,886** | 1,108,305 |
| Less: Distribution cost | *3* | **(27,633)** | (270,649) |
| Revenue | *3* | **4,526,253** | 837,656 |
| Cost of sales | | **(133,248)** | (94,117) |
| Gross profit | | **4,393,005** | 743,539 |
| Other income and gains, net | *4* | **454,180** | 158,613 |
| Research and development expenses | | **(1,254,023)** | (1,323,098) |
| Selling and marketing expenses | | **(890,384)** | (552,661) |
| Administrative expenses | | **(200,094)** | (199,007) |
| Share of loss of a long-term equity investment | | **(191,722)** | – |
| Other expenses, net | | **(281,450)** | (206,312) |
| Finance costs | | **(86,987)** | (43,290) |
| **PROFIT/(LOSS) BEFORE TAX** | | **1,942,525** | (1,422,216) |
| Income tax expense | *5* | **(174)** | – |
| **PROFIT/(LOSS) FOR THE YEAR** | | **1,942,351** | (1,422,216) |

| | Notes | 2023<br>*RMB'000* | 2022<br>*RMB'000* |
|---|---|---|---|
| **OTHER COMPREHENSIVE (LOSS)/ INCOME** | | | |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | | **(95,025)** | (294,663) |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | | |
| Translation from functional currency to presentation currency | | **89,139** | 423,297 |
| **OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX** | | **(5,886)** | 128,634 |
| **TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR** | | **1,936,465** | (1,293,582) |
| Profit/(Loss) attributable to: | | | |
| Owners of the parent | | **2,028,300** | (1,168,393) |
| Non-controlling interests | | **(85,949)** | (253,823) |
| | | **1,942,351** | (1,422,216) |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the parent | | **2,022,414** | (1,039,759) |
| Non-controlling interests | | **(85,949)** | (253,823) |
| | | **1,936,465** | (1,293,582) |
| **EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | | | |
| Basic | *7* | **RMB2.42 yuan** | RMB(1.42) yuan |
| Diluted | *7* | **RMB2.42 yuan** | RMB(1.42) yuan |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2023*

| | Notes | **31 December 2023** ***RMB'000*** | 31 December 2022 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **2,823,982** | 1,999,616 |
| Right-of-use assets | | **338,042** | 163,074 |
| Intangible assets | | **6,417** | 8,496 |
| Financial assets at fair value through profit or loss | | **12,039** | 10,000 |
| Long-term equity investment | | **293,441** | – |
| Other non-current assets | | **30,403** | 256,291 |
| Total non-current assets | | **3,504,324** | 2,437,477 |
| **CURRENT ASSETS** | | | |
| Inventories | | **391,868** | 341,832 |
| Trade and bills receivables | *8* | **295,563** | 271,046 |
| Prepayments, other receivables and other assets | | **94,918** | 157,199 |
| Financial assets at fair value through profit or loss | | **852,431** | 195,912 |
| Pledged deposits and time deposits with original maturity of more than three months | | **2,499,673** | 94 |
| Cash and cash equivalents | | **1,542,313** | 2,092,388 |
| Total current assets | | **5,676,766** | 3,058,471 |
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | *9* | **354,828** | 308,948 |
| Other payables and accruals | | **443,575** | 599,178 |
| Interest-bearing bank and other borrowings | | **390,513** | 445,979 |
| Lease liabilities | | **14,514** | 5,898 |
| Tax payable | | **1,152** | 1,133 |
| Total current liabilities | | **1,204,582** | 1,361,136 |

| | Notes | **31 December 2023** ***RMB'000*** | 31 December 2022 *RMB'000* |
|---|---|---|---|
| **NET CURRENT ASSETS** | | **4,472,184** | 1,697,335 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **7,976,508** | 4,134,812 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing bank and other borrowings | | **2,577,270** | 1,421,278 |
| Contract liabilities | | **631,651** | – |
| Lease liabilities | | **8,605** | 5,954 |
| Deferred income | | **240,031** | 159,566 |
| Deferred tax liabilities | | **174** | – |
| Total non-current liabilities | | **3,457,731** | 1,586,798 |
| Net assets | | **4,518,777** | 2,548,014 |
| **EQUITY** | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | | **59** | 59 |
| Shares held for restricted share unit schemes | | **(63,567)** | (84,452) |
| Reserves | | **4,755,847** | 2,720,020 |
| | | **4,692,339** | 2,635,627 |
| Non-controlling interests | | **(173,562)** | (87,613) |
| Total equity | | **4,518,777** | 2,548,014 |

## CONSOLIDATED STATEMENT OF CASH FLOWS

*Year ended 31 December 2023*

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Net cash flows from/(used in) operating activities | **2,467,773** | (1,240,413) |
| Net cash flows used in investing activities* | **(3,997,250)** | (889,747) |
| Net cash flows from financing activities | **960,891** | 1,485,850 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **(568,586)** | (644,310) |
| Cash and cash equivalents at beginning of year | **2,092,388** | 2,641,625 |
| Effect of foreign exchange rate changes, net | **18,511** | 95,073 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **1,542,313** | 2,092,388 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*31 December 2023*

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

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

* *Increase in net cash flows used in the investing activities in the year ended 31 December 2023 as compared to that in the year ended 31 December 2022, was mainly due to the increase in time deposits with original maturity of more than three months.*

## 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 which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

| | |
|---|---|
| IFRS 17 | *Insurance Contracts* |
| Amendments to IAS 1 and IFRS Practice Statement 2 | *Disclosure of Accounting Policies* |
| Amendments to IAS 8 | *Definition of Accounting Estimates* |
| Amendments to IAS 12 | *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* |
| Amendments to IAS 12 | *International Tax Reform — Pillar Two Model Rules* |

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendment to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. They did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 3. REVENUE AND OPERATING SEGMENT INFORMATION

### Revenue

An analysis of revenue is as follows:

***Revenue from contracts with customers***

*Disaggregated revenue information*

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Types of goods or services** | | |
| Product sales | **1,631,111** | 1,104,385 |
| License income | **2,922,775** | 3,920 |
| Total sales from products and license | **4,553,886** | 1,108,305 |
| Less: Distribution cost relevant to the product sales | **(27,633)** | (270,649) |
| Revenue | **4,526,253** | 837,656 |
| **Timing of revenue recognition** | | |
| Transferred at a point in time | **4,526,253** | 837,656 |

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

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Product sales | **5,959** | 1,234 |

*Performance obligations*

Information about the Group's performance obligations is summarised below:

***Revenue from license income***

The performance obligation is satisfied at a point in time when the customer obtains the rights to the underlying technology. For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company recognises revenue at a point in time when the related sales occur.

***Sale of products***

The performance obligation is satisfied upon delivery of the products and payment is generally due within 1 year from delivery. Some contracts provide customers with sales rebates which give rise to variable consideration subject to constraint.

**Other segment information**

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

***Geographical information***

*(a) Revenue from external customers*

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Chinese Mainland | **1,593,541** | 837,656 |
| USA | **2,931,509** | – |
| Others | **1,203** | – |
| | **4,526,253** | 837,656 |

The revenue geographical information above is based on the locations of the customers.

*(b) Non-current assets*

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Chinese Mainland | **3,198,771** | 2,426,959 |
| USA | **293,475** | – |
| Other regions | **39** | 518 |
| | **3,492,285** | 2,427,477 |

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

***Information about major customers***

Revenue from the customers contributing over 10% of revenue of the Group is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Customer A | **2,931,509** | * |
| Customer B | ***** | 118,563 |
| | **2,931,509** | 118,563 |

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for 2023 and 2022.

## 4. OTHER INCOME AND GAINS, NET

**Other income and gains, net**

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bank interest income | **119,733** | 21,972 |
| Investment income from financial products | **47,952** | 5,548 |
| Government grant released* | **118,320** | 109,205 |
| Value-added tax credits | **3,137** | 20,126 |
| Service fee income | **24,674** | 752 |
| Fair value gains on financial products, net | **4,154** | 556 |
| Foreign exchange differences, net | **135,887** | – |
| Others | **323** | 454 |
| | **454,180** | 158,613 |

* 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. 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% on any estimated assessable profits arising in Hong Kong during the reporting period. 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.

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the assessable profits in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 except for 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 year.

The subsidiary incorporated in the USA is subject to U.S. federal and California income taxes which has a rate of 21% and 8.84%, respectively, for the reporting period. During the reporting period and California income tax was provided at the rate of 8.84% during the year on the estimated assessable profits arising in the USA.

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

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current | | |
| Charge for the year | **–** | – |
| Deferred | **174** | – |
| Total tax charge for the year | **174** | – |

## 6. DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 December 2023 and subsequent to the end of the reporting period (2022: Nil).

## 7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 837,683,779 (2022: 824,989,858) in issue during the year.

The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Earnings/(Loss)** | | |
| Profit/(Loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation | **2,028,300** | (1,168,393) |

| | **Number of shares** | |
|---|---|---|
| | **2023** | 2022 |
| **Shares** | | |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation | **837,683,779** | 824,989,858 |
| Effect of dilution — weighted average number of ordinary shares:Share options and awarded shares | **137,698** | – |
| | **837,821,477** | 824,989,858 |

## 8. TRADE RECEIVABLES

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **296,896** | 271,511 |
| Impairment | **(1,333)** | (465) |
| | **295,563** | 271,046 |

The Group's trading terms with its customers are mainly on credit. The credit period is generally 45 days to 270 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables is a gross amount due from a non-controlling shareholder of the Group of RMB33,093,000 (2022: RMB245,928,000), which is repayable on credit terms similar to those offered to the other customers of the Group.

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

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **295,364** | 36,496 |
| 3 to 6 months | **70** | 91,508 |
| 6 to 9 months | **129** | 143,042 |
| | **295,563** | 271,046 |

The movements in the loss allowance for impairment of trade receivables is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At beginning of year | **465** | 30 |
| Impairment losses, net | **868** | 435 |
| At end of year | **1,333** | 465 |

## 9. TRADE PAYABLES

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

| | **31 December 2023** | 31 December 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **296,890** | 193,041 |
| 3 to 6 months | **2,428** | 39,171 |
| 6 months to 1 year | **23,972** | 13,227 |
| Over 1 year | **31,538** | 63,509 |
| | **354,828** | 308,948 |

## 10. EVENTS AFTER THE REPORTING PERIOD

In February 2024, the Group entered into an equity transfer agreement with Dawnrays Biotechnology Capital (Asia) Limited ("**Dawnrays**"), pursuant to which the Group will purchase 35% of the equity interest in AD Pharmaceuticals from Dawnrays at a consideration of approximately RMB267,387,000, a subsidiary of the Group (the "**Acquisition**"). Upon completion of the Acquisition, AD Pharmaceuticals will become a wholly-owned subsidiary of the Group. Details have been set out in the announcements of the Company dated 9 February 2024 and 4 March 2024.

## DEFINITIONS

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

| | |
|---|---|
| "AACR" | American Association for Cancer Research |
| "安尼可®", "Penpulimab" or "AK105" | Penpulimab antibody injection, a new PD-1 monoclonal antibody with IgG1 subtype and Fc segment modification, which is structurally stable and less prone to aggregation |
| "ASCO" | American Society of Clinical Oncology Annual Meeting |
| "ASCO GI" | Gastrointestinal Cancers Symposium |
| "Audit Committee" | the audit committee of the Board |
| "Board of Directors" or "Board" | the board of Directors |
| "BVI" | British Virgin Islands |
| "CDE" | Center for Drug Evaluation of NMPA |
| "CG Code" | the "Corporate Governance Code" as contained in Appendix C1 (formerly known as Appendix 14) to the Listing Rules |
| "China" or "PRC" | the People's Republic of China, which, for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan |
| "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 |
| "Director(s)" | the director(s) of the Company |

| | |
|---|---|
| "EMA" | European Medicines Agency |
| "EADV" | European Academy of Dermatology and Venereology |
| "ESMO" | European Society for Medical Oncology |
| "FDA" | the Food and Drug Administration of the United States |
| "GMP" | good manufacturing practice |
| "Group", "our Group", "our", "we", "us" or "Akeso Group" | the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it |
| "HCC" | hepatocellular carcinoma |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "Hong Kong dollars" or "HK dollars" or "HK$" | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong |
| "IFRS" | International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board |
| "IND" | investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification in Australia |
| "Independent Third Party" or "Independent Third Parties" | a person or entity who is not a connected person of the Company under the Listing Rules |
| "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 C3 (formerly known as Appendix 10) to the Listing Rules |

| | |
|---|---|
| "NDA" | new drug application |
| "NMPA" | the National Medical Products Administration of the PRC (國家藥品監督管理局) (formerly known as the China National Drug Administration and the China Food and Drug Administration) |
| "NSCLC" | non-small-cell lung cancer, any carcinoma (as an adenocarcinoma or squamous cell carcinoma) of the lungs that is not a small-cell lung carcinoma |
| "Pre-IPO RSU Scheme" or "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 |
| "Reporting Period" | the financial year ended December 31, 2023 |
| "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" | Society for Immunotherapy of Cancer |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "TACE" | transcatheter arterial chemoembolization |
| "United States" | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |

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

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

Hong Kong, March 18, 2024

*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.*