



# 德琪醫藥有限公司 Antengene Corporation Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6996

## ANNUAL REPORT

# 2023



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. Jay Mei (*Chairman and Chief Executive Officer*)

Mr. John F. Chin (*Chief Business Officer*)

Mr. Donald Andrew Lung (*Chief Financial Officer*)

### Non-executive Directors

Dr. Kan Chen

Mr. Yilun Liu (*resigned on April 14, 2023*)

### Independent Non-executive Directors

Ms. Jing Qian

Mr. Sheng Tang

Dr. Rafael Fonseca (*appointed on April 14, 2023*)

Mr. Mark J. Alles (*resigned on April 14, 2023*)

## AUDIT COMMITTEE

Mr. Sheng Tang (*Chairman*)

Dr. Rafael Fonseca

Ms. Jing Qian

## REMUNERATION COMMITTEE

Ms. Jing Qian (*Chairwoman*)

Dr. Jay Mei

Mr. Sheng Tang

## NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dr. Jay Mei (*Chairman*)

Dr. Rafael Fonseca

Ms. Jing Qian

## SCIENTIFIC COMMITTEE (Established on April 14, 2023)

Dr. Rafael Fonseca (*Chairman*)

Dr. Jay Mei

Dr. Kan Chen

## AUTHORIZED REPRESENTATIVES

Dr. Jay Mei

Mr. Donald Andrew Lung

## JOINT COMPANY SECRETARIES

Mr. Yang Cao

Mr. Wai Chiu Wong

## REGISTERED OFFICE

The offices of Maples Corporate Services Limited  
PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## HEAD OFFICES AND PRINCIPAL PLACES OF BUSINESS IN CHINA

Suites 1206-1209, Block B  
Zhongshan SOHO Plaza  
1065 West Zhongshan Road  
Changning District  
Shanghai  
PRC

Building 10, Life Science Industrial Park  
1 Yunhai Road  
Lihai Town, Binhai New City  
Shaoxing, Zhejiang Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room No. 901, 9th Floor, Nan Fung Tower  
88 Connaught Road Central and  
173 Des Voeux Road Central  
Hong Kong

## CORPORATE INFORMATION

### PRINCIPAL SHARE REGISTRAR

Maples Fund Services (Cayman) Limited  
P.O. Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### HONG KONG LEGAL ADVISER

Davis Polk & Wardwell  
10/F, The Hong Kong Club Building  
3A Chater Road  
Hong Kong

### COMPLIANCE ADVISOR

Rainbow Capital (HK) Limited  
No.710, 7/F, Wing On House,  
71 Des Voeux Road  
Central  
Hong Kong

### PRINCIPAL BANKERS

China Merchants Bank Shanghai Branch  
No.161, Lu Jia Zui Dong Rd  
Pudong New District, Shanghai  
PRC

Citibank N.A., Hong Kong Branch  
3 Garden Road  
Central  
Hong Kong

### AUDITOR

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

### STOCK CODE

6996

### COMPANY WEBSITES

[www.antengene.com](http://www.antengene.com)  
[www.antengene.cn](http://www.antengene.cn)

### KEY DATE

Date of Listing  
November 20, 2020

Annual General Meeting  
June 14, 2024

# FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for the last five\*\*\* financial years, as extracted from the audited financial information and financial statements, is set out below:

	Year ended December 31,				
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	-	-	28,769	160,135	<b>67,305</b>
Other income and gains	52,946	26,834	42,567	293,904	<b>115,786</b>
Research and development costs	(115,792)	(347,655)	(405,029)	(488,491)	<b>(405,669)</b>
Selling and distribution expenses	-	(455)	(67,941)	(355,391)	<b>(192,739)</b>
- Milestone payments related to APAC commercialization	-	-	-	(136,564)	<b>(57,432)</b>
Administrative expenses	(39,349)	(154,221)	(169,463)	(167,055)	<b>(148,056)</b>
Fair value loss on convertible redeemable preferred shares*	(214,549)	(2,356,271)	-	-	<b>-</b>
Loss for the year	(323,787)	(2,928,921)	(655,529)	(601,488)	<b>(581,183)</b>
Adjusted loss for the year**	(109,236)	(454,958)	(613,444)	(550,184)	<b>(533,904)</b>
Adjusted loss for the year excluding net foreign exchange gain/(loss)	(138,381)	(374,407)	(535,694)	(805,439)	<b>(580,459)</b>

\* This represents the loss on the fair value changes of convertible redeemable preferred shares, a non-cash and one-time adjustment recognized upon listing as required under the International Financial Reporting Standards ("IFRS").

\*\* Adjusted loss for the year is not defined under the IFRS. It represents the loss for the year excluding the effect brought by equity-settled share-based payment expense, share issue expenses and fair value loss on convertible redeemable preferred shares.

	As at December 31,				
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total current assets	755,603	3,128,023	2,412,568	1,896,080	<b>1,241,824</b>
Total non-current assets	4,180	66,378	145,040	246,080	<b>376,763</b>
Total current liabilities	44,941	150,601	159,362	381,797	<b>190,888</b>
Total non-current liabilities	1,272,453	5,992	3,933	47,041	<b>280,315</b>
Total (deficit)/equity	(557,611)	3,037,808	2,394,313	1,713,322	<b>1,147,384</b>

\*\*\* The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited under Chapter 18A of the Listing Rule on November 20, 2020.

## IFRS MEASURES:

Our revenue decreased by RMB92.8 million from RMB160.1 million for the year ended December 31, 2022 to RMB67.3 million for the year ended December 31, 2023, primarily attributable to the decline in revenue from Chinese Mainland, which was primarily attributable to the combined impact of (i) the voluntary price cut of XPOVIO® (selinexor) in August 2023; (ii) the inclusion of XPOVIO® (selinexor) in the National Reimbursement Drug List ("NRDL") in December 2023 which led to a one-time negative adjustment in revenue for distributor channel inventory compensation; and (iii) the commercialization partnership with Hansoh Pharmaceutical Group Company Limited ("Hansoh Pharma", SEHK: 3692.HK) for XPOVIO® (selinexor) in August 2023, which initially resulted in a temporary sales decline as there was a transition period involved before a ramp up in sales.

## FINANCIAL HIGHLIGHTS

Our other income and gains decreased by RMB178.1 million from RMB293.9 million for the year ended December 31, 2022 to RMB115.8 million for the year ended December 31, 2023, primarily attributable to the decreased net foreign exchange gain.

Our research and development costs decreased by RMB82.8 million from RMB488.5 million for the year ended December 31, 2022 to RMB405.7 million for the year ended December 31, 2023, primarily attributable to our decreased drug development expenses, which was partially offset by our increased licensing fees.

Our selling and distribution expenses decreased by RMB162.7 million from RMB355.4 million for the year ended December 31, 2022 to RMB192.7 million for the year ended December 31, 2023, primarily attributable to the decreased market development expenses due to the commercialization partnership with Hansoh Pharma as well as a smaller milestone payment triggered by non-recurring events related to the Asia-Pacific (“**APAC**”) commercialization of XPOVIO® (selinexor).

Our administrative expenses decreased by RMB19.0 million from RMB167.1 million for the year ended December 31, 2022 to RMB148.1 million for the year ended December 31, 2023, primarily attributable to the decreased employee costs and professional fees.

As a result of the foregoing, the loss for the year decreased by RMB20.3 million from RMB601.5 million for the year ended December 31, 2022 to RMB581.2 million for the year ended December 31, 2023.

### NON-IFRS MEASURES:

Adjusted loss for the year decreased by RMB16.3 million from RMB550.2 million for the year ended December 31, 2022 to RMB533.9 million for the year ended December 31, 2023, primarily due to our decreased selling and distribution expenses, research and development costs and administrative expenses, partially offset by our decreased net foreign exchange gain.

Adjusted loss for the year excluding net foreign exchange gain decreased significantly by RMB224.9 million from RMB805.4 million for the year ended December 31, 2022 to RMB580.5 million for the year ended December 31, 2023, representing a remarkable reduction of 27.9%, which was largely due to our well-performed cost efficiency strategy resulting in the decrease of our operating expenses. Despite the inclusion of XPOVIO® (selinexor) in the NRDL necessitating a one-time negative adjustment in revenue for distributor channel inventory compensation, thereby impacting our revenue temporarily in 2023, the long-term outlook remains positive. We anticipate that the inclusion of XPOVIO® (selinexor) in the NRDL and our ongoing efforts to control costs will positively contribute to the growth potential of our financial performance in the coming years.

# BUSINESS HIGHLIGHTS

During the year ended December 31, 2023 (the “**Reporting Period**”) and as at the date of this report, significant advancement has been made with respect to our product pipeline and business operations:

## COMMERCIALIZED ASSET:

- **Selinexor (ATG-010, XPOVIO®, Greater China brand name 希維奧®, first-in-class XPO1 inhibitor)**
  - Chinese Mainland: In August 2023, Antengene and Hansoh Pharma have entered into a collaboration agreement for the commercialization of XPOVIO® (selinexor) in Chinese Mainland. Under the terms of the agreement, Antengene will continue to be responsible for research and development, regulatory approvals and affairs, product supply, and distribution of XPOVIO® (selinexor), while Hansoh Pharma will be exclusively responsible for commercialization of XPOVIO® (selinexor) in Chinese Mainland. Antengene will receive up to RMB200 million of upfront payments, RMB100 million of which shall be received upon signing, and pursuant to the Agreement and subject to the terms and conditions thereof, Antengene shall be eligible to receive up to RMB100 million of the remaining upfront payments, and up to RMB535 million in milestone payments from Hansoh Pharma. Antengene will continue to record revenues from sales of XPOVIO® (selinexor) in Chinese Mainland and Hansoh Pharma will charge a service fee to Antengene.
  - Chinese Mainland: In December 2023, XPOVIO® (selinexor) has been added to the National Reimbursement Drug List (2023 Version) (the “**2023 NRDL**”) for the treatment of adult patients with relapsed/refractory multiple myeloma (rrMM) whose disease is refractory to at least one proteasome inhibitor (PI), one immunomodulatory agent (IMiD), and an anti-CD38 monoclonal antibody (mAb). The 2023 NRDL has officially taken effect from January 1, 2024.
  - Indonesia: In May 2023, Antengene has submitted New Drug Applications (NDAs) for XPOVIO® (selinexor) to the Indonesia National Agency of Drug and Food Control (BPOM) for the treatment of rrMM and relapsed/refractory diffuse large B-cell lymphoma (rrDLBCL).
  - Australia: In June 2023, XPOVIO® (selinexor) in combination with bortezomib and dexamethasone (XVd) has been listed on the Pharmaceutical Benefits Scheme (PBS) for the treatment of adult patients with rrMM who have received at least one prior therapy.
  - Hong Kong: In July 2023, the Department of Health, the Government of the Hong Kong Special Administrative Region (HKSAR) has approved an NDA for XPOVIO® (selinexor), in combination with dexamethasone (Xd), for the treatment of adult patients with rrMM who have received at least four prior therapies and whose disease is refractory to at least two PIs, two IMiDs, an anti-CD38 mAb, and who have demonstrated disease progression on the last therapy.

## BUSINESS HIGHLIGHTS

- Macau: In December 2023, the Pharmaceutical Administration Bureau of Macau has approved an NDA for XPOVIO® (selinexor), in combination with dexamethasone (Xd), for the treatment of adult patients with rrMM who have received at least four prior therapies and whose disease is refractory to at least two PIs, two IMiDs, an anti-CD38 mAb, and who have demonstrated disease progression on the last therapy.

### LATE-STAGE ASSET:

#### Onatasertib (ATG-008, mTORC1/2 inhibitor)

- In May 2023, we announced the latest results from the Phase I/II TORCH-2 study which were subsequently presented as poster at the 2023 American Society for Clinical Oncology Annual Meeting (ASCO 2023).

### OTHER CLINICAL STAGE ASSETS:

#### Eltanexor (ATG-016, second generation XPO1 inhibitor)

- The Phase II open-label study of ATG-016 in patients with high-risk myelodysplastic syndromes was completed in Chinese Mainland.

#### ATG-017 (ERK1/2 inhibitor)

- In July 2023, we dosed the first patient in the phase I study of ATG-017 for the treatment of advanced solid tumors and hematologic malignancies (the “**ERASER trial**”) in the United States.

#### ATG-101 (PD-L1/4-1BB bispecific antibody)

- The Phase I trial of ATG-101, a novel PD-L1/4-1BB bispecific antibody, for the treatment of advanced/metastatic solid tumors and B-cell non-Hodgkin lymphoma (B-NHL) (the “**PROBE-CN trial**” and the “**PROBE trial**”) are ongoing in Chinese Mainland, Australia, and the United States, respectively.

Early data from the Phase I PROBE trial have shown a partial response (PR) in a patient with metastatic colon adenocarcinoma (microsatellite stability biomarker (MSS), liver metastasis, and three prior lines of therapy) which is ongoing. Moreover, durable stable diseases were seen in starting doses with no off-target liver toxicities observed.

#### ATG-037 (CD73 inhibitor)

- In July 2023, we dosed the first patient in the Phase I trial of ATG-037 as monotherapy as well as in combination with pembrolizumab (an anti-PD-1 antibody) in patients with locally advanced or metastatic solid tumors (the “**STAMINA trial**”) in Chinese Mainland. We are currently enrolling patients in Australia and Chinese Mainland.

In the dose escalation portion of the Phase I STAMINA trial, PRs were observed in three patients previously treated with a checkpoint inhibitor (CPI, pembrolizumab or nivolumab). These three responders include two melanoma patients and one non-small cell lung cancer patient who had undergone treatment with chemotherapy in addition to a CPI (anti-PD-1).

## BUSINESS HIGHLIGHTS

### *ATG-018 (ATR inhibitor)*

- The Phase I trial of ATG-018 in patients with advanced solid tumors and hematologic malignancies (the “**ATRIUM trial**”) is ongoing in Australia.

### *ATG-022 (Claudin 18.2 antibody-drug conjugate)*

- In March 2023, we received the investigational new drug (IND) approval from the China National Medical Products Administration (the “**NMPA**”) for the Phase I study of ATG-022 for the treatment of advanced or metastatic solid tumors (the “**CLINCH trial**”).

In March 2023, we dosed the first patient in the CLINCH trial in Australia.

In May 2023, ATG-022 has been granted two Orphan Drug Designations (ODDs) consecutively by the U.S. Food and Drug Administration (FDA) for the treatment of gastric cancer and pancreatic cancer.

In May 2023, we dosed the first patient in the CLINCH trial in Chinese Mainland.

Initial clinical data include a complete response (CR) and a PR in two late-stage metastatic gastric cancer patients among 7 enrolled gastric cancer patients (without pre-screening patients' Claudin 18.2 expression levels) in the Phase I CLINCH trial.

### *ATG-031 (anti-CD24 monoclonal antibody)*

- In May 2023, we received IND clearance from the U.S. FDA to initiate a Phase I trial of ATG-031 in patients with advanced solid tumors or B-NHL (the “**PERFORM trial**”).

In December 2023, we dosed the first patient in the PERFORM trial for the treatment of patients with advanced solid tumors or B-NHL in the United States.

### **Pre-clinical stage assets:**

- We made steady progress in our pre-clinical pipeline assets – ATG-042 (PRMT5-MTA inhibitor) and ATG-102 (LILRB4 x CD3 T cell engager).

### **Technology Platform:**

- We made steady progress in our novel “2+1” T cell engager platform AnTenGager™, which enables conditional T cell activation with reduced risk of cytokine release syndrome (CRS).

## BUSINESS HIGHLIGHTS

### BUSINESS DEVELOPMENT AND OTHER KEY ACTIVITIES:

- In January 2023, we have reached an assignment agreement (the “**Assignment Agreement**”) with Calithera Biosciences, Inc. (“**Calithera**”) to acquire all of the outstanding rights of ATG-037. Antengene and Calithera entered into a worldwide exclusive license agreement to develop and commercialize ATG-037 in May 2021. Under the terms of the license agreement, Calithera received an initial upfront payment and was eligible to receive payments on potential development, regulatory and sales milestones, and tiered royalties on sales of the licensed product within the range of single to low double-digits. Pursuant to the Assignment Agreement, Antengene is no longer obligated to pay any future milestones and royalty to Calithera, and Antengene will also acquire ownership of all patents and patent applications relating to ATG-037.
- In August 2023, Antengene and Hansoh Pharma have entered into a collaboration agreement for the commercialization of XPOVIO® (selinexor) in Chinese Mainland. Under the terms of the agreement, Antengene will continue to be responsible for research and development, regulatory approvals and affairs, product supply, and distribution of XPOVIO® (selinexor), while Hansoh Pharma will be exclusively responsible for commercialization of XPOVIO® (selinexor) in Chinese Mainland. Antengene will receive up to RMB200 million of upfront payments, RMB100 million of which shall be received upon signing, and pursuant to the agreement and subject to the terms and conditions thereof, Antengene shall be eligible to receive up to RMB100 million of the remaining upfront payments, and up to RMB535 million in milestone payments from Hansoh Pharma. Antengene will continue to record revenues from sales of XPOVIO® (selinexor) in Chinese Mainland and Hansoh Pharma will charge a service fee to Antengene.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Company's Board of Directors, I am pleased to present the Group's annual report for the year ended December 31, 2023.

2023 has been a year of great challenge as well as achievement for Antengene. We made important, value-creating progress in every aspect of our business, bringing us closer to delivering on our mission of developing transformative medicines for cancer and advancing the care of patients, beyond borders, around the world. Today, we are a sophisticated global biopharmaceutical company with a robust globally differentiated and clinical stage pipeline, ready to produce breakout results from our portfolio in the year ahead. It is my great pleasure to provide a high-level summary of some of the key milestones that we met in 2023 and share with you our goals for the new year in our clinical pipeline, research portfolio, commercial business and operations.

**Clinical Pipeline:** The progress of our clinical pipeline showcases the ingenuity of our research organization, the diligence of our team and the promise of our Company. We have developed the portfolio to treat cancer by focusing on agents that can enhance the activity of the immune system, overcome resistance or act in the tumor microenvironment. Our studies are being conducted at the leading clinical oncology centers in Australia, China and the United States, including locations such as the University of Texas MD Anderson Cancer Center, the University of California, San Francisco, the University of Colorado, and Yale University Cancer Center.

Each of our four global rights assets are showing promising early results in Phase I dose escalation studies and our lead APAC program has produced positive, differentiated Phase II results. These data position our programs as first-in-class/best-in-class or class leading assets, including:

**ATG-031 (anti-CD24 antibody): Promising Activity at Starting Doses:** ATG-031 is the first-in-class humanized anti-CD24 monoclonal antibody to enter the clinic for cancer in the U.S. It acts by inhibiting the "don't eat me" signal and enhancing a powerful immune activity called macrophage-mediated phagocytosis to kill cancer cells. The first group of patients in the Phase I study have been treated and tumor shrinkage has been observed in one patient with no dose limiting toxicities. This is remarkable.

**ATG-022 (Claudin 18.2 antibody-drug conjugate, "ADC"): Potential to Target Claudin 18.2 Low Expressors:** ATG-022's ability to be active across a range of Claudin 18.2 expression levels differentiates it with best-in-class potential in gastric cancer and beyond. Observation of a complete response and a partial response in early Phase I dose escalation studies supports our optimism to see further activity in the dose expansion segment.

**ATG-037 (CD73 small molecule inhibitor): Early Combination Activity Shown Potential in Reversing Prior PD-1 Resistance:** ATG-037 was designed to completely block CD73's immunosuppressive activity in the tumor microenvironment and overcome a drug property called "the hook effect" that appears to limit the activity of benchmark compounds. Three partial responses were observed in the early Phase I dose escalation study with the immune checkpoint inhibitor (ICI), pembrolizumab. This is promising because all of the patients were previously treated with an ICI and other therapies.

## CHAIRMAN'S STATEMENT

ATG-101 (PD-L1/4-1BB bispecific antibody): Durable Responses at Low Doses with No Off-Target Hepatotoxicity Observed and Efficacy in Cold Tumors: ATG-101's differentiated approach to targeting PD-L1 resistant cancers utilizes a bispecific antibody to stimulate the immune system and reduce potential toxicity in the liver with a conditionally activated receptor, 4-1BB. Observations of one partial response in a metastatic colon adenocarcinoma cancer patient with the microsatellite stability biomarker (MSS), and two patients with durable stable disease are meaningful results given the heavy pre-treatment of the gastrointestinal disease patients in the Phase I study.

ATG-008 (mTORC1/2 small molecule inhibitor): Positive, Robust Cervical Cancer Data — ATG-008's ability to simultaneously tackle two cellular processes that are upregulated in multiple tumors, mTORC1 and mTORC2, is the potential cornerstone of its differentiation and activity. The cervical cancer cohort in the comprehensive Phase II clinical program showed an objective response rate (ORR) of 53.3% in ICI-naïve patients and 23.1% in ICI-treated patients, with an overall disease control rate of over 80% in both cohorts. These results appear to be meaningfully higher than benchmark data, including agents considered to be the global standard of care.

Looking ahead, we expect to report the full results from each of these studies in 2024 and, with continued positive data, advance to the next level of development.

**Research Portfolio:** Our ability to develop novel programs against a broad range of immune and cellular targets, using a range of drug modalities, including proteins, oral small molecules, antibody therapies, and identify and advance carefully selected in-licensed programs, highlights the creativity, productivity and skill of our research and development (R&D) organization.

I believe we are “firing on all cylinders”, evidenced by the positive progress of our early candidates towards the clinic and the productivity of our proprietary platform technologies, led by our AnTenGager™ T-cell engager (TCE) platform. Recent proof-of-concept data from several industrial groups has validated the promise of TCEs and enhanced the potential value of our program.

**Commercial Business:** We achieved three very important milestones in 2023 with the completion of a commercial partnership with Hansoh Pharma Group for XPOVIO® in China, the National Reimbursement Listing (NRDL) inclusion in China and continued expansion of regulatory and reimbursement approvals across the APAC markets for XPOVIO®. These milestones have enabled us to grow revenues, carefully manage expenses and highlight the organizational savvy of our commercial team. We look forward to the further adoption of XPOVIO® across our core markets, and are committed to supporting studies to grow and expand the indications for use and market potential for XPOVIO®.

**Operations:** As we embark on 2024, I believe Antengene is an operationally sound company. We have built a high-performance, data-driven executive team and global employee organization that is intent on progressing our programs and cancer care every day. We operate with a dedication to bringing a high-quality standard to our work, with a strong commitment to our outstanding employees, community and environment, embodied by the depth and scope of our annual report on Environment, Social and Governance (ESG). In addition, we maintain a careful financing discipline and invest with care in our programs, evidenced by our RMB1.188 billion cash balance. This reserve along with selinexor's resumption of revenue growth enables us to advance our drug development pipeline for the next few years, even without additional financings.

## CHAIRMAN'S STATEMENT

I believe we are on the cusp of a breakout year in 2024. We expect to complete and report important proof-of-concept clinical data for each program in our portfolio and advance at least one new program towards the clinic. Operationally, we expect to continue to perform with a strategic mindset and an unwavering focus on quality, integrity and financial discipline.

We founded Antengene in 2017 to bring transformative medicines to patients, around the world. The early data that we report to you now inspires us with unwavering focus to continue our work to fulfil our mission. We look forward to share our progress as the year unfolds, with significant gratitude to our incredible employees, all of the patients, caregivers and clinical study sites that we work with and all of our stakeholders.

Yours faithfully,

**Dr. Jay Mei**

*Founder, Chairman and Chief Executive Officer*

Antengene Corporation Limited

PRC

March 22, 2024

# MANAGEMENT DISCUSSION AND ANALYSIS



## OUR VISION

Our vision is to treat patients beyond borders and improve their lives by discovering, developing and commercializing global first-in-class, only-in-class and/or best-in-class therapies.

## OVERVIEW

Started operations in 2017, we are a commercial-stage APAC biopharmaceutical company focused on innovative oncology medicines. We distinguish ourselves through our strong R&D capabilities and strategic approach to developing novel oncology therapies.

We have strategically designed and built an innovative research pipeline of 9 clinical and 1 pre-clinical stage drug assets focused on oncology, including 3 with APAC rights and 7 with global rights. We employ a combinatory and complementary R&D strategy to maximise the potential of our pipeline assets which are synergistic to each other. We have obtained NDA approvals of XPOVIO® (selinexor) in Chinese Mainland, Australia, South Korea, Singapore, Taiwan, Hong Kong and Macau. We subsequently submitted NDAs for XPOVIO® (selinexor) to the Malaysian National Pharmaceutical Regulatory Agency, Thai Food and Drug Authority and Indonesia BPOM for the treatment of rrMM and rrDLBCL.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Product Pipeline

We have a pipeline of 10 drug candidates that focus on oncology and range from pre-clinical stage to late-stage clinical programs. The following table summarizes our pipeline and the development status. Each candidate in the regions noted in the “Antengene Rights” column:

Assets	Target (Modality)	Indication	Pre-clinical	Phase I	Phase II	Phase III/Pivotal	NDA	Commercialization	Antengene Rights	Partner	
ATG-010 (Selinexor) <sup>1,2</sup>	XPO1 (Small molecule)	R/R Multiple Myeloma	Combo with dexamethasone (MARCH)				Chinese Mainland NDA approved				
			Combo with dexamethasone (STORM) – Partner’s Pivotal Trial in the US				US, EU, UK, IL, SK, SG, AU, TW, HK & JIC NDA approved				
			Combo with bortezomib and dexamethasone (BENCH)		★						
ATG-016 <sup>2</sup> (Eltanexor)	XPO1 (Small molecule)	R/R Diffuse Large B-cell Lymphoma	Combo with bortezomib and dexamethasone (BOSTON) – Partner’s Pivotal Trial in the US				US, EU, UK, IL, CA, SG, AU & TW sNDA approved				
			Combo with IMiD/PI3CD38 mAb and dexamethasone (STOMP)								
			Monotherapy (SEARCh)			★					
			Monotherapy (SADAL) – Partner’s Pivotal Trial in the US*		★			US, SG, SK & TW sNDA approved	APAC <sup>2</sup>	Karyopharm	
			Combo with R-GDP (DLCL-030)		★						
ATG-008 (Onatasentib) <sup>3</sup>	mTORC1/2 (Small molecule)	Myelofibrosis	Combo with ruxellinib (RUF-024)								
			Combo with ICE/GemOxifelisuzumab (TOUCH) with Critical Collaboration			★					
ATG-022	Claudin 18.2 (ADC)	Maintenance Therapy for Endometrial Cancer	Monotherapy (SIENDO)								
			Monotherapy (EC-042) – Partner’s Pivotal Trial in the US			★					
ATG-037 <sup>4</sup>	CD73 (Small molecule)	R/R MDS	Monotherapy (MATCH)								
			Combo with tepotinib (TORCH-2)** with Clinical Collaboration							APAC <sup>3</sup>	Celgene Bristol Myers Squibb Company
ATG-101 (Xirestomig) <sup>5</sup>	PDL1/4-1BB (Bispecific)	Hem/Onc	Monotherapy (PROBE & PROBE-CN)								
			Monotherapy ± pembrolizumab (STAMINA) with MERCK Clinical Collaboration								
ATG-031	CD24 (mAb)	Hem/Onc	Monotherapy (PERFORM)								
			Monotherapy ± nivolumab (ERASER) with Bristol Myers Squibb Clinical Collaboration								
ATG-018	ATR (Small molecule)	Hem/Onc	Monotherapy (ATRIUM)								
			Pre-clinical							Global	ANTENGENE

Antengene Trials<sup>7</sup> Partner Trials<sup>8</sup> Partner Global Trials in Antengene Region ★ Registrational Trial

<sup>1</sup> NDA approved by US FDA, European Commission, China NMPA, Australia TGA, South Korea MFDS, Singapore HSA, China Hong Kong DHH, China Mexico FAG, and China Taiwan TFDA.  
<sup>2</sup> Licensed from Celgene (BMS) and Antengene. In the US, Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-016 and the USA, Canada, Mexico, and Antengene has rights for Greater China (China Mainland, Hong Kong, Taiwan, Macau), Australia, New Zealand, South Korea, and the ASEAN region.  
<sup>3</sup> Licensed from Celgene (BMS) and Antengene. In the US, Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-010.  
<sup>4</sup> Licensed from Celgene (BMS) and Antengene. In the US, Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-037.  
<sup>5</sup> Licensed from Celgene (BMS) and Antengene. In the US, Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-101.  
<sup>6</sup> Licensed from Celgene (BMS) and Antengene. In the US, Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-008.  
<sup>7</sup> Antengene Trials: China Mainland, South Korea, Singapore, Hong Kong, Taiwan, Macau, Australia, New Zealand, South Korea, and the ASEAN region.  
<sup>8</sup> Partner Trials: China Mainland, South Korea, Singapore, Malaysia, Indonesia, Vietnam, Laos, Cambodia, the Philippines, Thailand, and Myanmar.  
<sup>9</sup> Partner Global Trials in Antengene Region: China Mainland, South Korea, Singapore, Malaysia, Indonesia, Vietnam, Laos, Cambodia, the Philippines, Thailand, and Myanmar.  
<sup>10</sup> Registrational Trial: China Mainland, South Korea, Singapore, Malaysia, Indonesia, Vietnam, Laos, Cambodia, the Philippines, Thailand, and Myanmar.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

We have made steady progress with regards to our pipeline assets in 2023 and submitted NDAs for XPOVIO® (selinexor) in Indonesia for the treatment of rrMM and rrDLBCL. We have obtained NDA approvals in Macau in 2023.

### Commercial-stage Product

*Selinexor (ATG-010, XPOVIO®, Greater China brand name 希維奧®, first-in-class XPO1 inhibitor)*

XPOVIO® (selinexor), our first commercial-stage product, orally available selective inhibitor of nuclear export (SINE) compound being developed for the treatment of various hematological malignancies and solid tumors. We obtained exclusive rights from Karyopharm Therapeutics Inc. (“**Karyopharm**”) for the development and commercialization of XPOVIO® (selinexor) in Chinese Mainland, Hong Kong, Taiwan, Macau, South Korea, Australia, New Zealand and ASEAN countries.

Our licensing partner, Karyopharm, obtained approval through the U.S. FDA’s Accelerated Approval Program on July 3, 2019 for XPOVIO® (selinexor) in combination with low-dose dexamethasone for the treatment of adult patients with rrMM who have received at least four prior therapies and whose disease is refractory to at least two PIs, at least two IMiDs and an anti-CD38 mAb.

On June 22, 2020, XPOVIO® (selinexor) received accelerated approval from the U.S. FDA for the treatment of adult patients with rrDLBCL, not otherwise specified, including DLBCL arising from follicular lymphoma, after at least two lines of systemic therapy. On December 18, 2020, the U.S. FDA approved XPOVIO® (selinexor) in combination with bortezomib and dexamethasone for the treatment of adult patients with multiple myeloma who have received at least one prior therapy.

In July 2021, through a priority review process, the MFDS of South Korea approved the Company’s NDA for XPOVIO® (selinexor) in combination with dexamethasone for the treatment of adult patients with relapsed or refractory multiple myeloma who have received at least four prior therapies and whose disease is refractory to at least two PIs, at least two IMiDs, and an anti-CD38 mAb (penta-refractory); and as a monotherapy for the treatment of adult patients with relapsed/refractory diffuse large B-cell lymphoma who have received at least two prior lines of treatment. In December 2021, we submitted supplemental new drug application (sNDA) to MFDS for XPOVIO® (selinexor) in combination with bortezomib and dexamethasone is indicated for the treatment of adult patients with multiple myeloma who have received at least one prior therapy.

In December 2021, XPOVIO® (selinexor) received conditional approval for marketing by the NMPA, in combination with dexamethasone for the treatment of adults with rrMM who have received prior therapy including a PI, an IMiD and an anti-CD38 mAb.

## MANAGEMENT DISCUSSION AND ANALYSIS

In May 2023, we have submitted NDAs for XPOVIO® (selinexor) to the Indonesia BPOM for the treatment of rrMM and rrDLBCL.

In June 2023, XPOVIO® (selinexor) in combination with bortezomib and dexamethasone (XVd) has been listed on the PBS for the treatment of adult patients with rrMM who have received at least one prior therapy.

In July 2023, the Department of Health, the Government of the HKSAR has approved an NDA for XPOVIO® (selinexor), in combination with dexamethasone (Xd), for the treatment of adult patients with rrMM who have received at least four prior therapies and whose disease is refractory to at least two PIs, two IMiDs, an anti-CD38 mAb, and who have demonstrated disease progression on the last therapy.

In August 2023, Antengene and Hansoh Pharma have entered into a collaboration agreement for the commercialization of XPOVIO® (selinexor) in Chinese Mainland. Under the terms of the agreement, Antengene will continue to be responsible for research and development, regulatory approvals and affairs, product supply, and distribution of XPOVIO® (selinexor), while Hansoh Pharma will be exclusively responsible for commercialization of XPOVIO® (selinexor) in Chinese Mainland. Antengene will receive up to RMB200 million of upfront payments, RMB100 million of which shall be received upon signing, and pursuant to the agreement and subject to the terms and conditions thereof, Antengene shall be eligible to receive up to RMB100 million of the remaining upfront payments, and up to RMB535 million in milestone payments from Hansoh Pharma. Antengene will continue to record revenues from sales of XPOVIO® (selinexor) in Chinese Mainland and Hansoh Pharma will charge a service fee to Antengene.

In December 2023, the Pharmaceutical Administration Bureau of Macau has approved an NDA for XPOVIO® (selinexor), in combination with dexamethasone (Xd), for the treatment of adult patients with rrMM who have received at least four prior therapies and whose disease is refractory to at least two PIs, two IMiDs, an anti-CD38 mAb, and who have demonstrated disease progression on the last therapy.

In December 2023, XPOVIO® (selinexor) has been added to the 2023 NRDL for the treatment of adult patients with rrMM whose disease is refractory to at least one PI, one IMiD, and an anti-CD38 mAb. The 2023 NRDL has officially taken effect from January 1, 2024.

We have obtained NDA approvals of XPOVIO® (selinexor) in Chinese Mainland, South Korea, Singapore, Australia, Taiwan, Hong Kong and Macau. XPOVIO® (selinexor) in combination with dexamethasone (Xd) and in combination with bortezomib and dexamethasone (XVd) are listed on the PBS in Australia for the treatment of adult patients with rrMM who have received at least four prior line of therapy and at least one prior line of therapy respectively. We have also submitted NDA for XPOVIO® (selinexor) to Malaysian National Pharmaceutical Regulatory Agency, Thai Food and Drug Authority and Indonesia BPOM.

## MANAGEMENT DISCUSSION AND ANALYSIS

Several late-stage clinical studies are underway for XPOVIO® (selinexor) in Chinese Mainland:

A Phase II registrational clinical trial as monotherapy in rrDLBCL (the “**SEARCH trial**”).

A Phase III registrational clinical trial in combination with bortezomib and low-dose dexamethasone in rrMM (the “**BENCH trial**”).

A Phase II/III registrational clinical trial in combination with rituximab, gemcitabine dexamethasone cisplatin (“**R-GDP**”) in rrDLBCL, which is part of the global pivotal trial (XPORT-DLBCL-030) led by Karyopharm, is ongoing in Chinese Mainland.

### Late-stage Product Candidates

#### *ATG-008 (onatasertib, mTORC1/2 inhibitor)*

ATG-008 (onatasertib), one of our Core Products. We obtained an exclusive license from Celgene Corporation for the development and commercialization of onatasertib in Chinese Mainland and selected APAC markets. In 2020, we continued to carry forward the clinical study in patients with HCC who received at least one line of prior therapy and dosed the first patient in cohort 3. In April 2021, we dosed the first patient in the fourth cohort of this study (TORCH study). We initiated a Phase I/II study of onatasertib in combination with toripalimab (anti-PD-1 antibody) in Chinese Mainland (TORCH-2 study).

In May 2023, we announced the latest results from the Phase I/II TORCH-2 study, which were subsequently presented as poster at the 2023 American Society for Clinical Oncology Annual Meeting (ASCO 2023).

**WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET ATG-008 (ONATASERTIB) SUCCESSFULLY.**

### Other Clinical Candidates

Eltanexor (ATG-016, second generation XPO1 inhibitor) – We obtained exclusive rights from Karyopharm for the development and commercialization of eltanexor in Chinese Mainland, Hong Kong, Taiwan, Macau, South Korea, Australia, New Zealand and ASEAN countries. In 2020, we obtained IND approval of a Phase I/II clinical study in patients with high-risk MDS from NMPA in Chinese Mainland, and in May 2021, we dosed the first patient. Subsequently, we received IND approval of a Phase I/II clinical study in patients with solid tumors from NMPA in Chinese Mainland in May 2021. We received IND approval of a Phase II open-label study designed to evaluate the safety, tolerability and efficacy of ATG-016 in patients with high-risk myelodysplastic syndromes (MDS) from NMPA in Chinese Mainland in March 2022. In addition, we have completed a study in Chinese Mainland: a Phase I/II, open-label study to investigate the pharmacokinetics, safety, and efficacy of eltanexor (ATG-016) monotherapy in IPSS-R intermediate risk and above MDS patients after failure of HMA-based therapy (the “**HATCH trial**”).

## MANAGEMENT DISCUSSION AND ANALYSIS

ATG-017 (ERK1/2 inhibitor) – We obtained exclusive rights from AstraZeneca AB (“**AstraZeneca**”) for the development and commercialization of ATG-017 worldwide. In 2020, we dosed the first patient in a Phase I clinical study in Australia. The dose-escalation study of ATG-017 as monotherapy as well as in combination with nivolumab (an anti-PD-1 antibody) the ERASER trial in Australia is ongoing. We entered into a clinical trial collaboration to evaluate the safety, pharmacokinetics and preliminary efficacy of ATG-017 in combination with Bristol Myers Squibb’s anti-PD-1 antibody, Opdivo® (nivolumab) in December 2021. In October 2022, we received clearance from U.S. FDA to start the ERASER trial in the United States. In July 2023, we dosed the first patient in the phase I study of ATG-017 in the United States.

ATG-101 (PD-L1/4-1BB bispecific antibody) – We received IND approval from the NMPA for a Phase I study of ATG-101 in March 2022 and we dosed the first patient in August 2022 in Chinese Mainland. The dose-escalation studies are ongoing in Australia, China and the United States. In September 2022, ATG-101 has been granted an ODD by the U.S. FDA for the treatment of pancreatic cancer.

ATG-037 (CD73 inhibitor) – We received the approval from the Human Research Ethics Committees (HREC) in Australia for the Phase I trial in February 2022 and dosed the first patient in June 2022. The NMPA has approved a Phase I trial of ATG-037 in November 2022 and dosed the first patient in July 2023. We entered into a global clinical collaboration with MSD (Merck & Co., Inc., Rahway, NJ, USA) on a multicenter, open-label, Phase I dose – finding study of ATG-037 as a monotherapy and in combination with MSD’s anti-PD-1 therapy, KEYTRUDA® (pembrolizumab), in the STAMINA-001 Trial in December 2022.

ATG-018 (ATR inhibitor) – We received approval from the HREC in Australia for a Phase I trial of ATG-018 in patients with advanced solid tumors and hematologic malignancies in June 2022 and dosed the first patient in August 2022.

ATG-022 (Claudin 18.2 antibody-drug conjugate) – We received approval from the HREC in Australia to initiate a Phase I trial of ATG-022 in patients with advanced or metastatic solid tumors in December 2022 and dosed the first patient in March 2023 in Australia. We also received IND approval from the NMPA in March 2023 in patients with advanced or metastatic solid tumors and dosed the first patient in May 2023. In May 2023, ATG-022 has been granted two ODDs consecutively by the U.S. FDA for the treatment of gastric cancer and pancreatic cancer.

ATG-031 (CD24 antibody) – We received IND clearance from US FDA to initiate the Phase I PERFORM trial in patients with advanced solid tumors or B-NHL in May 2023 and dosed the first patient in December 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Pre-clinical Candidates

ATG-042 (PRMT5-MTA inhibitor) – We are conducting pre-clinical studies to support IND/CTA applications of ATG-042.

ATG-102 (LILRB4 x CD3 T cell engager) – We are conducting pre-clinical studies to support IND/CTA applications of ATG-102.

### Technology Platform

AnTenGager™ (T cell engager platform) – We are conducting pre-clinical studies for multiple AnTenGager-based TCEs.

## RESEARCH AND DEVELOPMENT

We focus on R&D of therapeutic strategies for the treatment of cancer. We seek to optimize the drug development process of each of our assets to fully unlock their therapeutic potential and maximise their clinical and commercial value. We have adopted a differentiated combinatory and complementary R&D approach to build a pipeline of first/best-in-class assets with synergistic profiles.

As at December 31, 2023, we have 14 ongoing clinical studies in Chinese Mainland, the United States and Australia with 9 of our pipeline assets, including ATG-010 (selinexor, XPO1 inhibitor), ATG-008 (onatasertib, mTORC1/2 inhibitor), ATG-016 (eltanexor, XPO1 inhibitor), ATG-017 (ERK1/2 inhibitor), ATG-101 (PD-L1/4-1BB bispecific antibody), ATG-037 (CD73 inhibitor), ATG-018 (ATR inhibitor), ATG-022 (Claudin 18.2 antibody-drug conjugate) and ATG-031 (CD24 antibody). We have obtained NDA approvals of XPOVIO® (selinexor) in Chinese Mainland, South Korea, Singapore, Australia and Taiwan as at December 31, 2023. We have already obtained NDA approval of XPOVIO® (selinexor) in Hong Kong and Macau in July and December 2023 respectively. We also submitted NDA applications for XPOVIO® (selinexor) to Malaysian National Pharmaceutical Regulatory Agency, Thai Food and Drug Authority and Indonesia BPOM. XPOVIO® (selinexor) in combination with dexamethasone (Xd) and in combination with bortezomib and dexamethasone (XVd) are listed on the PBS in Australia for the treatment of adult patients with rrMM who have received at least four prior line of therapy and at least one prior line of therapy respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

Our adjusted research and development costs (non-IFRS measure) were approximately RMB374.6 million and RMB461.4 million for the years ended December 31, 2023 and December 31, 2022 respectively. As at December 31, 2023, we filed 5 new international applications under the Patent Cooperation Treaty (PCT) for material intellectual properties. Among the pending PCT applications, 2 of which have entered the national/regional phases in major markets globally.

### BUSINESS DEVELOPMENT

Leveraging our combinatory and complementary R&D strategy and through our strong R&D capabilities and strategic approach in developing novel therapies, we continue to realize our vision of treating patients beyond borders and improving their lives in discovering, developing and commercializing global first-in-class, only-in-class and/or best-in-class therapies.

In January 2023, we have reached the Assignment Agreement with Calithera to acquire all of the outstanding rights of ATG-037. Antengene and Calithera entered into a worldwide exclusive license agreement to develop and commercialize ATG-037 in May, 2021. Under the terms of the license agreement, Calithera received an initial upfront payment and was eligible to receive payments on potential development, regulatory and sales milestones, and tiered royalties on sales of the licensed product within the range of single to low double-digits. Pursuant to the Assignment Agreement, Antengene is no longer obligated to pay any future milestones and royalty to Calithera, and Antengene will also acquire ownership of all patents and patent applications relating to ATG-037.

In August 2023, Antengene and Hansoh Pharma have entered into a collaboration agreement for the commercialization of XPOVIO® (selinexor) in Chinese Mainland. Under the terms of the agreement, Antengene will continue to be responsible for research and development, regulatory approvals and affairs, product supply, and distribution of XPOVIO® (selinexor), while Hansoh Pharma will be exclusively responsible for commercialization of XPOVIO® (selinexor) in Chinese Mainland. Antengene will receive up to RMB200 million of upfront payments, RMB100 million of which shall be received upon signing, and pursuant to the agreement and subject to the terms and conditions thereof, Antengene shall be eligible to receive up to RMB100 million of the remaining upfront payments, and up to RMB535 million in milestone payments from Hansoh Pharma. Antengene will continue to record revenues from sales of XPOVIO® (selinexor) in Chinese Mainland and Hansoh Pharma will charge a service fee to Antengene.

### EVENTS AFTER THE REPORTING PERIOD

In March 2024, the Company announced that four pre-clinical abstracts on ATG-042, ATG-102, ATG-022 and the proprietary T cell engager platform, AnTenGager™, respectively, all of which have been selected as poster presentations at the 2024 American Association for Cancer Research Annual Meeting (AACR 2024), taking place from April 5, 2024 to April 10, 2024 at the San Diego Convention Center in San Diego, California, the United States.

Save as disclosed above, there have been no other significant events subsequent to the Reporting Period and up to the date of this report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FUTURE AND OUTLOOK

Leveraging our combinatory and complementary R&D strategy and through our strong R&D capabilities and strategic approach in developing novel therapies, we continue to realize our vision of treating patients beyond borders and improving their lives in discovering, developing and commercializing global first-in-class, only-in-class and/or best-in-class therapies.

We will continue to advance the clinical development of our 9 clinical stage products in multiple therapeutic areas, and continue to implement our dual-engine approach of external partnerships and internal discovery to build up a pipeline focusing on the key oncogenic pathways, tumor microenvironment and tumor associated antigens globally and across the APAC region.

We have received NDA approvals for XPOVIO® (selinexor, ATG-010) in South Korea and Chinese Mainland in 2021, approvals in Singapore, Australia and Taiwan in 2022, and approvals in Macau and Hong Kong in 2023.

With the expected NDA approvals mentioned above and building upon our core commercial leadership team with experience in multiple successful launches of top hematology products globally, in APAC region and China in the past, we will continue to build out our commercial team in preparation for a first-in-class launch of XPOVIO® (selinexor) in Greater China and the rest of APAC region to address unmet medical needs in our territories.

Looking into 2024, we expect to put multiple of our Phase I clinical novel assets into expansion and Phase II stage.

## FINANCIAL REVIEW

The Board announces the consolidated results of the Group for the year ended December 31, 2023, with comparative figures for the corresponding period in the previous year as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
REVENUE	67,305	160,135
Cost of sales	(12,293)	(28,131)
Gross profit	55,012	132,004
Other income and gains	115,786	293,904
Research and development costs	(405,669)	(488,491)
Selling and distribution expenses	(192,739)	(355,391)
Administrative expenses	(148,056)	(167,055)
Other expenses	(4,619)	(15,485)
Finance costs	(898)	(974)
LOSS BEFORE TAX	(581,183)	(601,488)
Income tax expense	–	–
LOSS FOR THE YEAR	(581,183)	(601,488)
<b>Non-IFRS measures:</b>		
Adjusted loss for the year	(533,904)	(550,184)

## MANAGEMENT DISCUSSION AND ANALYSIS

**Revenue.** Our revenue decreased by RMB92.8 million from RMB160.1 million for the year ended December 31, 2022 to RMB67.3 million for the year ended December 31, 2023. This decrease was mainly due to the decline in revenue from Chinese Mainland, which was primarily attributable to the combined impact of (i) the voluntary price cut of XPOVIO® (selinexor) in August 2023, aimed at improving the drug’s accessibility and affordability for out-of-pocket patients, which directly led to decreased revenue; (ii) the inclusion of XPOVIO® (selinexor) in the NRDL in December 2023, effective January 1, 2024, which led to a one-time negative adjustment in revenue for distributor channel inventory compensation; and (iii) the commercialization partnership we entered into with Hansoh Pharma for XPOVIO® (selinexor) in August 2023, signifying a shift in our business model that initially resulted in a temporary sales decline as there was a transition period involved before a ramp up in sales. Despite the challenges we faced in 2023, we are optimistic about the future. We believe that the NRDL inclusion, our collaboration with Hansoh Pharma, and continuous indication expansion potential of XPOVIO® (selinexor) will enable us to increase revenue in the coming years.

**Other Income and Gains.** Our other income and gains decreased by RMB178.1 million from RMB293.9 million for the year ended December 31, 2022 to RMB115.8 million for the year ended December 31, 2023, primarily attributable to the net foreign exchange gain of RMB46.6 million recorded for the year ended December 31, 2023 due to the rise in the exchange rate of USD against RMB, but not as favourable as that of for the year ended December 31, 2022 which recorded RMB255.3 million.

**Research and Development Costs.** Our research and development costs decreased by RMB82.8 million from RMB488.5 million for the year ended December 31, 2022 to RMB405.7 million for the year ended December 31, 2023. This decrease was primarily attributable to the combined impact of (i) a decrease of RMB123.9 million in our drug development expenses paid to contract research organisations (“CRO(s)”), contract development and manufacturing organisations (“CDMO(s)”) and site management organisations (“SMO(s)”), as a result of the cost efficiency strategy, focusing resources on assets with the greatest potential while minimizing costs; and (ii) an increase of RMB29.0 million in licensing fees as we made payments of RMB42.2 million for the year ended December 31, 2023 to acquire all the outstanding rights of ATG-037 from Calithera thus we are no longer obligated to pay any future milestones and royalty, compared to the RMB13.2 million licensing fees paid for the year ended December 31, 2022.

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Employee costs	151,674	142,137
– Equity-settled share-based payment expense	31,108	27,133
Depreciation and amortization	13,120	10,144
Licensing fees	42,188	13,213
Drug development expenses	183,269	307,132
Professional fees	6,934	9,612
Others	8,484	6,253
<b>Total</b>	<b>405,669</b>	<b>488,491</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

**Selling and Distribution Expenses.** Our selling and distribution expenses decreased by RMB162.7 million from RMB355.4 million for the year ended December 31, 2022 to RMB192.7 million for the year ended December 31, 2023, primarily attributable to the combined impact of (i) a smaller milestone payment of RMB79.1 million triggered by non-recurring events related to the APAC commercialization of XPOVIO® (selinexor); (ii) a decrease of RMB63.2 million in market development expenses, mainly due to the commercialization partnership with Hansoh Pharma, which enabled us to leverage their well-established commercialization infrastructure to improve the efficiency, as well as our own cost control efforts; and (iii) a slight decrease of RMB11.4 million in employee costs, mainly due to the commercialization partnership with Hansoh Pharma aiming to use their market development expertise. The optimization of sales force costed extra compensation expenses in 2023, which are expected to decline significantly in 2024.

The table below sets forth the components of our selling and distribution expenses by nature for the periods indicated:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Milestone payments related to APAC commercialization	57,432	136,564
<b>Subtotal</b>	<b>57,432</b>	136,564
Employee costs	77,536	88,927
– Equity-settled share-based payment expense	2,168	3,235
Market development expenses	37,597	100,842
Depreciation and amortization	1,869	2,697
Others	18,305	26,361
<b>Subtotal</b>	<b>135,307</b>	218,827
<b>Total</b>	<b>192,739</b>	355,391

The table below sets forth the components of our selling and distribution expenses by geography for the periods indicated:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Greater China	101,737	186,975
Other countries/regions	91,002	168,416
<b>Total</b>	<b>192,739</b>	355,391

## MANAGEMENT DISCUSSION AND ANALYSIS

**Administrative Expenses.** Our administrative expenses decreased by RMB19.0 million from RMB167.1 million for the year ended December 31, 2022 to RMB148.1 million for the year ended December 31, 2023. This decrease was primarily attributable to the decreased employee costs and professional fees, as a reflection of our ongoing cost control efforts and the improved operation efficiency.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Employee costs	83,284	93,294
– Equity-settled share-based payment expense	14,003	20,936
Professional fees	29,424	36,422
Depreciation and amortization	14,985	14,359
Others	20,363	22,980
<b>Total</b>	<b>148,056</b>	167,055

### NON-IFRS MEASURES

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

Adjusted loss for the year represents the loss for the year excluding the effect of equity-settled share-based payment expense. The term adjusted loss for the year is not defined under the IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS. The Company's presentation of such adjusted figure may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this and other non-IFRS measures are reflections of the Group's normal operating results by eliminating potential impacts of items that the management do not consider to be indicative of the Group's operating performance, and thus, facilitate comparisons of operating performance from period to period and company to company to the extent applicable.

The table below sets forth a reconciliation of the loss to adjusted loss during the years indicated:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Loss for the year	(581,183)	(601,488)
Added:		
Equity-settled share-based payment expense	47,279	51,304
Adjusted loss for the year	(533,904)	(550,184)

# MANAGEMENT DISCUSSION AND ANALYSIS

## Employees and Remuneration Policies

The following table sets forth a breakdown of our employees as at December 31, 2023 by function:

Function	Number of employees	% of total number of employees
G&A	53	26.4
Research and Development	103	51.2
Commercialization	23	11.4
Manufacturing	22	11.0
<b>Total</b>	<b>201</b>	<b>100.0</b>

As at December 31, 2023, we had 166 employees in China and 35 employees in overseas. Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable Chinese laws, we have 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 our employees.

## LIQUIDITY AND FINANCIAL RESOURCES

As at December 31, 2023, our cash and bank balances were RMB1,187.7 million, as compared to RMB1,789.6 million as at December 31, 2022. The decrease was mainly due to expenses associated with our operating activities. Especially, for the year ended December 31, 2023, we received an upfront payment of RMB100.0 million (inclusive of value-added-tax RMB5.6 million) from Hansoh Pharma, and settled the outstanding payables of RMB135.8 million related to the APAC commercialization as at December 31, 2022.

As at December 31, 2023, the Group's cash and bank balances were held mainly in USD and RMB.

As at December 31, 2023, the current assets of the Group were RMB1,241.8 million, including cash and bank balances of RMB1,187.7 million and other current assets of RMB54.1 million. As at December 31, 2023, the current liabilities of the Group were RMB190.9 million, including other payables and accruals of RMB179.8 million and other current liabilities of RMB11.1 million.

### Current Ratio

Current ratio is calculated using current assets divided by current liabilities and multiplied by 100%. As at December 31, 2023, our current ratio was 650.6% (as at December 31, 2022: 496.6%).

### Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As at December 31, 2023, our gearing ratio was 29.1% (as at December 31, 2022: 20.0%).

# MANAGEMENT DISCUSSION AND ANALYSIS

## OTHER FINANCIAL INFORMATION

### Significant Investments, Material Acquisitions and Disposals

As at December 31, 2023, we did not hold any significant investments. For the year ended December 31, 2023, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

### Future Plans for Material Investments or Capital Assets

We did not have any concrete plans for material investments or capital assets as at December 31, 2023.

### Foreign Exchange Risk

We have transactional currency exposures. The majority of our bank balances and interest receivables are denominated in foreign currencies and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### Contingent Liabilities

As at December 31, 2023, we did not have any contingent liabilities.

### Pledge of assets

As at December 31, 2023, the Group had a total of RMB43.4 million of the leasehold land pledged to secure its bank facilities.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Dr. Jay Mei (梅建明), M.D., Ph.D.**, aged 59, was appointed as a Director on August 28, 2018. He was redesignated as an Executive Director and appointed as the Chairman of the Board and the Chief Executive Officer of the Company (the “**CEO**”) on August 18, 2020. Dr. Mei has been one of the key management members of the Group and has been actively involved in the business, strategy and operational management of the Group since its establishment.

Dr. Mei has over 30 years of experience in clinical research and development of oncology therapeutics globally and has successfully led the development of multiple oncology products. He has published over 70 publications and holds multiple patents jointly with other investors.

Before joining the industry in 2001, Dr. Mei spent 8 years at the National Cancer Institute (part of the NIH) as a Senior Cancer Researcher. Prior to founding Antengene, in February 2001, Dr. Mei joined as a Principal Scientist in the oncology team in the drug discovery division and an Associate Director at Johnson & Johnson Pharmaceutical Research & Development, L.L.C.. From April 2006 to October 2008, Dr. Mei worked as a Senior Director at Novartis Oncology, part of the Innovative Medicines division of Novartis AG (a company listed on the SIX Swiss Exchange and the New York Stock Exchange with stock codes NOVN.SIX and NVS.NYSE, respectively). Dr. Mei served as an Executive Director of the clinical development department at Celgene (now part of Bristol-Myers Squibb (a company listed on the New York Stock Exchange with stock code BMY.NYSE)) from October 2008 to March 2017 and was one of the leading members in the clinical development of multiple blockbuster drugs including REVLIMID®, which is among the best-selling oncology therapies worldwide. Dr. Mei was also involved in the clinical development of POMALYST®, another one of the best-selling oncology drugs worldwide, and IDHIFA®, a first-in-class drug for the treatment of acute myeloid leukemia (AML). Dr. Mei was a Director of Jiangsu Asieris Pharmaceuticals Co., Ltd. (江蘇亞虹醫藥科技有限公司) from November 2014 to December 2020. Dr. Mei has been leading the management of Antengene Zhejiang Corporation Co., Ltd. (德琪(浙江)醫藥科技有限公司) (“**Antengene Zhejiang**”) since April 2017. Dr. Mei was appointed as an Independent Director of SanReno Therapeutics Holding Limited on February 24, 2022.

Dr. Mei received his Doctor of Medicine degree in medicine from Hunan Medical University (湖南醫科大學) (now XiangYa School of Medicine of Central South University (中南大學湘雅醫學院)) in July 1989. Dr. Mei obtained his Doctor of Philosophy degree in pharmacology and toxicology from the University of Maryland in January 1994. Dr. Mei was a member of the American Society of Clinical Oncology and has also been a member of the American Society of Hematology since 2006. In addition, Dr. Mei currently holds an adjunct professorship at the Baruch S. Blumberg Institute.

## DIRECTORS AND SENIOR MANAGEMENT

**Mr. John F. Chin, MBA**, aged 58, was appointed as the Chief Business Officer (CBO) of the Company on January 2, 2020 and as an Executive Director on August 18, 2020. Mr. Chin has been in charge of the overall business development and commercial strategies and planning of the Group since he joined us.

Mr. Chin started his career at Merck, Sharp, and Dohme Corp in 1990 and later joined Bristol-Myers Squibb (a company listed on the New York Stock Exchange with stock code BMY.NYSE) in January 1992 to July 1998, holding a number of sales and training positions at BMS. Since October 1998, he served in a number of positions at Aventis Pharmaceutical Holdings Inc. (“**Aventis**”) (before the merger in 1999, Rhône-Poulenc Rorer), including Associate Product Manager, Product Manager, Senior Product Manager for oncology and Regional Sales Director for oncology. From January 2005 to January 2020, Mr. Chin served in a number of positions at Celgene (now part of Bristol-Myers Squibb (a company listed on the New York Stock Exchange with stock code BMY.NYSE)), including Senior Director for corporate account management, Executive Director for oncology marketing, Regional General Manager for Latin America and General Manager for China.

Mr. Chin received his Bachelor’s degree in science from the University of Arizona in December 1989. He also obtained his Master’s degree in business administration from Pepperdine University in April 1998.

**Mr. Donald Andrew Lung (龍振國), J.D., MBA**, aged 42, was appointed as the Chief Financial Officer (CFO) of the Company on June 8, 2020 and an Executive Director on June 18, 2021. Mr. Lung has been in charge of the overall finance of the Group since he joined us.

Mr. Lung has over 16 years of experience in investment banking and public equities. From June 2004 to November 2008, Mr. Lung worked at Goldman Sachs (Asia) L.L.C. He was then engaged in the asset management business at Pine River Capital Management from August 2012 to June 2017 and at Myriad Asset Management Limited from August 2017 to August 2019. From October 2019 to June 2020, Mr. Lung worked as a Portfolio Manager at BFAM Partners (Hong Kong) Limited.

Mr. Lung received his Bachelor of Arts degree in economics and political science from Yale University in May 2004. He also obtained a Master’s degree in business administration and a Juris Doctor degree from The Chinese University of Hong Kong, both in November 2015.

## DIRECTORS AND SENIOR MANAGEMENT

### NON-EXECUTIVE DIRECTORS

**Dr. Kan Chen (陳侃)**, aged 42, was appointed as a Non-executive Director on March 26, 2021. Dr. Chen is primarily responsible for participating in formulating our Company's corporate and business strategies.

Dr. Chen is currently serving as a Partner at Qiming Venture Partners ("**Qiming**"), focusing on healthcare investment. Dr. Chen joined Qiming in February 2016, had served as Associate and Vice President, Principal and was deeply involved in Qiming's investment of the Company's Series A Financing. Dr. Chen is currently a non-executive director on the Main Board of the Stock Exchange, namely CANbridge Pharmaceuticals Inc. (stock code: 1228.hk) since 2020. Dr. Chen has been a Director of Connect Biopharma Holdings Limited (a company listed on NASDAQ with stock code CNTB) since December 2020 and a Director of Asieris Pharmaceuticals (688176.SH) since December 2020. From November 2012 to September 2014, Dr. Chen has been the group leader of Jiangsu Hengrui Medicine Co., Ltd. From October 2014 to January 2016, he has been the Senior Scientist of Janssen, Pharmaceutical Companies of Johnson & Johnson.

Dr. Chen obtained his Bachelor's degree in biological science from Fudan University in June 2004. He obtained his Doctor of Philosophy degree in cell biology from Case Western Reserve University in January 2009.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Jing Qian (錢晶)**, MBA, aged 49, was appointed as an Independent Non-executive Director effective as of November 9, 2020.

From July 1999 to July 2002, Ms. Qian served as an Associate at The Boston Consulting Group. From March 2005 to December 2008, she served as a Project Manager at McKinsey & Company. From January 2009 to March 2010, Ms. Qian was appointed as a Director responsible for business development and strategic planning for the Asia-Pacific region at Baxter (China) Investment Co., Ltd. From April 2010 to January 2012, she was appointed as a Vice President in charge of business development and New Product Planning at Boehringer Ingelheim Pharmaceutical Co., Ltd. Ms. Qian served as the Principal at Fidelity Growth Partners Asia from January 2012 to December 2013. From February 2014 to October 2018, she was appointed as an Executive Director at FountainVest Capital. Between October 2018 to December 2023, Ms. Qian was a Partner at Pivotal BioVenture Partners China, a venture capital firm specializing in venture building in the life science industry.

Ms. Qian obtained her Bachelor's degree in international economics and Master's degree in economics from East China Normal University (華東師範大學) in July 1996 and July 1999, respectively. She received her Master's degree in business administration from The Wharton School, University of Pennsylvania in May 2004.

## DIRECTORS AND SENIOR MANAGEMENT

**Mr. Sheng Tang (唐晟), CPA, MBA**, aged 41, is appointed as an Independent Non-executive Director effective as of November 9, 2020.

From July 2005 to July 2007, Mr. Tang performed audit and business consulting work at PricewaterhouseCoopers Zhong Tian LLP. He served as a Senior Accountant from July 2007 to September 2011 and as a Manager from October 2011 to May 2012 at Ernst & Young Hua Ming LLP Shanghai Branch. From January 2013 to January 2016, he served as a Financial Manager at CITIC Industrial Investment Group Corp., Ltd. Mr. Tang has been appointed as a Senior Lecturer at Shanghai Gaodun Financial Education Group since 2008 and was seconded to Sun Yat-Sen University and Shanghai University from March 2016 to June 2017. From September 2017 to July 2019, he served as the Chief Financial Officer at Canada Tenkey Holdings. In February 2018, Mr. Tang founded Sheng Qian Plus Corp to provide accounting and tax consulting and education service.

Mr. Tang received his Bachelor's degree in economics from Shanghai Institute of International Business and Economics (上海對外貿易學院) (now Shanghai University of International Business and Economics (上海對外經貿大學)) in July 2005 and obtained his Master's degree in business administration from Fudan University (復旦大學) in January 2015. Mr. Tang became a member of the Chinese Institute of Certified Public Accountants in June 2012. In September 2014, he was admitted as a fellow of the Association of Chartered Certified Accountants. Mr. Tang became a member of the Chartered Professional Accountants Ontario in June 2018 and a member of the Hong Kong Institute of Certified Public Accountants in July 2018.

**Dr. Rafael Fonseca, MD**, aged 57, is appointed as an Independent Non-executive Director effective as of April 14, 2023.

Dr. Fonseca is the Getz Family Professor of Cancer, Professor of Medicine, Chair of the Department of Internal Medicine, Chief Innovation Officer, at the Mayo Clinic in Arizona and a member of the Mayo Clinic Board of Governors and Board of Trustees. Throughout his training and career, Dr Fonseca has received numerous awards and honors, including the Damon Runyon-Walter Winchell Clinical Investigator Award and the International Waldenström Macroglobulinemia Research Award. He is a Mayo Clinic Distinguished Investigator, the highest academic distinction given to investigators at his institution. He holds memberships and serves in positions for organizations such as the American Society of Clinical Oncology (ASCO), American Society of Hematology (ASH), American Association for Cancer Research, and the International Myeloma Society. His research has been funded by the National Cancer Institute (R01, P01, SPORE), the Leukemia & Lymphoma Society, the Multiple Myeloma Research Fund, and the Damon Runyon Cancer Research Fund. Dr Fonseca serves as a reviewer and in editorial capacities for medical publications including Blood, Lancet, Nature Medicine, Cancer Cell, Leukemia, and the New England Journal of Medicine, among others. He has given many national and international presentations as a visiting professor and has authored over 300 articles, book chapters, editorials, abstracts, and letters.

Dr. Fonseca earned his medical degree at Universidad Anahuac, Mexico in 1991. He completed a residency in Internal Medicine at the University of Miami, Florida in 1994, and a fellowship in Hematology and Oncology at Mayo Clinic Graduate School of Biomedical Sciences, Rochester, Minnesota in 1998. He was named a clinical investigator for the Damon Runyon Cancer Research Fund. He is a visiting healthcare fellow at the Goldwater Institute.

## DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

**Jay Mei (梅建明), M.D., Ph.D.**, aged 59, was appointed as a Director on August 28, 2018. He was re-designated as an executive Director and appointed as the Chairman of the Board and the CEO on August 18, 2020. For further details of his biography, please see the sub-section headed “EXECUTIVE DIRECTORS” in this section.

**Mr. John F. Chin, MBA**, aged 58, was appointed as the CBO on January 2, 2020 and as an executive Director on August 18, 2020. For further details of his biography, please see the sub-section headed “EXECUTIVE DIRECTORS” in this section.

**Dr. Xiaojing Zhang (張曉靜), M.D.**, aged 47, was appointed as the Chief Medical Officer (CMO) of the Company in December 2022.

Dr. Zhang is a medical oncologist and hematologist with more than 20 years of experience in the field of oncology and pharmaceutical industry, including 7 years of clinical practice in China, nearly 18 years of experience in all phases of clinical development, as well as medical affairs and over 10 years of experience in team management. Dr. Zhang worked at worked for Novartis China and Bayer in both the United States and China for over 12 years during which she was promoted to the position of Global Clinical Leader (GCL)- Oncology, contributing to the approval of Exjade® and Nexavar® and the global development of Xofigo® and Stivarga® and several early phase compounds. Dr. Zhang was most recently the CMO (oncology) and earlier the Vice President, Head of Clinical Development – Oncology, and Corporate Vice President at Hengrui Pharmaceuticals for nearly 3.5 years. Under her leadership, the full functional clinical development team has accomplished multiple Investigational New Drug (IND) approvals in both China and US and numerous New Drug Application (NDA) approvals in China.

**Mr. Donald Andrew Lung (龍振國), J.D., MBA**, aged 42, was appointed as the CFO of the Company on June 8, 2020 and an Executive Director on June 18, 2021. For further details of his biography, please see the sub-section headed “EXECUTIVE DIRECTORS” in this section.

**Mr. Yiteng Liu (劉翼騰)**, aged 40, was appointed as the Chief Operation Officer (COO) on August 18, 2020.

Mr. Liu has been one of the key management members of the Group and has been actively involved in our business, strategy and operational management since our establishment.

From February 2008 to May 2009, Mr. Liu served as an engineer at Agilent Technologies Co. Ltd. From October 2010 to May 2011, he served as a research consultant at Frost & Sullivan (Beijing) Inc., Shanghai Branch and worked on the global offering and listing on the Stock Exchange of Samsonite International S.A. From October 2011 to May 2012, Mr. Liu was appointed as a manager at CBRE and was responsible for headquarter site selection and investment consulting for multinational corporations and institutional investors such as Lego, Unilever, BlackStone, etc. From March 2013 to May 2017, he worked at CITIC Industrial Investment Group Corp., Ltd. while serving as the general manager of the strategic development department at CITIC Senior Living Ltd. Mr. Liu was also one of the founding team members of CITIC Senior Living Ltd. Mr. Liu was appointed as a vice president of Shanghai Antengene focusing on business operation and corporate finance on June 1, 2017. Mr. Liu was also involved in the management of Antengene Zhejiang since June 2017.

Mr. Liu received his Bachelor’s degree in electronic science and technology from Harbin Institute of Technology (哈爾濱工業大學) in July 2007 and obtained his Master’s degree in electronic engineering from The Hong Kong University of Science and Technology in November 2010.

# REPORT OF DIRECTORS

## PRINCIPAL ACTIVITIES

We are a clinical-stage APAC biopharmaceutical company focused on innovative oncology medicines. We distinguish ourselves through our strong R&D capabilities and strategic approach to developing novel oncology therapies. Our vision is to treat patients beyond borders and transform their lives by discovering, developing and commercializing global first-in-class, only-in-class and/or best-in-class therapies.

There were no significant changes in the nature of the Group's principal activities for the year ended December 31, 2023. Please refer to note 1 to the Consolidated Financial Statements on pages 132 to 134 of this report for details of the principal activities of the principal subsidiaries of the Group.

## RESULTS

The results of the Group for the year ended December 31, 2023 are set out in the Consolidated Financial Statements of the Group on pages 126 to 131 of this report.

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2023 (2022: Nil).

There are no arrangements under which a shareholder has waived or agreed to waive any dividends.

## SHARE CAPITAL

Details of the issued shares of the Company for the year ended December 31, 2023 are set out in note 26 to the Consolidated Financial Statements of this report.

## RESERVES

Details of the movements in reserves of the Group for the year ended December 31, 2023 are set out in the Consolidated Statement of Changes in Equity on page 129 of this report.

## DISTRIBUTABLE RESERVES

As at December 31, 2023, the Company's reserves available for distribution from share premium less accumulated losses, calculated in accordance with the provisions of Companies Act of the Cayman Islands, amounted to approximately RMB3,710.5 million (2022: RMB3,657.2 million).

## FINANCIAL SUMMARY

A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial information and financial statements, is set out on page 4 of this report.

## REPORT OF DIRECTORS

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group for the year ended December 31, 2023 are set out in note 13 to the Consolidated Financial Statements of this report.

### SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information available to the Company and to the knowledge of the Directors, the Company's public float complies with the requirements of Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company (the "**Article of Association**") or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

### TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

### CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Neither the Company nor any of its subsidiaries has entered into any contract of significance with a controlling Shareholder or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries.

### TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the year ended December 31, 2023. In order to manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2023 are set out in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" in this report and note 24 to the consolidated financial statements of this report.

## REPORT OF DIRECTORS

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations and capital contribution from shareholders.

### FOREIGN EXCHANGE EXPOSURE

During the Reporting Period, the Group mainly operated in China and the majority of the transactions were settled in RMB. As at December 31, 2023, except for the bank deposits and intra-group balances denominated in foreign currencies other than the functional currency of the entities which they related to, the Group did not have significant foreign currency exposure from its operations.

The Group currently does not have any foreign currency hedging policies. The management will continue to pay attention to the Group's foreign exchange exposure and consider adopting prudent measures as appropriate.

### BENEFIT PLAN

The Group's contributions to the defined contribution schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended December 31, 2023 and December 31, 2022, there was no forfeiture of contributions under the defined contribution schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution schemes as at December 31, 2023 and December 31, 2022, respectively.

For each of the two years ended December 31, 2023 and December 31, 2022, the Group did not have any defined benefit plan.

### ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "AGM") will be held on June 14, 2024. The notice of the AGM will be published and dispatched in due course in the manner as required by the Listing Rules.

### CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, June 11, 2024 to Friday, June 14, 2024, both days inclusive, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, unregistered holders of shares must lodge all properly completed transfer forms accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, June 7, 2024.

# REPORT OF DIRECTORS

## BUSINESS REVIEW

### Overview and Performance of the Year

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" of this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the year ended December 31, 2023 is set out in the section headed "EVENTS AFTER THE END OF THE REPORTING PERIOD" in this report.

### Key Relationship with Stakeholders

The Group recognizes that various stakeholders including employees, medical experts, patients, suppliers and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

The Group believes that it is vital to attract, recruit and retain quality employees. Based on the strategy of our China-inclusive global development and commercial capabilities, we established our development team for innovative medicines globally and commercialization team in China and the Asia-Pacific region. To maintain the quality, knowledge and skill levels of the Group's workforce, the Group conducts new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, the Group provides online and in-person formal and comprehensive Company-level and department-level training to the employees in addition to on-the-job training. The Group also encourages our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills. Training and development programs are provided to the employees to improve their technical skills and ensure their awareness and compliance with various policies and procedures. The Group believes that it maintains a good relationship with its employees and the Group did not experience any significant labor disputes or any difficulty in recruiting staff for its operations.

The Group conducts academic marketing activities to establish and maintain relationships with key opinion leaders in the national medical system. The Group provides these experts with detailed information on its products and helps them make independent comparison among competing products in the market. The Group also maintains long term cooperative relationships with medical experts to help raise the Group's profile, enhance awareness of the Group's products in the medical community and among patients, and provide it with valuable clinical data to improve the Group's products.

The details of an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company are set out in the section headed "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT" in this report.

# REPORT OF DIRECTORS

## Environmental Policies and Performance

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community and achieving sustainable growth.

## Compliance with Relevant Laws and Regulations

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules for, among other things, the disclosure of information and corporate governance. For further details, please refer to the sub-section headed “COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE” in this section.

The Group has also complied with other relevant laws and regulations that have a significant impact on the operations of the Group. Please refer to the section headed “REGULATORY ENVIRONMENT” in the Prospectus for details.

## Key Risks and Uncertainties

There are certain risks involved in our operations, many of which are beyond our control. Some of the major risks we face include:

- We have incurred significant net losses since our inception, and expect to continue to incur net losses for the foreseeable future and may not be able to generate sufficient revenue to achieve or maintain profitability. Potential investors are at risk of losing substantially all of their investments in our Shares.
- We had net operating cash outflow in the past three financial years.
- We may need additional capital to meet our operating cash requirements, and financing may not be available on terms acceptable to us, or at all.
- We have a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.
- We may need additional financing to fund our operations, and if we are unable to obtain such financing, we may be unable to complete the development and commercialization of our drug candidates.
- We face substantial competition and our competitors may discover, develop or commercialize competing drugs earlier or more successfully than we do.

## REPORT OF DIRECTORS

- Our business and financial prospects depend substantially on the success of our clinical stage and preclinical stage drug candidates. If we are unable to successfully complete their clinical development, obtain relevant regulatory approvals or achieve their commercialization, or if we experience significant delays in any of the foregoing, our business and profitability may be adversely affected.
- We may not be able to identify, discover or in-license new drug candidates, and may allocate our limited resources to pursue a particular candidate or indication and fail to capitalize drug candidates or indications that may later prove to be more profitable, or for which there is a greater likelihood of success.
- If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.
- If clinical trials of our drug candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our drug candidates.
- Our drug development progress may be affected by the clinical development progress of our collaboration partners, including but not limited to Celgene and Karyopharm. If the collaboration partners are unable to successfully complete clinical development, obtain relevant regulatory approvals or achieve commercialization, or if they experience significant delays in any of the foregoing, our business and profitability may be adversely affected.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares. Although our management has proven track record of drug manufacturing and commercialization, we have limited experience in manufacturing pharmaceutical products, which is a highly exacting and complex process, and limited experience in commercialization as we have not yet commercialized any of our drug candidates. Our business could be materially and adversely affected if we encounter problems in the manufacturing process of our future drug products.

## PROSPECTS

A description of the future development in the Company's future business is set out in the sections headed "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" of this report.

## REPORT OF DIRECTORS

### USE OF PROCEEDS FROM THE LISTING OF SHARES OF THE COMPANY

The shares of the Company were listed on November 20, 2020 and the over-allotment option was partially exercised on December 12, 2020. The Company has received a net proceeds of approximately RMB2,274.70 million. According to the plan on use of proceeds as set out in the Prospectus, the Company intends to use the net proceeds for the following purposes:

- Approximately 41% of the net proceeds (equivalent to approximately RMB932.63 million) will be allocated to ATG-010 (selinexor) and ATG-008 (onatasertib), our core products.
  - approximately 28% of the net proceeds (equivalent to approximately RMB636.92 million) is expected to be for ATG-010 (selinexor):
    - a) approximately 20% of the net proceeds (equivalent to approximately RMB454.94 million) is expected to fund its R&D activities, including the ongoing and planned clinical trials; and
    - b) approximately 8% of the net proceeds (equivalent to approximately RMB181.98 million) is expected to fund the commercialization of ATG-010 (selinexor).
  - approximately 13% of the net proceeds (equivalent to approximately RMB295.71 million) is expected to be for ATG-008 (onatasertib) to fund its R&D activities, including the ongoing and planned clinical trials.
- Approximately 25% of the net proceeds (equivalent to approximately RMB568.67 million) will be allocated to fund our four other clinical stage drug candidates.
  - approximately 11% of the net proceeds (equivalent to approximately RMB250.22 million) is expected to be used to fund the R&D activities of ATG-016 (eltanexor), including ongoing and planned clinical trials and milestone payments;
  - approximately 2% of the net proceeds (equivalent to approximately RMB45.49 million) is expected to be used to fund the R&D activities of ATG-527 (verdinexor), including ongoing and planned clinical trials and milestone payments;
  - approximately 3% of the net proceeds (equivalent to approximately RMB68.24 million) is expected to be used to fund the R&D activities of ATG-019, including ongoing and planned clinical trials and milestone payments; and
  - approximately 9% of the net proceeds (equivalent to approximately RMB204.72 million) is expected to be used to fund the R&D activities of ATG-017, including ongoing and planned clinical trials and milestone payments.
- Approximately 9% of the net proceeds (equivalent to approximately RMB204.72 million) is expected to be allocated to ongoing preclinical studies and planned clinical trials for other preclinical drug candidates in our pipeline.

## REPORT OF DIRECTORS

- Approximately 14% of the net proceeds (equivalent to approximately RMB318.46 million) is expected to be allocated to expansion of our pipeline, including discovery of new drug candidates and business development activities.
- Approximately 1% of the net proceeds (equivalent to approximately RMB22.75 million) is expected to be allocated to capital expenditure.
- Approximately 10% of the net proceeds (equivalent to approximately RMB227.47 million) is expected to be used for general corporate purposes.

From the Listing Date and up to December 31, 2023, the Company had utilized the Net Proceeds of approximately RMB1,672.60 million in accordance with the above purposes. As at December 31, 2023, the total unutilized Net Proceeds amounted to approximately RMB602.10 million.

### CHANGE IN USE OF PROCEEDS

As stated in the annual results announcement for the year ended December 31, 2023 of the Company dated March 22, 2024, having considered the reasons set out in sub-section headed “REASONS FOR CHANGE IN USE OF PROCEEDS” below, the Board has resolved to change the use of the Unutilized Net Proceeds to optimize the deployment of financial resources under changing market conditions, which is in line with the Group’s overall and long-term business strategy. The actual usage of the Net Proceeds up to December 31, 2023, and the proposed changes in the use of the Unutilized Net Proceeds are summarized in the table below.

Function	Original % of use of the Net Proceeds (Approximately)	Original allocation of the Net Proceeds RMB million	Unutilized net proceeds as at December 31, 2022 RMB million	Actual usage of the Net Proceeds during the Reporting Period RMB million	Unutilized Net Proceeds as at December 31, 2023 RMB million	Revised % of use of the Net Proceeds (Approximately)	Revised allocation of the Net Proceeds RMB million	Revised	% of the	Expected
								allocation of the Unutilized Net Proceeds as at December 31, 2023 RMB million	Unutilized Net Proceeds after revised allocation	timeline for full utilization of the Unutilized Net Proceeds
Fund ongoing and planned clinical trials and milestone payments of our two Core Products and commercial launches of ATG-010	41%	932.63	203.43	203.43	-	41.00%	932.63	-	-	N/A
Fund ongoing and planned clinical trials and milestone payments of four other clinical-stage drug candidates in our pipeline	25%	568.67	486.57	23.15	463.42	5.16%	117.29	12.04	2%	By December 31, 2025
Fund ongoing pre-clinical studies and planned clinical trials for other pre-clinical drug candidates in our pipeline	9%	204.72	-	-	-	33.35%	758.65	553.93	92%	By December 31, 2025
For expansion of our pipeline, including discovery of new drug candidates and business development activities	14%	318.46	236.91	98.23	138.68	9.49%	215.91	36.13	6%	By December 31, 2025
For capital expenditure	1%	22.75	-	-	-	1.00%	22.75	-	-	N/A
For general corporate purposes	10%	227.47	-	-	-	10.00%	227.47	-	-	N/A
<b>Total</b>	<b>100%</b>	<b>2,274.70</b>	<b>926.91</b>	<b>324.81</b>	<b>602.10</b>	<b>100.00%</b>	<b>2,274.70</b>	<b>602.10</b>	<b>100%</b>	

Note: Net proceeds from the IPO were received in HKD and translated into RMB for the allocation and the utilization calculation, and have been adjusted slightly due to the fluctuation of the foreign exchange rates since the listing.

## REPORT OF DIRECTORS

### REASONS FOR CHANGE IN USE OF PROCEEDS

The main reasons for the proposed changes of the use of the Unutilized Net Proceeds are as follows:

- (a) as set out in the Prospectus, approximately 25% of the Net Proceeds is intended to be used for funding ongoing and planned clinical trials and milestone payments of four other clinical-stage drug candidates in our pipeline (i.e. ATG-016 (eltanexor), ATG-527 (verdinexor), ATG-019 and ATG-017). Based on our ongoing assessment of the data and circumstance, as well as consideration of global development progresses of our business partner and recognition of the greater potential in other pipeline products, the Company intends to reduce this portion of the Unutilized Net Proceeds and devote resources to assets with the greatest potential and global rights in line with its cost-efficiency strategy;
- (b) as set out in the Prospectus, approximately 9% of the Net Proceeds is intended to be allocated to ongoing pre-clinical studies and planned clinical trials for other pre-clinical drug candidates in our pipeline. The Company has resolved to reallocate more proceeds to prioritize R&D activities within the rapidly expanding product pipeline, including but not limited to ATG-101 (PD-L1/4-1BB bispecific antibody), ATG-018 (ATR inhibitor), ATG-022 (Claudin 18.2 antibody-drug conjugate) and ATG-031 (CD24 antibody). The above candidates were defined as pre-clinical assets in the Prospectus and have now been progressed into clinical stages. In the meantime, we intend to deploy resources to support the rapidly growing R&D activities such as ATG-037 (CD73 inhibitor) and other selective pre-clinical drug candidates to maximize the potential of our pipeline assets which are synergistic to each other. The Company has prioritized and will continue to prioritize the above assets with global rights. The development progress can be referred to “MANAGEMENT DISCUSSION AND ANALYSIS – BUSINESS REVIEW” in this report; and
- (c) as set out in the Prospectus, approximately 14% of the Net Proceeds is intended to be used for expansion of our pipeline, including discovery of new drug candidates and business development activities. The Company has resolved to reduce the said portion by leveraging enhanced in-house R&D capabilities and reallocate resources to support and accelerate R&D activities of the existing pipeline assets with great potential.

As such, the Group intends to reallocate the Unutilized Net Proceeds of approximately RMB553.93 million to “Fund ongoing pre-clinical studies and planned clinical trials for other pre-clinical drug candidates in our pipeline”.

The Board confirms that there is no material change in the business of the Company as set out in the Prospectus. The Board considers that the above changes in the use of the Unutilized Net Proceeds are in line with the Group’s business strategy and are not anticipated to raise any significant adverse impact on the current business and operations of the Group. These changes are believed to be beneficial to the continuing development of the Group’s business, and would allow the Company to deploy its financial resources more efficiently, and are therefore in the best interests of the Company and its shareholders as a whole. The Board will constantly evaluate the Group’s business objective and may modify plans in response to the changing market conditions to ascertain the business growth of the Group.

## REPORT OF DIRECTORS

### EVENTS AFTER THE END OF THE REPORTING PERIOD

For details of the events after the end of the Reporting Period, please refer to the section headed “MANAGEMENT DISCUSSION AND ANALYSIS – EVENTS AFTER THE REPORTING PERIOD” of this report.

### DIRECTORS

The Directors during the year ended December 31, 2023 and up to the date of this report are:

#### Executive Directors

Dr. Jay Mei (梅建明)

Mr. John F. Chin

Mr. Donald Andrew Lung (龍振國)

#### Non-executive Directors

Dr. Kan Chen (陳侃)

Mr. Yilun Liu (劉逸倫) (resigned on April 14, 2023)

#### Independent Non-executive Directors

Ms. Jing Qian (錢晶)

Mr. Sheng Tang (唐晟)

Dr. Rafael Fonseca (appointed on April 14, 2023)

Mr. Mark J. Alles (resigned on April 14, 2023)

Mr. Yilun Liu has tendered his resignation as a non-executive Director with effect from April 14, 2023 due to his own business engagement which requires more of his attention and dedication.

Mr. Mark J. Alles has tendered his resignation as an independent non-executive Director with effect from April 14, 2023 in order to pursue other new opportunities taking an executive role within the pharmaceutical industry, which may or may not give rise to a potential conflict of interests.

### DIRECTORS APPOINTED DURING THE REPORTING PERIOD

Dr. Rafael Fonseca, who was appointed as an Independent Non-Executive Director during the Reporting Period, has obtained the legal advice under Rule 3.09D of the Listing Rules on May 23, 2023 and has confirmed that he understood his obligations as a Director of the Company.

### RE-ELECTION OF DIRECTORS PURSUANT TO REQUIREMENTS UNDER THE ARTICLE OF ASSOCIATION OF THE COMPANY

In accordance with Article 16.19 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

## REPORT OF DIRECTORS

Accordingly, Dr. Jay Mei, Dr. Kan Chen, Ms. Jing Qian and Mr. Sheng Tang shall retire from office by rotation. Dr. Kan Chen confirmed that he will not offer himself for re-election at the AGM and will retire upon conclusion of the AGM. Dr. Jay Mei, Ms. Jing Qian and Mr. Sheng Tang, being eligible, have offered themselves for re-election as the Directors at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to Shareholders to be dispatched in due course in the manner as required by the Listing Rules.

### DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and Senior Management of the Group are set out on pages 27 to 31 of this report. Save as disclosed in this report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with us under which the initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than two months' prior notice. Pursuant to the service contracts entered into with us, none of our executive Directors will receive any remuneration as Director's fee.

Each of our non-executive Directors has entered into a service contract with us under which the initial term of their service contract shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice. Pursuant to the service contracts entered into with us, the non-executive Directors will receive no remuneration as Director's fee.

Each of our independent non-executive Directors has entered into an appointment letter with us effective from the Listing Date. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years or until the third annual general meeting of our Company after the Listing Date, whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing. Under these appointment letters, each of our independent non-executive Directors will receive an annual director's fee ranging from US\$50,000 to US\$100,000 commencing on the effective date of their appointment.

None of the Directors proposed for re-election at the AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

### CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the Independent Non-executive Directors, namely Dr. Rafeal Fonseca, Ms. Jing Qian and Mr. Sheng Tang, a confirmation of their respective independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors, and considered that the Independent Non-executive Directors are independent.

## REPORT OF DIRECTORS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As far as the Company is aware, as at December 31, 2023, the interests and short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name of Director or CEO	Nature of Interest	Total number of shares/ underlying shares	Approximate Percentage of Shareholding Interest <sup>(2)</sup>
Dr. Jay Mei <sup>(3)</sup>	Interest in controlled corporation and beneficial interest	183,597,994(L) <sup>(1)</sup>	27.20%
Mr. John F. Chin <sup>(4)</sup>	Beneficial interest	1,825,496(L) <sup>(1)</sup>	0.27%
Mr. Donald Andrew Lung <sup>(5)</sup>	Beneficial interest	4,100,000(L) <sup>(1)</sup>	0.61%
Mr. Jing Qian <sup>(6)</sup>	Beneficial interest	80,000(L) <sup>(1)</sup>	0.01%
Mr. Sheng Tang <sup>(7)</sup>	Beneficial interest	80,000(L) <sup>(1)</sup>	0.01%

Notes:

- (1) "L" means holding a long position in Shares.
- (2) Refers to the percentage of the number of relevant Shares involved divided by the number of Shares in issue of the Company as at December 31, 2023.
- (3) Meiland Pharma Tech SPC ("Meiland") holds 175,927,994 Shares. Meiland is owned as to 16.48% by Dr. Mei, as to 15.15% by AM & Beyond Trust, as to 1.28% by the JAY MEI 2022 GRAT and as to 67.09% by the JAY MEI 2023 GRAT. Dr. Mei is the grantor and the trustee of the AM & Beyond Trust, the grantor and the beneficiary of the JAY MEI 2022 GRAT and the grantor and the beneficiary of the JAY MEI 2023 GRAT. Accordingly, Dr. Jay Mei is deemed to be interested in the total number of Shares held by Meiland. In addition, Dr. Jay Mei is entitled to (i) acquire up to 4,670,000 Shares pursuant to the share options granted to him; and (ii) 3,000,000 underlying Shares of RSUs granted to him, both subject to the relevant conditions (including the vesting conditions) thereunder.
- (4) Mr. John F. Chin directly holds 135,496 Shares. In addition, Mr. John F. Chin is entitled to (i) acquire up to 1,380,000 Shares pursuant to the share options granted to him; and (ii) 310,000 underlying Shares of RSUs granted to him, both subject to the relevant conditions (including the vesting conditions) thereunder.
- (5) Mr. Donald Andrew Lung is entitled to (i) acquire up to 3,600,000 Shares pursuant to the share options granted to him; and (ii) 500,000 underlying Shares of RSUs granted to him, both subject to the relevant conditions (including the vesting conditions) thereunder.
- (6) Ms. Jing Qian is entitled to (i) acquire up to 30,000 Shares pursuant to the share options granted to her; and (ii) 50,000 underlying Shares of RSUs granted to her, both subject to the relevant conditions (including the vesting conditions) thereunder.
- (7) Mr. Sheng Tang is entitled to (i) acquire up to 30,000 Shares pursuant to the share options granted to him; and (ii) 50,000 underlying Shares of RSUs granted to him, both subject to the relevant conditions (including the vesting conditions) thereunder.

## REPORT OF DIRECTORS

Save as disclosed above, as at December 31, 2023, none of the Directors or chief executives of the Company had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2023, to the best of the knowledge of the Company and the Directors, the following are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Interests in the Shares and Underlying Shares of the Company

Name of Shareholder	Nature of Interest	Total number of shares/ underlying shares	Approximate Percentage of Shareholding Interest <sup>(2)</sup>
Meiland Pharma Tech SPC	Beneficial interest	175,927,994(L) <sup>(1)</sup>	26.07%
Boyu Capital Group Holdings Ltd. <sup>(3)</sup>	Interest in controlled corporation	73,789,650(L) <sup>(1)</sup>	10.93%
Boyu Capital General Partner III, Ltd. <sup>(3)</sup>	Interest in controlled corporation	62,711,436(L) <sup>(1)</sup>	9.29%
Boyu Capital General Partner III, L.P. <sup>(3)</sup>	Interest in controlled corporation	62,711,436(L) <sup>(1)</sup>	9.29%
Boyu Capital Fund III, L.P. <sup>(3)</sup>	Interest in controlled corporation	62,711,436(L) <sup>(1)</sup>	9.29%
Active Ambience Limited <sup>(3)</sup>	Beneficial interest	62,711,436(L) <sup>(1)</sup>	9.29%
THE CORE TRUST COMPANY LIMITED <sup>(4)</sup>	Trustee	63,760,332(L) <sup>(1)</sup>	9.45%
FountainVest China Capital Partners GP3 Ltd. <sup>(5)</sup>	Interest in controlled corporation	46,314,396(L) <sup>(1)</sup>	6.86%
FountainVest China Capital Partners Fund III, L.P. <sup>(5)</sup>	Interest in controlled corporation	46,314,396(L) <sup>(1)</sup>	6.86%
Begonia Investment Ltd. <sup>(5)</sup>	Beneficial interest	46,314,396(L) <sup>(1)</sup>	6.86%
Qiming Corporate GP V, Ltd <sup>(6)</sup>	Interest in controlled corporation	40,170,442(L) <sup>(1)</sup>	5.95%
Qiming GP V, L.P. <sup>(6)</sup>	Interest in controlled corporation	38,961,648(L) <sup>(1)</sup>	5.77%
Qiming Venture Partners V, L.P. <sup>(6)</sup>	Beneficial interest	38,961,648(L) <sup>(1)</sup>	5.77%

## REPORT OF DIRECTORS

### Notes:

- (1) "L" means holding a long position in Shares.
- (2) Refers to the percentage of the number of relevant Shares involved divided by the number of Shares in issue of the Company as at December 31, 2023.
- (3) Active Ambience Limited ("**Active Ambience**") is wholly-owned by Boyu Capital Fund III, L.P. ("**BCF III**"). Boyu Capital General Partner III, L.P. ("**BCGP III LP**") is the general partner of BCF III. Boyu Capital General Partner III, Ltd. ("**BCGP III Ltd**") is the general partner of BCGP III LP. BCGP III Ltd is wholly-owned by Boyu Capital Group Holdings Ltd. ("**BCGH**"). Accordingly, each of BCF III, BCGP III LP, BCGP III Ltd and BCGH is deemed to be interested in the total number of Shares held by Active Ambience. In addition, Supercluster Universe Limited ("**Supercluster Universe**") holds 3,538,714 Shares immediately following completion of the Capitalization Issue and the Global Offering. Supercluster Universe is wholly-owned by Boyu Capital Opportunities Master Fund ("**BCOMF**"), which is in turn wholly-owned by Boyu Capital Investment Management Limited ("**BCIM**"). BCIM is wholly-owned by BCGH. Accordingly, BCGH is also deemed to be interested in the total number of Shares held by Supercluster Universe and 7,539,500 Shares directly held by BCOMF.
- (4) THE CORE TRUST COMPANY LIMITED, as a trustee, holds 19,829,500 Shares, 25,553,732 Shares and 18,377,100 shares on trust under certain equity incentive plans through ATG Incentives Holding Limited, ATG Incentives Holding Plus Limited and Antengene Resurrection Limited (each a "**Nominee**" and collectively "**Nominees**"), respectively. Each of the Nominees is wholly-owned by TCT (BVI) Limited, which is in turn wholly-owned by THE CORE TRUST COMPANY LIMITED.
- (5) Begonia Investment Ltd. ("**Begonia**") is owned as to 76.25% by FountainVest China Capital Partners Fund III, L.P., which is wholly controlled by FountainVest China Capital Partners GP3 Ltd. Accordingly, each of FountainVest China Capital Partners Fund III, L.P. and FountainVest China Capital Partners GP3 Ltd. is deemed to be interested in the 46,975,396 Shares held by Begonia.
- (6) Qiming GP V, L.P. is the general partner of Qiming Venture Partners V, L.P., and Qiming Corporate GP V, Ltd is the general partner of Qiming GP V, L.P. Accordingly, each of Qiming GP V, L.P. and Qiming Corporate GP V, Ltd is deemed to be interested in the total number of Shares held by Qiming Venture Partners V, L.P. In addition, Qiming Managing Directors Fund V, L.P. holds 1,208,794 Shares immediately following completion of the Capitalization Issue and the Global Offering. Qiming Corporate GP V, Ltd is the general partner of Qiming Managing Directors Fund V, L.P. and is deemed to be interested in the total number of Shares held by the latter.

Save as disclosed above, as at December 31, 2023, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended December 31, 2023, a total of 3,960,000 RSUs (representing 3,960,000 underlying awarded Shares being existing Shares) were granted to the Directors. Details of each of the aforesaid grant of RSUs to the Directors are set out as follows:

## REPORT OF DIRECTORS

<b>Name of Director</b>	<b>Number of RSUs granted</b>
Dr. Jay Mei	3,000,000
Mr. Donald Andrew Lung	500,000
Mr. John F. Chin	310,000
Mr. Jing Qian	50,000
Mr. Sheng Tang	50,000

Save as disclosed in this report, at no time during the year ended December 31, 2023 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

Save as disclosed in this report, each of the Directors confirms that during the year ended December 31, 2023, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules. From time to time our Non-executive Directors may serve on the boards of both private and public companies within the broader healthcare and biopharmaceutical industries. However, as these Non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.

### **CONNECTED AND CONTINUING CONNECTED TRANSACTIONS**

For the year ended December 31, 2023, none of the related parties transactions as disclosed in Note 31 to the Consolidated Financial Statements constitute any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. For the year ended December 31, 2023, we have not entered into any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules. During the Reporting Period, the Company has complied with all the disclosure requirements under Chapter 14A of the Listing Rules.

## REPORT OF DIRECTORS

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Save as disclosed in this report, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during the year ended December 31, 2023 and up to the date of this report.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2023 and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

### DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Company shall indemnify out of the assets of the Company, any Director against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceeding, whether civil or criminal, in which judgment is given in his/her favour, or in which he is acquitted. The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group.

### STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at December 31, 2023, we had 201 employees (2022: 394 employees). Our employees' remuneration comprises salaries, bonuses, employee provident fund and social security contributions and other welfare payments. In accordance with applicable PRC laws, we have 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 our employees in the PRC.

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances, benefits in kind, contribution to the pension scheme and other share-based compensation. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority. Details of the Directors' remuneration during the year are set out in note 8 to the Consolidated Financial Statements. No amount was paid to any Director or any of the five highest paid individual disclosed in note 9 to the Consolidated Financial Statements as an inducement to join or upon joining the Company or as a compensation for loss of office. In addition, there was no arrangement under which a Director waived or agreed to waive any remuneration.

## REPORT OF DIRECTORS

### EQUITY INCENTIVE PLANS

The 2019 Equity Incentive Plan was adopted and approved by resolutions in writing by the Board on December 30, 2019 and amended by resolutions in writing by the Board on August 18, 2020. The 2020 Equity Incentive Plan (together with the 2019 Equity Incentive Plan, the “**Equity Incentive Plans**”) was adopted and approved by resolutions in writing by the Board on August 18, 2020.

The following is a summary of the principal terms of the 2019 Equity Incentive Plan and the 2020 Equity Incentive Plan.

- **Summary of terms**

**Purpose.** The purpose of the Equity Incentive Plans is to enhance the long-term Shareholder value of our Company by offering opportunities to employees, Directors and officers of our Group to participate in and benefit from our Company’s growth and success, and to secure and retain the services of eligible participants.

**Eligible Participants.** Any of the following persons shall be eligible to participate in the Equity Incentive Plans subject to the Board’s approval:

- any officer (whether or not a director) or employee of our Company or any of its subsidiaries;
- any director of our Company or any of its subsidiaries; or
- any individual consultant or advisor who renders or has rendered bona fide services to our Company or any of its subsidiaries, each subject to the approval of the Board.

**Maximum Number of Shares.** The maximum number of Shares underlying the share options shall not exceed 45,702,232 Shares, being no more than 10% of the total issued share capital of the Company Shares as at the Listing Date. 20,000,000 Shares have been allotted and issued and are currently held by The Core Trust Company Limited (the “**Trustee**”) on trust through ATG Incentives Holding Limited (“**ATG Incentives**”) and 25,702,232 Shares have been allotted and issued to the Trustee on trust through ATG Incentives Holding Plus Limited (“**ATG Incentives Plus**”), respectively, for further grant of share options under the Equity Incentive Plans. Currently 19,829,500 Shares and 25,553,732 Shares are held by the Trustee on trust through ATG Incentives and ATG Incentives Plus respectively. Each of ATG Incentives and ATG Incentives Plus is a special purpose vehicle managed by the Trustee established for the purpose of holding Shares for grant of share options pursuant to the Equity Incentive Plans.

**Maximum Entitlement of a Participant.** No share option shall be granted to any one person such that the total number of Shares subject to the share options and any other option over the Shares (including exercised, cancelled and outstanding options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time, except with the approval of the Shareholders of the Company with such person and his close associates abstaining from voting.

## REPORT OF DIRECTORS

**Acceptance of option.** No consideration is payable by the grantee upon acceptance of the option.

**Performance Target.** The share options will be allocated and granted subject to the performance criteria as set forth at the sole discretion of the Board.

**Exercise Price.** The exercise price under each share option shall be set forth in the notice of grant. The Board may determine any further discount to the exercise price upon or after the grant of the option, provided that the exercise price in respect of any share option granted shall be not less than the highest of: (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the grant date of such share option (the "**Grant Date**"), which must be a business day; and (iii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Grant Date. The participant has the discretion to pay the exercise price by any combination of payment methods set forth in the Equity Incentive Plans. The tax withholding to be paid for the Shares shall be determined according to the provisions in the Equity Incentive Plans and applicable law.

**Duration.** Unless terminated sooner by the Administrator (as defined below), the Equity Incentive Plans will automatically terminate on the tenth anniversary of their respective effective date, after which no share option may be granted. The remaining life of each of the 2019 Equity Incentive Plan and the 2020 Equity Incentive Plan is approximately 5.5 years and approximately 6.5 years, respectively.

**Administration.** The Equity Incentive Plans shall be subject to the administration of the Trustee (the "**Administrator**") in accordance with the decisions and directions of the Board. Subject to any applicable laws, regulations and rules, the powers and obligations of the Administrator will be limited as set forth in a trust deed entered into between our Company and the Trustee.

**Option Agreement and Notice of Grant.** Each share option granted under the Equity Incentive Plans shall be evidenced by an option agreement and a notice of grant in the specified form between our Company and a participant. Subject to the terms of the Equity Incentive Plans and the terms of the form option agreement attached thereto, each share option may contain additional terms and conditions as the Board deems appropriate.

**Options.** The Equity Incentive Plans provide for award of options only. The CEO is entitled to make proposals (the "**Management Proposals**") to the Board with respect to any and all matters as our Company deems necessary or desirable in connection with the Equity Incentive Plans or the option agreements, which shall be subject to the Board's further review and approval. Share options may be granted only to those persons whom the Board determined to be eligible recipients based on the Management Proposals at the exercise price determined by the Board and subject to the performance criteria as set forth at the sole discretion of the Board. Each vested share option shall not be exercisable until the later of (i) the date such share option has vested in accordance with the terms of the Equity Incentive Plans or (ii) 30 days after the Listing, but shall be exercised no later than 10 years from the date of grant (the "**Exercise Period**"). The participant must send a written notice of exercise in the specified form to our Company within the Exercise Period, setting forth the number of Shares with respect to which the share option is being exercised and accompanied by full payment for the Shares.

**Vesting.** Subject to other conditions set forth in the Equity Incentive Plans and the applicable option agreement, a participant's share option shall be vested according to the following schedule: (i) 30% of the share option shall be vested on the second anniversary of the Grant Date, (ii) 30% of the share option shall be vested on the third anniversary of the Grant Date, and (iii) the remaining 40% of the share option shall be vested on the fourth anniversary of the Grant Date. The Board may decide to accelerate the vesting schedule of share options at its sole discretion.

## REPORT OF DIRECTORS

### Outstanding share options granted under the Equity Incentive Plans

As all Shares underlying the share options which could be granted under the 2019 Equity Incentive Plan and the 2020 Incentive Plan have already been issued and allotted to the Trustee which holds such Shares on trust, no further Shares will be issued under the 2019 Equity Incentive Plan and the 2020 Incentive Plan. Since there was no grant of share options during the financial year under the Equity Incentive Plans and no further Shares will be issued under the Equity Incentive Plans, the number of Shares that may be issued in respect of options granted under the Equity Incentive Plans during the financial year divided by the weighted average number of Shares in issue during the Reporting Period is nil.

The total number of underlying Shares of all outstanding share options under the Equity Incentive Plans as at January 1, 2023 and December 31, 2023 was 34,489,766 and 32,456,266 respectively, which represented about 5.11% and 4.81% of the issued share capital of the Company respectively.

All share options that could be granted under the then available scheme mandate limit as at January 1, 2023, December 31, 2023 and the date of this report were 7,387,912, 7,387,912 and 7,387,912 shares respectively, which represented about 1.09%, 1.09% and 1.09% of the issued share capital of the Company respectively.

The share options have been granted based on the performance, length of service and significance of the grantees who have made important contributions to and are important to the long-term growth and success of our Group. As at December 31, 2023, the grantees under the Equity Incentive Plans include 6 Directors, 2 members of the senior management and 93 other employees of our Group. Details of the share options granted under the Equity Incentive Plans as at December 31, 2023 are set out below:

Name or category of grantee	Outstanding As at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Date of Grant	Exercise Price	Vesting Period	Exercise Period	Share closing price immediately before the date of grant of share options	Weighted average share closing price immediately before the exercise dates
<b>Directors</b>												
Dr. Jay Mei	4,000,000	-	-	-	-	4,000,000	23-Aug-20	US\$0.92	Note 1	Note 6	N/A (Note 2)	N/A
	670,000	-	-	-	-	670,000	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	4,670,000	-	-	-	-	4,670,000						N/A
Mr. John F. Chin	1,000,000	-	-	-	-	1,000,000	23-Aug-20	US\$0.92	Note 3	Note 6	N/A (Note 2)	N/A
	300,000	-	-	-	-	300,000	19-Jan-21	HK\$20.65	Note 3	Note 6	HK\$20.9	N/A
	80,000	-	-	-	-	80,000	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	1,380,000	-	-	-	-	1,380,000						N/A
Mr. Donald Andrew Lung	3,200,000	-	-	-	-	3,200,000	23-Aug-20	US\$1.42	Note 3	Note 6	N/A (Note 2)	N/A
	300,000	-	-	-	-	300,000	19-Jan-21	HK\$20.65	Note 3	Note 6	HK\$20.9	N/A
	100,000	-	-	-	-	100,000	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	3,600,000	-	-	-	-	3,600,000						N/A

## REPORT OF DIRECTORS

Name or category of grantee	Outstanding As at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Date of Grant	Exercise Price	Vesting Period	Exercise Period	Share closing price immediately before the date of grant	Weighted average share closing price immediately before the exercise dates
											of share options	before the exercise dates
Mr. Mark J. Alles (Note 5)	600,000	-	-	600,000	-	0	23-Aug-20	US\$0.92	Note 3	Note 6	N/A (Note 2)	N/A
	50,000	-	-	50,000	-	0	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	650,000	-	-	650,000	-	0						
Ms. Jing Qian	20,000	-	-	-	-	20,000	23-Aug-20	US\$0.92	Note 3	Note 6	N/A (Note 2)	N/A
	10,000	-	-	-	-	10,000	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	30,000	-	-	-	-	30,000						
Mr. Sheng Tang	20,000	-	-	-	-	20,000	23-Aug-20	US\$0.92	Note 3	Note 6	N/A (Note 2)	N/A
	10,000	-	-	-	-	10,000	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	30,000	-	-	-	-	30,000						
<b>Senior management</b>												
Mr. Yiteng Liu	1,851,500	-	-	-	-	1,851,500	23-Aug-20	US\$0.92	Note 1	Note 6	N/A (Note 2)	N/A
	400,000	-	-	-	-	400,000	30-Oct-20	US\$0.92	Note 1	Note 6	N/A (Note 2)	N/A
	300,000	-	-	-	-	300,000	19-Jan-21	HK\$20.65	Note 3	Note 6	HK\$20.9	N/A
	100,000	-	-	-	-	100,000	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	2,651,500	-	-	-	-	2,651,500						
Mr. Bo Shan	1,020,000	-	-	-	-	1,020,000	1-Nov-19	US\$0.88	Note 4	Note 6	N/A (Note 2)	N/A
	600,000	-	-	-	-	600,000	23-Aug-20	US\$1.06	Note 3	Note 6	N/A (Note 2)	N/A
	400,000	-	-	-	-	400,000	19-Jan-21	HK\$20.65	Note 3	Note 6	HK\$20.9	N/A
	150,000	-	-	-	-	150,000	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	2,170,000	-	-	-	-	2,170,000						
Dr. Yijun Yang (Note 7)	1,485,120	-	-	-	-	1,485,120	23-Aug-20	US\$0.88	Note 4	Note 6	N/A (Note 2)	N/A
	1,000,000	-	-	-	-	1,000,000	23-Aug-20	US\$1.06	Note 3	Note 6	N/A (Note 2)	N/A
	300,000	-	-	-	-	300,000	19-Jan-21	HK\$20.65	Note 3	Note 6	HK\$20.9	N/A
	120,000	-	-	-	-	120,000	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	2,905,120	-	-	-	-	2,905,120						
<b>Subtotal</b>	<b>18,086,620</b>	<b>-</b>	<b>-</b>	<b>650,000</b>	<b>-</b>	<b>17,436,620</b>						

# REPORT OF DIRECTORS

Name or category of grantee	Outstanding As at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2023	Date of Grant	Exercise Price	Vesting Period	Exercise Period	Share closing price immediately before the date of grant of share options	Weighted average share closing price immediately before the exercise dates
<b>Employee participants</b>												
<b>(Note 9)</b>												
93 other employees of the Company	334,000	-	-	72,000	-	262,000	November 1, 2019 to	US\$0.88	Note 3	Note 6	N/A (Note 2)	N/A
	6,081,404	-	-	-	-	6,081,404		US\$0.88	Note 4	Note 6	N/A (Note 2)	N/A
	1,562,000	-	-	40,000	-	1,522,000	October 30, 2020	US\$0.92	Note 3	Note 6	N/A (Note 2)	N/A
	266,000	-	-	8,000	-	258,000		US\$1.06	Note 3	Note 6	N/A (Note 2)	N/A
	616,000	-	-	74,000	-	542,000		US\$1.21	Note 3	Note 6	N/A (Note 2)	N/A
	1,422,000	-	-	142,000	-	1,280,000		US\$1.42	Note 3	Note 6	N/A (Note 2)	N/A
	3,364,000	-	-	450,000	-	2,914,000	19-Jan-21	HK\$20.65	Note 3	Note 6	HK\$20.9	N/A
	2,579,742	-	-	597,500	-	1,982,242	27-Aug-21	HK\$12.56	Note 3	Note 6	HK\$12.94	N/A
	178,000	-	-	-	-	178,000	20-Dec-21	HK\$10.29	Note 3	Note 6	HK\$10.1	N/A
Subtotal	16,403,146	-	-	1,383,500	-	15,019,646						
<b>Total</b>	<b>34,489,766</b>	<b>-</b>	<b>-</b>	<b>2,033,500</b>	<b>-</b>	<b>32,456,266</b>						

## Notes:

- All of such options are to be vested six months after the Listing Date.
- Such share options were granted before the Listing Date and therefore the share closing price immediately before the date of grant of the share options is not applicable.
- 30% of such share options are to be vested two years from the date of grant; 30% of such options are to be vested three years from the date of grant; 40% of such options are to be vested four years from the date of grant.
- 15% of such share options were vested upon the Listing Date; 15% of such options are to be vested two years from the date of grant; 30% of such options are to be vested three years from the date of grant; 40% of such options are to be vested four years from the date of grant.
- Mr. Mark J. Alles has resigned as a Director with effect from April 14, 2023.
- The exercise period of the share options granted under the Equity Incentive Plans is 10 years from the date of grant (subject to vesting).
- Dr. Yijun Yang has resigned on August 25, 2023.
- The share options granted under the Equity Incentive Plans are not subject to any performance target.
- Employee participants include employees of the Company and its subsidiaries.
- The fair value of share options granted during the Reporting Period at the date of grant is N/A, since there was no grant of share options under the Equity Incentive Plans during the Reporting Period.
- Save as disclosed above, no option was granted under the Equity Incentive Plans to any Director, chief executive of the Company or substantial Shareholder, or their respective associates.
- No participant has been granted with options and awards in excess of the 1% individual limit.
- No option has been granted under the Equity Incentive Plans to related entity participant or service provider.

For further details, please refer to note 2.4 and note 28 to the Consolidated Financial Statements of this report.

# REPORT OF DIRECTORS

## RESTRICTED SHARE UNIT SCHEME

On January 21, 2022, the Board has resolved to adopt the 2022 RSU Scheme, which is in parallel with other share incentive schemes which have been or may be adopted by the Company.

The following is a summary of the principal terms of the 2022 RSU Scheme.

### – Summary of terms

**Purpose.** The purpose of the 2022 RSU Scheme is to recognize the contributions by certain eligible participants, to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

**Eligible Participants.** The Eligible Participants of the 2022 RSU Scheme includes (i) any individual being an employee, director (including executive director, non-executive director, independent non-executive director) or officer of any member of the Group at any time during the trust period; or (ii) any advisor or consultant of any member of the Group at any time during the Trust Period.

**Administration.** The 2022 RSU Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules relating to the 2022 RSU Scheme (the “**Scheme Rules**”) and the trust deed.

**Scheme Limit.** The maximum number of awarded shares underlying the restricted share units (“**RSUs**”) awarded by the Board under the 2022 RSU Scheme (i) shall not exceed 5% of the total issued share capital of the Company as at the date of adoption of the RSU Scheme (the “**Adoption Date**”) (i.e. 33,284,157 Shares) and (ii) shall be subject to an annual limit of 3% of the total issued share capital of the Company at the relevant time. Awards lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the limit.

**Maximum Entitlement of a Participant.** The maximum number of awarded shares underlying the RSUs which may be awarded to a Selected Participant under the scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period. Awards lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the limit.

**Acceptance of RSU.** No consideration or any form of purchase price is payable by the grantee upon acceptance or vesting of the RSU and within 15 days the calls of award must be made.

## REPORT OF DIRECTORS

**Operation.** Any awarded shares shall either be (i) existing Shares transferred, gifted, assigned, or conveyed to the trust or as may be purchased by the trustee on the Stock Exchange or off the market; or (ii) new Shares to be allotted and issued to the trustee by the Company pursuant to general mandate or specific mandate granted by Shareholders at general meeting(s) of the Company from time to time. Subject to the Scheme Rules, the Board may from time to time instruct the trustee in writing to purchase the Shares on the Stock Exchange and to hold them in trust for the benefit of the selected participants under the trust on and subject to the terms and conditions of the Scheme Rules and the trust deed.

**Grant.** In determining the number of RSUs to be granted to any selected participant, the Board shall take into consideration matters including, but without limitation: (i) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group; (ii) the general financial condition of the Group; (iii) the Group's overall business objectives and future development plan; and (iv) any other matter which the Board considers relevant.

**Vesting.** The Board is entitled to impose any conditions (including a period of continued service within the Group after the award), as it deems appropriate in its absolute discretion with respect to the vesting of the RSUs on the selected participant. Subject to applicable laws and regulations, the Board shall be at liberty to waive any vesting conditions. Shares underlying any RSUs granted under the Scheme that lapse for any reason without having been exercised and Shares underlying the unexercised portion of any RSUs in case of partial exercise will, to the extent not prohibited by applicable laws and regulations, be available for subsequent award grants under the Scheme.

The vesting period of the RSUs granted are either (i) grantees who joined the Group prior or on the listing date of the Group shall be vested in the portions of 25%, 25%, 16.6%, 16.7% and 16.7% on the grant date, the first, second, third and fourth anniversaries of the grant date of the RSUs, respectively; and (ii) grantees who joined the Group after the listing date of the Group shall be vested in the portions of 25%, 25%, 25% and 25% on the first, second, third and fourth anniversaries of the grant date of the RSUs, respectively.

**Duration.** Unless terminated earlier by the Board pursuant to the Scheme Rules, the 2022 RSU Scheme shall be valid and effective for ten years commencing from the Adoption Date, after which period no further Awards will be granted. The remaining life of the 2022 RSU Scheme is around 7.5 years.

- **Outstanding RSUs granted under the 2022 RSU Scheme**

The total number of underlying Shares of all outstanding RSUs under the Equity Incentive Plans as at January 1, 2023, and December 31, 2023 were 14,607,725 and 8,569,075 respectively, which represented about 2.16% and 1.27% of the issued share capital of the Company.

All RSUs that could be granted under the then available scheme mandate limit, which is also equivalent to the total number of Shares available for issue under the 2022 RSU Scheme, as at January 1, 2023, December 31, 2023 and the date of this report was 14,907,057, 14,907,057 and 16,848,432, respectively, which represented about 2.21%, 2.21% and 2.50% of the issued share capital of the Company respectively.

## REPORT OF DIRECTORS

The RSUs have been granted based on the performance, length of service and significance of the grantees who have made important contributions to and are important to the long-term growth and success of our Group. As at December 31, 2023, the grantees under the RSUs include 6 Directors, and 155 other employees of our Group. All underlying Shares of the RSUs granted under the 2022 RSU Scheme have already been allotted and issued to the trustee which holds such Shares on trust. Given that there has not been any grant of RSU during the Reporting Period, the number of Shares that may be issued in respect of RSUs granted under the 2022 RSU Scheme during the financial year divided by the weighted average number of Shares in issue during the Reporting Period is nil.

Details of the RSUs granted under the 2022 RSU Scheme as at December 31, 2023 are set out below:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the awards were granted	Number of shares underlying awards (with existing Shares as underlying Shares)				Outstanding as of the end of the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Vested during the Reporting Period	Weighted average closing price of the shares immediately before the dates on which the awards were vested	Fair value of awards at the date of grant
			Outstanding as of the beginning of the Reporting Period	Granted during the Reporting Period	Vested during the Reporting Period	Outstanding as of the end of the Reporting Period						
<b>Directors</b>												
Dr. Jay Mei	1-Nov-22	HK\$3.33	2,250,000	-	750,000	1,500,000	-	-	Note 1	HK\$1.55	HK\$3.73	
Mr. John F. Chin	1-Nov-22	HK\$3.33	232,500	-	77,500	155,000	-	-	Note 1	HK\$1.55	HK\$3.73	
Mr. Donald Andrew Lung	1-Nov-22	HK\$3.33	375,000	-	125,000	250,000	-	-	Note 1	HK\$1.55	HK\$3.73	
Mr. Mark J. Alles (Note 3)	1-Nov-22	HK\$3.33	37,500	-	-	-	-	37,500	Note 1	HK\$1.55	HK\$3.73	
Ms. Jing Qian	1-Nov-22	HK\$3.33	37,500	-	12,500	25,000	-	-	Note 1	HK\$1.55	HK\$3.73	
Mr. Sheng Tang	1-Nov-22	HK\$3.33	37,500	-	12,500	25,000	-	-	Note 1	HK\$1.55	HK\$3.73	
Other 1 employee participant	1-Nov-22	HK\$3.33	500,000	-	125,000	375,000	-	-	Note 2	HK\$1.55	HK\$3.73	
<b>Total</b>			<b>3,470,000</b>	<b>-</b>	<b>1,102,500</b>	<b>2,330,000</b>	<b>-</b>	<b>37,500</b>				

# REPORT OF DIRECTORS

## Number of shares underlying awards (with newly issued Shares as underlying Shares)

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the awards were granted	Outstanding as of the beginning of the Reporting Period	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as of the ending of the Reporting Period	Vesting Period	Weighted average closing price of the shares immediately before the dates on which the awards were vested	Fair value of awards at the date of grant
Other 155 employee participants	1-Nov-22	HK\$3.33	8,275,125	-	2,581,500	608,125	-	5,085,500	Note 1	HK\$1.55	HK\$3.73
	1-Nov-22	HK\$3.33	2,862,600	-	413,275	1,295,750	-	1,153,575	Note 2	HK\$1.55	HK\$3.73
<b>Total</b>			<b>11,137,725</b>	<b>-</b>	<b>2,994,775</b>	<b>1,903,875</b>	<b>-</b>	<b>6,239,075</b>			

### Notes:

- The RSUs to grantees who joined the Group prior to the listing date of the Group shall be vested in the portions of 25%, 25%, 16.6%, 16.7% and 16.7% on the grant date, the first, second, third and fourth anniversaries of the grant date of the RSUs, respectively.
- The RSUs to grantees who joined the Group after the listing date of the Group shall be vested in the portions of 25%, 25%, 25% and 25% on the first, second, third and fourth anniversaries of the grant date of the RSUs, respectively.
- Mr. Mark J. Alles has resigned as a Director with effect from April 14, 2023.
- The RSUs granted under the 2022 RSU Scheme are not subject to any performance target.
- None of the five highest paid individuals has been granted with RSUs with existing Shares as underlying Shares under the 2022 RSU Scheme.
- No consideration or any form of purchase price is payable by the grantee upon acceptance or vesting of the RSU.
- Employee participants include employees of the Company and its subsidiaries.
- The fair value of awards granted during the Reporting Period at the date of grant is N/A, since there was no grant of RSU under the 2022 RSU Scheme during the Reporting Period.
- Save as disclosed above, there is no RSU granted under the 2022 RSU Scheme to any Director, chief executive of the Company or substantial Shareholder, or their respective associates.
- No participant has been granted with RSUs in excess of the 1% individual limit.
- No RSU has been granted under the 2022 RSU Scheme to related entity participant or service provider.

## REPORT OF DIRECTORS

### EQUITY-LINKED AGREEMENT

Save as disclosed in this report, there was no equity-linked agreement entered into by the Company during the year ended December 31, 2023.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2023, the respective percentage of revenue attributable to the Group's largest customer and five largest customers in aggregate was 84.2% and 99.6%, respectively.

During the year ended December 31, 2023, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 20.6% and 58.4%, respectively.

None of our Directors or any of their close associates or any Shareholder (which to the best knowledge of our Directors owned more than 5% of the Company's issued share capital) had any interest in any of our five largest suppliers.

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

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

### CHARITABLE CONTRIBUTIONS

During the year ended December 31, 2023, the Group did not make any charitable contribution.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with the principles and code provisions as set out in the CG Code for the year ended December 31, 2023 and up to the date of this report, save for the deviation from code provision C.2.1 as disclosed below.

Code provision C.2.1 of the CG Code provides that the roles of the chairman of the Board (the "**Chairman**") and CEO should be separated and should not be performed by the same individual. During the Reporting Period and as at the date of this report, the roles of the Chairman and CEO of the Company are held by Dr. Jay Mei who is a founder of the Company.

The Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Dr. Jay Mei is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our CEO. The Board also believes that the combined role of Chairman of the Board and CEO can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

## REPORT OF DIRECTORS

Further, the decisions to be made by the Board require approval by at least a majority of the Directors. The Board comprises one non-executive Director and three independent non-executive Directors, which the Company believes that there are sufficient checks and balances in the Board. Dr. Mei and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they shall act for the benefit and in the best interest of the Company and the Shareholders as a whole and will make decisions for the Group accordingly.

Our Board will continue to review and consider splitting the roles of Chairman and the CEO at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

### AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2023 have been audited by Ernst & Young. There was no change in auditors of the Company in the preceding three years.

Ernst & Young shall retire and, being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the AGM.

By order of the Board of Directors

**Antengene Corporation Limited**

**Dr. Jay Mei**

*Chairman*

Hong Kong, March 22, 2024

# CORPORATE GOVERNANCE REPORT

## CULTURE AND VALUES

A healthy corporate culture is crucial for achieving the Group's vision and strategy. The Board is responsible for nurturing a corporate culture rooted in core principles and ensuring that the Company's vision, values, and business strategies align with this culture.

### Integrity and Code of Conduct

The Group is dedicated to upholding high standards of business ethics and corporate governance across all activities and operations. Directors, management, and employees are expected to act in a lawful, ethical, and responsible manner. The standards and codes are clearly outlined in training materials for all new employees and are incorporated into various policies, such as the Group's Employee Handbook, which includes the Group's Code of Conduct, and the Group's Anti-Corruption Policy and Whistleblowing Policy. The Company regularly conducts training to reinforce the required standards of ethics and integrity.

### Integrity, Responsibility, Innovation and Dedication

The Group believes in fostering a culture that emphasizes employee development, workplace safety and health, diversity, and sustainability. This culture cultivates a sense of commitment and dedication among the workforce, establishing a strong and productive workforce capable of attracting, developing, and retaining top talent. It also bolsters innovative thinking and dedication among employees, thus enhancing the Company's efficiency. Furthermore, the Company's strategies in business development and management are designed to achieve long-term, stable, and sustainable growth. These strategies also pay attention to environmental, social, and governance aspects to a certain degree.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate our business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices.

In the opinion of the Directors, for the year ended December 31, 2023 and to the date of this report, the Company has complied with all the code provisions as set out in the CG Code, except for the deviation from code provision C.2.1 of the CG Code, details of which are set out on page 57 under the section headed "REPORT OF DIRECTORS – COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE" of this Report.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding Directors’ securities transactions.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with required standard set forth in the Model Code during Reporting Period.

The Company’s employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance with the required standard set out in the Model Code by the employees was noted by the Company during the Reporting Period.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group’s businesses, strategic decisions and performance and makes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing such responsibilities.

### Board Composition

The Board currently comprises seven Directors, consisting of three Executive Directors, one Non-executive Director and three Independent Non-executive Directors.

### Executive Directors

Dr. Jay Mei (*Chairman and Chief Executive Officer*)

Mr. John F. Chin (*Chief Business Officer*)

Mr. Donald Andrew Lung (*Chief Financial Officer*)

### Non-executive Directors

Dr. Kan Chen

Mr. Yilun Liu (*resigned on April 14, 2023*)

### Independent Non-executive Directors

Ms. Jing Qian

Mr. Sheng Tang

Mr. Mark J. Alles (*resigned on April 14, 2023*)

Dr. Rafael Fonseca (*appointed on April 14, 2023*)

The biographical information of the Directors is set out in the section headed “DIRECTORS AND SENIOR MANAGEMENT” on pages 27 to 31 of this report.

To the best knowledge of the Company, there has been no other financial, business, family, or other material/ relevant relationships among members of the Board.

# CORPORATE GOVERNANCE REPORT

## Chairman and CEO

The roles of the Chairman and CEO of the Company are held by Dr. Jay Mei who is the founder of the Company.

## Independent Non-executive Directors

For the year ended December 31, 2023 and to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

## Directors' Service Contracts

Each of the Executive Directors has entered into a service contract with the Company under which the initial term of their service contract shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than two months' prior notice.

Each of the Non-executive Directors has entered into a service contract with the Company under which the initial term of their service contract shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than one month's prior notice.

Each of the Independent Non-executive Directors has entered into an appointment letter with the Company effective from the Listing Date. The initial term of their appointment letters shall commence from the date of their appointment for a period of three years or until the third annual general meeting of the Company after the Listing Date, whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

# CORPORATE GOVERNANCE REPORT

## Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Independent Non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company. Also, The Company believes that the independence of the Board is an essential component of a sound corporate governance. The Company has effective mechanisms in place, including but not limited, that Board and its committees may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses to ensure that independent views and input are available to the Board. Such mechanisms shall be reviewed by the Board annually.

During the Reporting Period, the Board has reviewed the implementation and effectiveness of the above mechanisms and considered that the mechanisms were effective in ensuring that independent views and input are available to the Board.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal action taken against them arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

# CORPORATE GOVERNANCE REPORT

## Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of a Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by regular meetings with senior management of the Company to understand the Group's businesses, governance policies and regulatory environment.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

According to the records maintained by the Company, the Directors participated in appropriate continuous professional development during the year ended December 31, 2023:

<b>Directors</b>	<b>Participated in continuous professional development<sup>Note</sup></b>
<b>Executive Directors</b>	
Dr. Jay Mei ( <i>Chairman and CEO</i> )	√
Mr. John F. Chin ( <i>Chief Business Officer</i> )	√
Mr. Donald Andrew Lung ( <i>Chief Financial Officer</i> )	√
<b>Non-executive Directors</b>	
Dr. Kan Chen	√
Mr. Yilun Liu (resigned on April 14, 2023)	
<b>Independent Non-executive Directors</b>	
Mr. Mark J. Alles (resigned on April 14, 2023)	
Ms. Jing Qian	√
Mr. Sheng Tang	√
Dr. Rafael Fonseca (appointed on April 14, 2023)	√

Note: Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee and the Scientific Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee are published on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section headed "CORPORATE INFORMATION" on page 2 of this report.

### Audit Committee

During the year ended December 31, 2023, the Audit Committee consisted of three members, including three Independent Non-executive Directors, namely Mr. Sheng Tang, Dr. Rafael Fonseca and Ms. Jing Qian. Mr. Sheng Tang, being the Chairman of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main 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 has reviewed the financial results and report for the Reporting Period and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors, engagement of non-audit services and relevant scope of works and arrangements for employees to raise concerns about possible improprieties. The risk management and internal control systems are reviewed on an annual basis by the Audit Committee.

For the year ended December 31, 2023, the chairman of the Audit Committee held four meetings with the external auditors, one of which was conducted without the presence of the Executive Directors.

# CORPORATE GOVERNANCE REPORT

## Remuneration Committee

During the year ended December 31, 2023, the Remuneration Committee consisted of three members, including one executive Director, namely, Dr. Jay Mei, and two independent non-executive Directors, namely, Ms. Jing Qian and Mr. Tang Sheng. Ms. Jing Qian is the Chairwoman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include, without limitation, (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the year ended December 31, 2023, the Remuneration Committee has performed the aforesaid functions and has accomplished the following:

- making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management;
- determining specific remuneration packages of directors who were elected during the year; and
- there was no material matter relating to share schemes of the Company reviewed and/or approved by the Remuneration Committee during the year ended December 31, 2023.

The remuneration payable to the senior management of the Company (who are not the Directors) is shown in the following table by band:

	<b>For the year ended December 31,</b>	
	<b>2023</b>	2022
	<b>Number of</b>	Number of
	<b>Individual(s)</b>	Individual(s)
HKD4,000,001 to HKD4,500,000	–	–
HKD4,500,001 to HKD5,000,000	–	–
HKD5,000,001 to HKD5,500,000	–	–
HKD5,500,001 to HKD6,000,000	–	–
HKD6,000,001 to HKD6,500,000	–	–
HKD6,500,001 to HKD7,000,000	<b>1</b>	–
HKD7,000,001 to HKD7,500,000	–	1
HKD7,500,001 to HKD8,000,000	<b>1</b>	–
HKD8,000,001 to HKD8,500,000	–	–
HKD8,500,001 to HKD9,000,000	–	1
HKD9,000,001 to HKD9,500,000	–	–
	<b>2</b>	<b>2</b>

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended December 31, 2023 are set out in note 8 and note 9, respectively, to the Consolidated Financial Statements in this report.

# CORPORATE GOVERNANCE REPORT

## Nomination and Corporate Governance Committee

During the year ended December 31, 2023, the Nomination and Corporate Governance Committee consisted of three members, including one executive Director, namely, Dr. Jay Mei, and two independent non-executive Directors, namely, Dr. Rafael Fonseca and Ms. Jing Qian. The Nomination and Corporate Governance Committee currently consists of three members, including one executive Director, namely, Dr. Jay Mei, and two independent non-executive Directors, namely Dr. Rafael Fonseca and Ms. Jing Qian. Mr. Mark J. Alles was the Chairman of the Nomination and Corporate Governance Committee prior to his resignation, upon which Dr. Jay Mei was appointed as the Chairman of the Nomination and Corporate Governance Committee.

The terms of reference of the Nomination and Corporate Governance Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination and Corporate Governance Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors, developing, reviewing and assessing the adequacy of the Company's policies and practices on corporate governance and reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

During the year ended December 31, 2023, the Nomination and Corporate Governance Committee has performed the aforesaid functions.

In assessing the Board composition, the Nomination and Corporate Governance Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy (the "**Board Diversity Policy**"). The Nomination and Corporate Governance Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination and Corporate Governance Committee would consider the candidate's relevant criteria as set out in the Company's director nomination policy (the "**Director Nomination Policy**") that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

The structure, size and composition of the Board and the independence of the Independent Non-executive Directors have been reviewed by the Board and the Board considered that an appropriate balance of diversity perspectives of the Board was maintained for 2023.

## CORPORATE GOVERNANCE REPORT

### Board Diversity Policy

The Company has adopted the Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance.

Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, biotech, clinical research, life science, finance, investment, auditing and accounting. They obtained degrees in various areas including medicine, immunology, chemistry, chemical physics, chemical engineering, pharmaceutical analysis, economics and accounting. At present, the Board considered an appropriate balance of diversity perspectives of the Board is maintained and the Nomination Committee has set measurable objectives (in terms of professional experience, skills, knowledge, gender, age and length of service etc.) to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

As at the date of this report, the Board comprises seven members, including one female Director. Pursuant to the Board Diversity Policy, we aim to maintain at least 10% female representation in the Board and the composition of the Board satisfies this target gender ratio. We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

As of December 31, 2023, we had 201 full-time employees, of which 80 were male and 121 were female. The gender ratio in the workforce (including senior management) was approximately 2 males to 3 females. The Company is aiming to achieve a more balanced gender ratio in the workforce. The Company will continue to monitor and evaluate the Board Diversity Policy from time to time to ensure its continued effectiveness. The Company is not aware of any mitigating factor or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

During the year ended December 31, 2023, the Nomination Committee has reviewed the diversity of the Board and considered that the Group has achieved the measurable objectives of the Board Diversity Policy in terms of professional experience, skills, knowledge, gender, age and length of service etc.

We are also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. The Board reviews the Board Diversity Policy annually to ensure its continued implementation and effectiveness.

# CORPORATE GOVERNANCE REPORT

## Measurable objectives

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- (i) Independence: The Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient caliber and stature for their views to carry weight.
- (ii) Skills and experience: The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities.
- (iii) Gender equality: The Board consists of a female director.

Apart from the above objectives, the Board Diversity Policy has complied with the following objectives with the Listing Rules:

1. at least one third of the members of the Board shall be independent non-executive Directors;
2. at least three of the members of the Board shall be independent non-executive Directors; and
3. at least one of the members of the Board shall have obtained appropriate professional qualifications or accounting or related financial management expertise.

The Board considers that it has achieved the measurable objectives set out in the Board Diversity Policy.

## Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination and Corporate Governance Committee.

The Company has a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Reputation for integrity
- Commitment in respect of available time and relevant interest
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

## CORPORATE GOVERNANCE REPORT

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. The Nomination and Corporate Governance Committee will recommend to the Board for the appointment of a Director including an independent non-executive Director in accordance with the following selection criteria and nomination procedures:

- identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard to the Company's Board diversity policy, the requirements in the Company's constitution, the Listing Rules and applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experiences, independence and gender diversity;
- assess the independence of independent non-executive Directors to determine their eligibility with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination and Corporate Governance Committee or the Board. If a proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, to assess his/her ability to devote sufficient time to the Board matters; and
- develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepared a description of the role and capabilities required for a particular appointment.

The Nomination and Corporate Governance Committee will review the Director Nomination Policy, from time to time and as appropriate, to ensure its effectiveness.

### Corporate Governance Functions

The Board is responsible for performing the functions set out in Principle A.2.1 of the CG Code.

For the year ended December 31, 2023 and to the date of this report, the Board together with the Nomination and Corporate Governance Committee had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

# CORPORATE GOVERNANCE REPORT

## ATTENDANCE RECORDS OF DIRECTORS

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

For the year ended December 31, 2023, the Board has held six meetings. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code. The Company will also arrange for the Chairman to have meetings with the Independent Non-executive Directors without the presence of other directors so as to comply with the requirement of code provision C.2.7 of the CG Code.

For the year ended December 31, 2023, the Company has held one general meeting (i.e. the annual general meeting).

The attendance record of each Director at the Board meetings, Board committee meetings and shareholders meeting of the Company held for the year ended December 31, 2023 is set out in the table below:

Name of Directors	Number of meeting attended/number of meeting held during the tenure of office				
	Board	Audit Committee	Remuneration Committee	Nomination and Corporate Governance Committee	Annual General Meeting
<b>Executive Directors</b>					
Dr. Jay Mei <i>(Chairman and Chief Executive Officer)</i>	6/6	N/A	2/2	2/2	1/1
Mr. John F. Chin <i>(Chief Business Officer)</i>	6/6	N/A	N/A	N/A	1/1
Mr. Donald Andrew Lung <i>(Chief Financial Officer)</i>	6/6	N/A	N/A	N/A	1/1
<b>Non-executive Directors</b>					
Dr. Kan Chen	6/6	N/A	N/A	N/A	1/1
Mr. Yilun Liu (resigned on April 14, 2023)	2/2	N/A	N/A	N/A	0/0
<b>Independent Non-executive Directors</b>					
Mr. Mark J. Alles (resigned on April 14, 2023)	2/2	1/1	1/1	1/1	0/0
Ms. Jing Qian	6/6	2/2	2/2	2/2	1/1
Mr. Sheng Tang	6/6	2/2	1/1	N/A	1/1
Dr. Rafael Fonseca (appointed on April 14, 2023)	4/4	1/1	N/A	1/1	1/1

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROLS

### Risk Management

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness on an annual basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has adopted a comprehensive set of risk management policies, which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with its strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

The following key principles outline the Company's approach to risk management:

- (a) The Audit Committee oversees and manages the overall risks associated with the Company's business operations, including (i) reviewing and approving the Company's risk management policies to ensure that it is consistent with its corporate objectives; (ii) monitoring the most significant risks associated with the Company's business operations and its management's handling of such risks; and (iii) ensuring the appropriate application of our risk management framework across the Group.
- (b) The relevant departments, including but not limited to the business operations department, finance department and general administration department, are responsible for developing and implementing our risk management policy and carrying out our day-to-day risk management practice, such as assessing risks on key business operations, advising risk responses and optimizing risk management policies. In order to formalize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We consider that the Directors and members of the Company's senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified by the Company during the Year.

### Internal Control

The Board is responsible for establishing and ensuring effective internal controls to safeguard the Shareholder's investment at all times. The Company's internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with its strategic objectives on an ongoing basis.

## CORPORATE GOVERNANCE REPORT

The Company has adopted various measures and procedures regarding each aspect of its business operation. The Company provides training about these measures and procedures to new employees. The Company also constantly monitors the implementation of those measures and procedures.

The Company maintains strict anti-corruption policies on personnel with external communication functions. The Company will also ensure that its commercialization team complies with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

The Directors (who are responsible for monitoring the corporate governance of the Group), with help from the Company's legal advisors, will also periodically review its compliance status with all relevant laws and regulations. The Audit Committee will (i) make recommendations to the Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of the Group.

The Company has engaged Rainbow Capital (HK) Limited as its compliance advisor to provide advice to the Directors and management team regarding matters relating to the Listing Rules. The Company's compliance advisor is expected to ensure the Company's use of funding complies with the sections titled "USE OF PROCEEDS" in the Prospectus, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

The Company has established internal audit function and risk management and internal control systems with relevant policies and procedures that we believe are appropriate for our business operations.

The Company has regularly reviewed and enhanced its risk management and internal control systems. We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. During the Reporting Period, the Board has conducted a review of the implementation and effectiveness of the risk management and internal control systems and considers these systems effective and adequate.

The Company has established procedures for identifying, handling and disseminating inside information in compliance with the SFO, including the issue of an inside information disclosure policy, the annual review and update (if necessary) of such inside information disclosure policy, preclearance on dealing in Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees have been implemented by the Company to guard against possible mishandling of inside information within the Group.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2023.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 121 to 125 of this report.

## AUDITOR'S REMUNERATION

The remuneration paid to the external auditors of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended December 31, 2023 is set out below:

<b>Service Category</b>	<b>Fees Paid/Payable RMB'000</b>
Audit services:	
Annual audit services	2,300
Non-audit services:	
Interim review services	400
<b>Total</b>	<b>2,700</b>

## JOINT COMPANY SECRETARIES

Mr. Yang Cao, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board's policies and procedures, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engaged Mr. Wai Chiu Wong as the other joint company secretary of the Company to assist Mr. Yang Cao in discharging his duties as company secretary of the Company. Mr. Wai Chiu Wong currently serves as an associate director of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specialising in corporate services. Mr. Wai Chiu Wong's primary contact person at the Company is Mr. Yang Cao.

For the year ended December 31, 2023, each of Mr. Yang Cao and Mr. Wai Chiu Wong has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

The Company engages with the Shareholders through various communication channels.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

### Shareholders' Communication Policy

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) *Corporate Communication*

Corporate Communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

(b) *Corporate Website*

A dedicated "Investor Relations" section is available on the Company website ([www.antengene.com](http://www.antengene.com)). Information on the Company website is updated on a regular basis. Information released by the Company to the Stock Exchange is also posted on the Company website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, other announcements, monthly returns on movements in the Company's securities for each month and next day disclosure returns, etc.

(c) *Shareholders' Meetings*

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Appropriate arrangements for the annual general meetings shall be in place to encourage Shareholders' participation. The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. Board members, in particular, either the chairman of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.

The implementation and effectiveness of the Communication Policy has been reviewed by the Board during the year ended December 31, 2023. Having considered the communication channels in place provided the Shareholders and investment community with information about the latest development of the Group in a timely manner, and the Company has established a range of communication channels between itself and the Shareholders, investors and other stakeholders to allow the Company to receive feedback effectively, the Board considered that the Communication Policy was adequate and effective.

## CORPORATE GOVERNANCE REPORT

### Convening an Extraordinary General Meeting

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members to the Board or the secretary of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s), provided that any one or more members hold together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves may convene the general meeting in the same manner and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

### Putting Forward Proposals at General Meetings

There are no provisions under the Articles of Association or the Companies Act of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as a Director.

Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

For proposal of a person for election as Director, pursuant to Article 16.4 of the Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the company secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

### Putting Forward Enquiries to the Board

For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

# CORPORATE GOVERNANCE REPORT

## Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Suites 1206-1209, Block B  
Zhongshan SOHO Plaza  
1065 West Zhongshan Road  
Changning District  
Shanghai  
PRC

Email: [ir@antengene.com](mailto:ir@antengene.com)

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The AGM will be held on Friday, June 14, 2024. The notice of the AGM will be published and dispatched in due course in the manner as required by the Listing Rules.

### Policies relating to Shareholders

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. In accordance with the dividend policy, in deciding whether to propose the payment of dividends and the amount of dividend payable, the Board will take into consideration the financial conditions of the Group and the conditions and factors including, among others, financial results, cash flow situation, business conditions and strategies and future operations and earnings.

As set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to Shareholders' approval.

## CONSTITUTIONAL DOCUMENTS

The memorandum and the articles of association of the Company have been amended and restated on June 16, 2023, and the updated version is available on the websites of the Company and the Stock Exchange. Save for the aforesaid, there had been no change in the memorandum and the Articles of Association during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THE REPORT

Antengene Corporation Limited and its subsidiaries (“**Antengene**”, the “**Company**”, the “**Group**” or “**we**”) are pleased to release the environmental, social and governance (“**ESG**”) report (the “**Report**”) to disclose the Group’s ESG strategy and performance regarding corporate social responsibility and sustainable development.

## PREPARATION BASIS

The Report is compiled concerning the Environmental, Social and Governance Reporting Guide (the “**Guide**”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Additionally, the Report is written in accordance with mandatory disclosure requirements, “comply or explain” provisions and the requirements of the reporting principles (namely: materiality, quantitative, balance and consistency) of the Guide as stated below:

- Materiality** The process for identifying material ESG factors, selection criteria and the description of material stakeholders as well as the process and results of stakeholder engagement is disclosed in the Report.
- Quantitative** The Report embodies the quantitative principle by disclosing the measurable key performance indicators (“KPIs”) and quantitative information has been accompanied by a narrative, explaining its purpose and impacts and giving comparative data where appropriate. Information on the standards, methodologies, assumptions and/or calculation tools and source of conversion factors used for the reporting of emissions (where applicable) have been disclosed.
- Balance** The Report provides an unbiased picture of the Group’s performance during the Reporting Period as well as avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
- Consistency** A consistent approach to data disclosure and comparison has been adopted compared with last year. A clear explanation will be set out in the Report if there are any changes to the statistical methods, KPIs, or any other relevant factors that will affect a meaningful comparison.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SCOPE OF THE REPORT

The Report covers the period from January 1, 2023 to December 31, 2023 (the “**Year**” or the “**Reporting Period**”). Unless otherwise stated, the scope of the Report is consistent with the scope covered by the Group’s annual report during the Reporting Period. The reporting boundary of environmental KPIs covers the Group’s major business operation places, including the head offices in Shanghai and Shaoxing, Shanghai Antengene Corporation Limited, Antengene Corporation Co., Ltd., Antengene (Hangzhou) Biologics Co., Ltd. and Antengene Corporation (Hong Kong) Limited.

## LANGUAGE OF THE REPORT

The Report is published in both Chinese and English. The English version shall prevail in case of inconsistency.

## APPROVAL OF THE REPORT

The Report has been approved by the board of directors of the Group (the “**Board**”) on March 22, 2024.

## PUBLICATION OF THE REPORT

The electronic version of the Report is published on the Group’s official website ([www.antengene.com](http://www.antengene.com)) and the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)).

## FEEDBACK ON THE REPORT

The Group values your opinions on the Report. If you have any inquiries or suggestions, please feel free to contact us through the following methods:

Address: Suites 1206-1209, Block B, Zhongshan SOHO Plaza, 1065 West Zhongshan Road, Changning District, Shanghai, PRC

E-mail: [ir@antengene.com](mailto:ir@antengene.com)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. AWARDS AND HONORS

Being a leading clinical-stage R&D-driven global biopharmaceutical company focused on innovative first-in-class/best-in-class therapies for oncology and other life-threatening diseases, Antengene has been awarded the following awards and honors:

### **Awards and Honors Awarded in 2023**

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- **“Top 10 Most Promising Antibody Drug Companies” in 2023 China Biopharmaceutical Industry Value List awarded by Bio-Pharm 2023**
- **“2022 Top 30 Innovative Small Molecule Pharmaceutical Companies in China” awarded by Menet (Awarded in Jun 2023)**
- **“2023 Top 100 Chinese Pharmaceutical Innovative Enterprises” awarded by Healthcare Executive**
- **“2023 The Most Investment Valuable Enterprise in China’s Pharmaceutical Industry” awarded by 2023 Conference of the Development of China’s Pharmaceutical Industry**
- **“Most Valuable Pharmaceutical and Healthcare Company” awarded by Zhitong Finance**
- **Selected as “High Quality Development of the Big Health Industry Outstanding Case” awarded by Economic Information Daily**
- **“Annual Innovation Award” in Gelonghui Golden Grid Award 2023**
- **“2023 Responsible Brand Award and Corporate Social Responsibility Award” in the 13th Philanthropy Festival and 2023 ESG Summit**

## 2. SUSTAINABILITY GOVERNANCE

As a leading global clinical-stage R&D driven innovative biopharmaceutical company emphasizing the development of first-in-class, only-in-class and/or best-in-class therapies, Antengene strives to benefit patients worldwide by providing the most cutting-edge medicines. By leveraging our industry-leading R&D capabilities, we fulfil our corporate social responsibility by innovating novel oncology therapies for cancer patients and commercializing our products. The concept of ESG is deeply integrated into our business operations to continuously improve the health and well-being of patients worldwide.

### 2.1 Board Statement

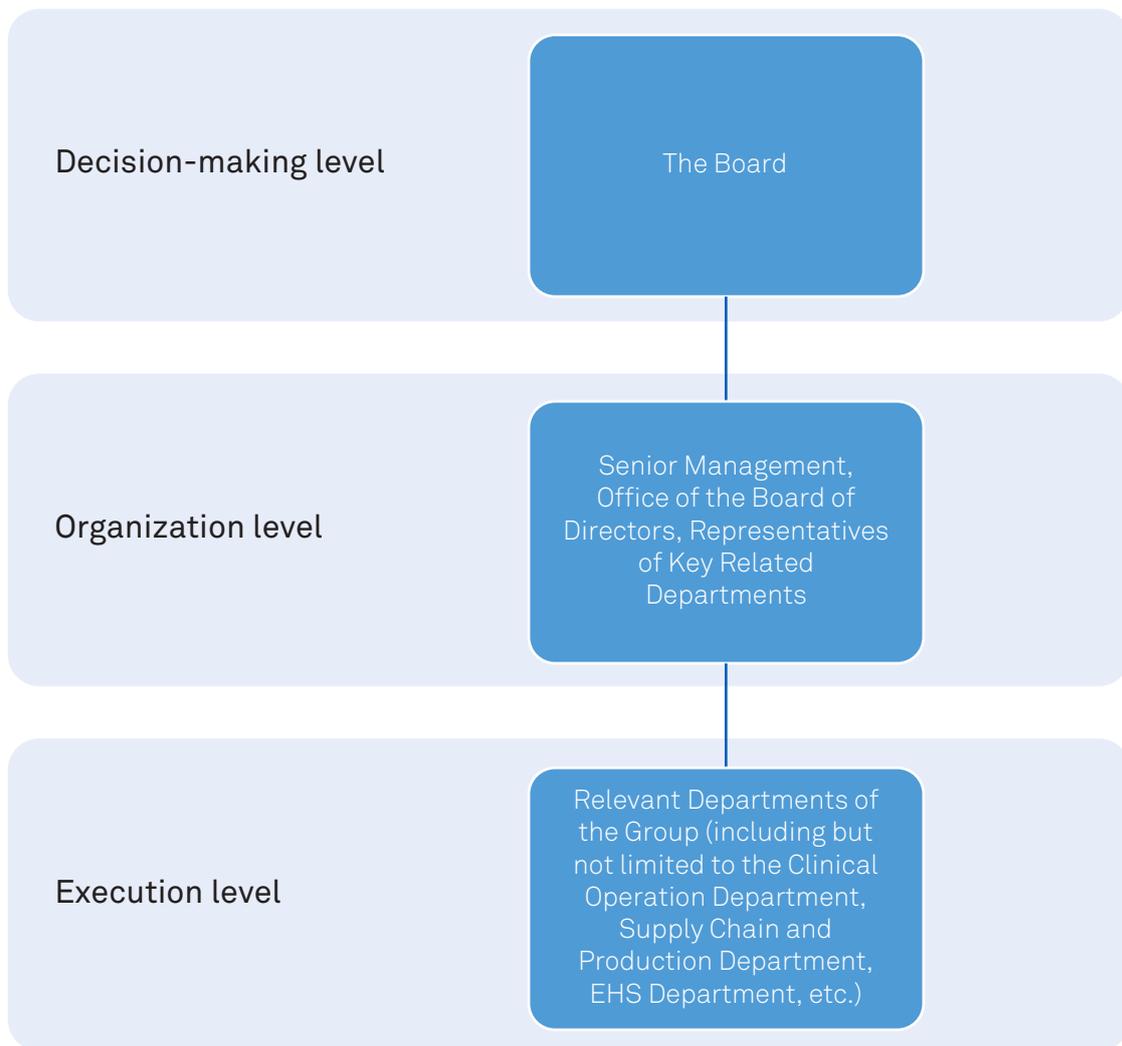
To take full consideration of governance and the aim of achieving sustainable development as one of our fundamental business concepts, Antengene has established an ESG management structure. The Board is fully responsible for the Group’s sustainable development strategy and reporting. The main responsibilities of the Board are to review and approve the ESG strategies, targets, works and results of materiality assessment. With the Board’s authorization, the ESG Working Group formulates ESG management policies and strategies by conducting materiality analysis based on the concerns and interests of different stakeholders. In the future, based on our actual business situation, we are going to establish several ESG-related targets and conduct progress reviews to monitor and improve our efforts towards sustainable development of our business.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.2 ESG Governance

To better integrate the concept of ESG into our management policies, group policies, and business plans, and to actively fulfill corporate social responsibilities, the Group has established an ESG management structure covering all levels of the Group, including the decision-making level, the organizational level (ESG Working Group) and the execution level. To ensure our commitment to comply with ESG strategies, goals and operations, the responsibilities of each level in the ESG management structure is specified as follows:

### ESG Management Structure



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Decision-making Level: The Board*

The Board is at the decision-making level, which is the highest authority in the Group's ESG management structure. Its responsibilities are as follows:

- (a) Taking full responsibility for the formation of ESG strategies and reporting;
- (b) Guiding the ESG Working Group to carry out ESG tasks and understand relevant reports;
- (c) Determining and approving the Group's ESG management policies, strategies, plans, targets and annual work, including identifying, evaluating, managing and responding to major ESG issues, risks and opportunities; and
- (d) Reviewing and monitoring ESG performance and the progress of targets achieved on a regular basis.

## *Organizational Level: ESG Working Group*

The ESG Working Group is led by the senior management of the Group, while the members of the Working Group are composed of several departments, such as the Office of the Board of Directors and representatives of key departments, such as the Administrative Department, Human Resources Department, Legal Department and Compliance Department, etc.

The ESG Working Group is the second layer of the ESG management framework and its responsibilities are as follows:

- (a) Reporting to the Board on a regular basis (e.g. through meetings or in written form, at least once a year);
- (b) Formulating ESG management policies, strategies, plans, annual work and goals, and submitting them to the Board for approval; and
- (c) Conducting effective communication and promoting the specific implementation of relevant work according to the goals approved by the Board.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Execution level: Relevant departments of the Group*

The execution layer is composed of relevant departments of the Group, including but not limited to Clinical Operations Department, Supply Chain and Production Department, EHS Department, Quality Assurance Department, Procurement Department, Administration Department, Finance Department, Compliance Department, Human Resources Department, Legal Department, Customer Service Department and other departments.

The execution level is the third layer of the ESG management framework, and its responsibilities are as follows:

- (a) Organizing, promoting, and executing ESG-related work in accordance with the Group's ESG management policy, strategy, planning, annual work, and target deployment, requirements and division of labour;
- (b) Complying with various ESG related policies and systems; and
- (c) Reporting regularly to the ESG Working Group on the implementation of the Group's ESG work during the Year.

## **2.3 Sustainability Strategies**

As the Group's vision is "treating patients beyond borders and transforming their lives by discovering, developing and commercializing globally first-in-class, only-in-class and/or best-in-class therapies", we strive to align our sustainable development direction with this vision by integrating the concept of sustainable development into our daily business operations and decision-making processes. We also put great emphasis on "Upholding Quality and Innovation", "Responsible Operation", "Talent Care and Development", "Green Operations" and "Giving Back to the Society" in the formulation of internal control systems, policies, and guidelines to safeguard quality compliant operations, and to create an environmentally friendly and fair workplace. Assessment of related ESG issues and the impact on the Group's business operations are conducted in a timely manner. In addition, to advance the ESG process and properly attend to ESG risks and issues, we will review our ESG governance and strengthen the role of the Board in the identification and management of ESG risks and issues, as well as boosting ESG awareness throughout the Group.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Moreover, Antengene is committed to promoting environmental sustainability and continues to provide support to various green projects during the Year. An amount of HKD5 million has been deposited into the Bank of Communications as Green Deposit, the details are as follows:

### HKD 5 Million Green Deposit for Funding Green Projects

During the Year, an amount of HKD5 million has been deposited into the Bank of Communications as Green Deposit to fund the development of eligible green projects covering the themes of green buildings, sustainable water and wastewater management and renewable energy projects, in order to support sustainable management on the environment.

#### 2.4 Stakeholders Engagement

The expectations and feedback of our stakeholders, including stakeholders/investors, employees, the government and regulatory bodies, suppliers/peers, the community and the media, are of great importance to us. We have various communication channels open to facilitate continuous and effective communication with our stakeholders. Through these channels, we aim to enhance the implementation and effectiveness of our sustainability practices in addressing our stakeholders' expectations and feedback.

Stakeholders	Major Communication Channels
Shareholders/Investors	<ul style="list-style-type: none"> <li>• Annual General Meeting and other general meetings</li> <li>• Interim reports and annual reports</li> <li>• Corporate communications</li> <li>• Regular announcements</li> <li>• Company website</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Interviews and performance appraisals</li> <li>• Staff communication meetings</li> <li>• Publications for staff communication</li> <li>• Staff activities</li> <li>• Townhall meetings</li> </ul>
Patients	<ul style="list-style-type: none"> <li>• Satisfaction survey and opinion form</li> <li>• Quality management system</li> <li>• Methods to monitor the safety of marketed products, including telephone hotline, email and fax</li> </ul>
Suppliers/Business partners	<ul style="list-style-type: none"> <li>• Suppliers' management procedure</li> <li>• Suppliers/Contractors evaluation system</li> </ul>
Government and regulatory bodies	<ul style="list-style-type: none"> <li>• Policy documents and guidelines</li> <li>• Information submission</li> <li>• Information disclosure (e.g. release of clinical trial documents)</li> <li>• Seminars</li> </ul>
Community/ Non-governmental organization	<ul style="list-style-type: none"> <li>• Charitable activities</li> <li>• Company website</li> <li>• WeChat public account</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Press release conferences</li> <li>• Press releases</li> <li>• Interviews with senior management</li> </ul>

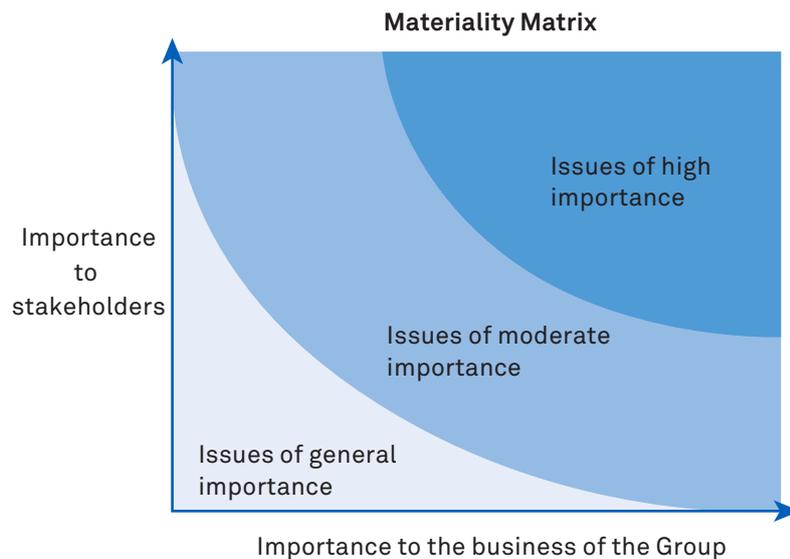
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.5 Materiality Assessment

The Group conducted a materiality assessment to identify issues potentially material to Antengene and our stakeholders. A wide range of sources including the “Guide of the Stock Exchange”, the materiality map of the Sustainability Accounting Standards Board (“SASB”), and industry peers’ reports were reviewed to assess ESG issues for our business and stakeholders.

Previously, we have conducted online survey by inviting stakeholders to fill in the questionnaires to prioritise the 21 material issues that were shortlisted. Based on the survey results, a materiality matrix was developed. 10 issues of high importance, 9 issues of moderate importance and 2 issues of general importance were identified.

The ESG working group and management confirmed that the previous results are still applicable for the Year, as (1) there has been no material change to our business and operating environment for the Year, (2) the previous outcomes of the materiality assessment are still applicable to our stakeholders’ expectations. The materiality results have been approved by the Board. Based on the reporting principle of materiality, the Report will disclose the performance based on the areas identified below.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Importance of the Issue	Topics	Material Issues
Issues of high importance	1.	Compliant operations
	2.	Business ethics
	3.	Quality control and safety of products
	4.	Technology development and product innovation
	5.	Intellectual property protection
	6.	Privacy and data protection
	7.	Safety of and communication with clinical trial participants
	8.	Employees' health and safety
	9.	Emissions control (including exhaust emissions, greenhouse gases emissions and wastewater discharge)
	10.	Waste disposal and management
Issues of moderate importance	11.	International strategic cooperation
	12.	Improving corporate governance
	13.	Responsible procurement and supply chain management
	14.	Training and development of employees
	15.	Employee welfare
	16.	Employee rights/Labour standards
	17.	Employee diversity and equal opportunities
	18.	Water consumption and efficiency
	19.	Energy consumption and efficiency
Issues of general importance	20.	Mitigation and adaptation of climate change
	21.	Community charity

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. UPHOLDING QUALITY AND INNOVATION

### 3.1 Product Quality Management

As an R&D driven biopharmaceutical company that values product quality and to ensure the quality of products and services provided to customers and also product-related activities, a quality management system applicable to all production facilities that are affiliated with Antengene has been established to ensure that the quality system and product quality meet relevant law, regulations and requirements including the Drug Administration Law of the People's Republic China ("PRC"), and the Measures for the Supervision and Administration of Drug Production and Good Manufacture Practice of Pharmaceutical Products ("GMP"). In order to control the quality of products, eight sub-systems have been established under the Quality Management System to ensure the overall quality from the perspectives of R&D, production, sales, equipment management, marketing, etc. Details are as shown below. With the help of the appropriate human resources, facilities, management systems, and operating procedures, these eight sub-systems work well simultaneously to maintain optimal quality management.



#### Product Development System

This system is composed of the drug development stage and the technology transfer stage.

#### *Drug Development Stage*

In the drug development stage, a management procedure was established to regulate decision-making processes in research projects, including the selection and initiation of research topics, R&D implementation and delivery of research results, and documentation management, etc.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Technology Transfer Stage*

The technology transfer stage refers to the execution of pilot-scale and commercial-scale production by either applying our technology developed during drug development and expanding R&D projects in our factory, or the transfer of the products of other companies to Antengene production.

To ensure complete and accurate transfer of documents and research data for the quality management of the trial commercial scale-up production, transfer plans and protocol which state the content of the transfer, the responsibilities of both parties, and the acceptance criteria of transfer are adopted. In addition, requirements of Good Manufacturing Practices for Drugs Used for Clinical Trails should be met to ensure the safety and regulatory compliance of clinical drugs.

## **Quality Assurance System**

Quality Assurance System is the most important of the eight subsystems in that it plays a role in supervising and managing other systems and ensures the entire system is in compliance and under control. This subsystem consists of various management systems including document management, personnel training and post-qualification management, quality risk management, deviation management, corrective and preventive actions (“CAPA”) management, change management, internal self-inspection management, and internal audit to ensure the product quality throughout operations.

## **Personnel Training and Qualification**

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Antengene recruits qualified pharmaceutical technicians, engineers, relevant skilled workers, and talented staff to ensure effective quality management and quality assurance on drugs. Antengene supports its employees by providing management procedures for functional departments, specifying responsibilities, posts, and personnel training, and qualification requirements. We also organize quality-management-related training including GMP training, and training on new knowledge and technology to raise employee awareness on quality control, thereby enhancing work skills and improving the production process and product quality.

## **Internal Audit Management**

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The Quality Assurance Department sets up the annual GMP self-inspection plans and self-inspection working groups for the inspections of institutions and personnel, premises and facilities, equipment, materials, and products. Self-inspection working groups perform self-inspections on relevant regions and projects, report the findings on defects, and compile self-inspection reports. Responsible departments are required to set up CAPA for correction and prevention based on these reports.

## **Quality Control of the Submission Dossier**

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To ensure the quality of submission dossiers is well controlled before being submitted to regulatory agencies in China and USA, we have established a standard operating procedure (SOP), namely Quality Control of the Submission Dossier, to regulate the quality control procedures of submission dossiers release for drug registrations including investigational new drug application (IND), new drug application (NDA), supplementary applications, re-registration and filing.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Facilities and Equipment Quality Management System

This system ensures suitable production conditions, in terms of environment and equipment. The main activities for managing the quality of the facilities and equipment in this system include calibration of instruments and meters, management of computerized systems, management of facilities, equipment qualification, computerized system validation and preventive maintenance of facilities and equipment. Under this subsystem, life cycle management of the production facilities and equipment is carried out through three stages:

- (1) the project stage,
- (2) the operation stage, and
- (3) the decommissioning stage

The objective of these processes is to ensure good quality equipment throughout its life cycle, from procurement, planning, acceptance and operation to decommissioning of the facilities and equipment.

## Logistics Quality Management System

This system controls the logistics of raw materials and products to ensure that the processes involved are of good quality. Categories under control include inventory, flow, and record management of raw materials and products, such as

- (a) the management of material suppliers and subcontractors;
- (b) acceptance, storage, and delivery management of materials and products;
- (c) the management of returned goods and unqualified products. For instance, incoming materials are subject to a sampling inspection and only those materials that meet the quality standard will be accepted.

## Quality Management System on Production, Packaging, and Labelling

These systems ensure the compliance of the production and packaging processes with GMP, document control and internal operation procedures, which then ensure that management, during production and labelling, can meet quality standards. The main management activities within these systems include label management, product manufacturing controls, process validation and packaging validation, cleaning and product clearance management and product release.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Laboratory Control Quality System

This system requires the adoption of appropriate analytical methods and testing procedures to monitor the release and stability of products. For example, equipment and instruments in the laboratory have met the product and material analysis testing requirements and our employees are trained to complete quality control-related activities reliably. In addition, an inspection of our products and materials, with respect to approved quality standards and analysis, is conducted in the quality control laboratory.

## Quality Management System for Marketed Products

As Antengene places great emphasis on the rights of patients and physicians, this system helps to ensure suitable methods are used to monitor the safety of marketed products after launch. This system includes customer complaint, consultation management, marketed product pharmacovigilance, adverse reaction reporting, and product recall management. In addition to providing various complaint channels such as a telephone hotline, email, and fax, we have also established a standard procedure to handle product complaints. For instance, once upon receiving a potential safety hazard report for a product, a thorough investigation and evaluation process will be carried out promptly and we will respond to the complaint as soon as possible. We have also established the Administrative Measures for Drug Recalls by the Medicinal Product Administration Law of the PRC, the Vaccine Administration Law of the PRC and the Regulations for the Implementation of the Drug Administration Law of the PRC. In cases where product recalls are necessary, we will implement the product recall procedures and formulate CAPA to safeguard the health and safety of the involved consumers.

### Product Recall Management Procedure

Immediately inform the corresponding departments when a complaint is received

Conduct a thorough investigation

Respond to the complaint

Execute CAPA

During the Reporting Period, the Company did not have any customer recalls.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.2 Research Development and Product Innovation

We focus on research and development of therapeutic strategies for the treatment of cancer and other life threatening disease. We seek to optimize the drug development process for each of our assets to fully unlock their therapeutic potential and maximize their clinical and commercial value. We have adopted a differentiated combinatory and complementary R&D approach to build a pipeline of first-in-class, only-in-class and/or best-in-class assets with synergistic profiles.

We have strategically designed and built an innovative research pipeline of 9 clinical and 1 pre-clinical stage drug assets focused on oncology, including 3 with APAC rights and 7 with global rights. We have been expanding our business around the world. At present, we have our global R&D and manufacturing factories in Hangzhou and Shaoxing, China, respectively. In addition, we also have one R&D center in Shanghai, China and a New Drug Discovery Center in Philadelphia, Pennsylvania, United States.

The R&D center in Hangzhou is equipped with advanced systems and instruments such as a cell-screening system, a high throughput drug screen platform, an antibody discovery platform, high-speed cell sorters, spectral cell analyzers, high-definition fluorescent microscopes, all-purpose imaging systems, multi-mode microplate readers, and fluorescent quantitative PCR systems, etc. The New Drug Discovery Center in Philadelphia was opened/first utilized at the end of 2021. It is dedicated to the discovery of new antibodies, development of methodologies for the screening of small molecule compounds, and supporting future collaborations in new biotechnologies. The research team there works closely with Antengene R&D teams around the world to continuously enrich Antengene's portfolio of innovative drugs.

Our clinical development team consists of industry experts, many with more than 15 years of global clinical development experience, with a focus in Chinese Mainland and APAC. The team has a track record of navigating the complex regulatory landscape in these markets while securing novel drug approvals.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Product Pipeline

We have strategically designed and built an innovative research pipeline of 9 clinical and 1 pre-clinical stage drug assets focused on oncology, including 3 with APAC rights and 7 with global rights. The following table summarizes our pipeline and the development status. Each candidate in the regions noted in the chart below in the “Antengene Rights” column: Antengene’s geographic rights for each candidate are noted in the “Antengene Rights” column in the chart below:

Assets	Target (Modality)	Indication	Pre-clinical	Phase I	Phase II	Phase III/Pivotal	NDA	Commercialization	Antengene Rights	Partner		
ATG-010 (Selinexor) <sup>1,2</sup>	XPO1 (Small molecule)	R/R Multiple Myeloma	Combo with dexamethasone (MARCI) <sup>3</sup>		Chinese Mainland NDA approved						APAC <sup>3</sup>	Karyopharm
			Combo with dexamethasone (STORM) – Partner’s Pivotal Trial in the US		US, EU, UK, E., SK, SG, AU, TW, HK & MC NDA approved							
			Combo with bortezomib and dexamethasone (BENCH)		★							
			Combo with bortezomib and dexamethasone (BOSTON) – Partner’s Pivotal Trial in the US		US, EU, UK, E., CA, SG, AU & TW sNDA approved							
			Combo with MID/PCD38 mAb and dexamethasone (STOMP)		▶							
		R/R Diffuse Large B-cell Lymphoma	Monotherapy (SEARCH)		★							
			Monotherapy (SADAL) – Partner’s Pivotal Trial in the US*		US, E., SG, SK & TW sNDA approved							
			Combo with R-GDP (DLBCL-930)		★							
		Myelofibrosis	Combo with ruxolitinib (MF-034)		★							
		R/R T-cell & NK-cell Lymphoma	Combo with ICE/GemOx/belatactumab (TOUCH)		with Beigene Clinical Collaboration							
Maintenance Therapy for Endometrial Cancer	Monotherapy (SENDO)		▶									
	Monotherapy (EC-042) – Partner’s Pivotal Trial in the US		▶									
ATG-016 <sup>2</sup> (Eltanexor)	XPO1 (Small molecule)	R/R MDS	Monotherapy (HATCH)		▶							
ATG-008 (Onatasertib) <sup>2</sup>	mTORC1/2 (Small molecule)	Cervical Cancer and Other Advanced Solid Tumors	Combo with toripalimab (TORCH-2) <sup>4</sup>		with Topikimab Clinical Collaboration						APAC <sup>3</sup>	Celgene Bristol Myers Squibb Company
ATG-022	Claudin 18.2 (ADC)	Onc	Monotherapy (CLINCH)		▶							
ATG-037 <sup>4</sup>	CD73 (Small molecule)	Hem/Onc	Monotherapy + pembrolizumab (STAMINA)		with MERCK Clinical Collaboration							
ATG-101 (Xirestomig) <sup>2</sup>	PD-1/14-1BB (Bispecific)	Hem/Onc	Monotherapy (PROBE & PROBE-CN)		▶							
ATG-031	CD24 (mAb)	Hem/Onc	Monotherapy (PERFORM)		▶						Global	ANTENGENE
ATG-017 (Tizaterkib) <sup>5</sup>	ERK1/2 (Small molecule)	R/R Hem/Onc	Monotherapy + nivolumab (ERASER)		with Bristol Myers Squibb <sup>6</sup> Clinical Collaboration							
ATG-018	ATR (Small molecule)	Hem/Onc	Monotherapy (ATRIUM)		▶							
ATG-042	PRMT5-MTA (Small molecule)	Hem/Onc	Pre-clinical		▶							

<sup>1</sup> NDA approved by US FDA, European Commission, China NMPA, Australia TGA, South Korea MFDS, Singapore HSA, China Hong Kong, China, India MDR, and other Taiwan TIFA.  
<sup>2</sup> Licensed from Celgene and Antengene has rights for Greater China (Chinese Mainland, Hong Kong, Taiwan, Macau), Australia/New Zealand, South Korea, and the Middle East.  
<sup>3</sup> Licensed from Celgene (SMG) and Antengene has rights for Greater China, South Korea, Singapore, Malaysia, Indonesia, Vietnam, Laos, Cambodia, the Philippines, Thailand and Hong Kong.  
<sup>4</sup> Licensed from Cellthera Bioscience and Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-007.  
<sup>5</sup> Licensed from Celgene and Antengene has obtained exclusive global rights to develop, commercialize and manufacture ATG-017.  
<sup>6</sup> Most advanced trial status in partner territories in the rest of the world and the trial are conducted by our licensing partners.  
<sup>7</sup> SADAL Study (SADAL US Trial) approval is under the accelerated approval pathway. \* Investigator-initiated Phase I/IIb study/therapy. MDC: myeloid-derived suppressor cells; Hem/Onc: hematological oncology; and solid tumors. R-GDP: Rituximab, Gemtuzumab, Oxaliplatin, Etoposide, Cyclophosphamide, Carboplatin, ICE: Irinotecan, Gemtuzumab, Cyclophosphamide, Carboplatin, and Etoposide. AU: Australia; CA: Canada; EU: Europe; HK: Hong Kong; E.: Israel; MC: Mexico; SG: Singapore; SK: South Korea; TW: Taiwan; UK: United Kingdom; US: United States.

### 3.3 Strategic Cooperation

In August 2023, Antengene entered into commercialization partnership with Hansoh Pharma for first/only-in-class XPO1 Inhibitor XPOVIO® (selinexor) in Chinese Mainland. Through collaborating with Hansoh Pharma, we will leverage their well-established commercialization infrastructure to make XPOVIO® more accessible to patients in Chinese Mainland. Given our plans to apply for inclusion into the National Reimbursement Drug List (NRDL) for XPOVIO® in the near future, and the broad indication expansion potential of XPOVIO®, it is crucial to ensure that XPOVIO® could reach as many cities, hospitals and prescribers, and benefit as many patients as possible. We believe this collaboration with Hansoh Pharma will not only enhance access of XPOVIO® but also lead to commercial success in Chinese Mainland. Under the terms of the agreement, Antengene will continue to be responsible for research and development, regulatory approvals and affairs, product supply, and distribution of XPOVIO®, while Hansoh Pharma will be exclusively responsible for commercialization of XPOVIO® in Chinese Mainland.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4. RESPONSIBLE OPERATION

### 4.1 Business Ethics and Regulatory Compliance

Antengene believes that compliance with laws and regulations and upholding the values of business ethics, honesty, integrity, and compliance are the basic requirements for the stability of business operations. We strictly comply with relevant laws and regulations in places of our operation, including but not limited to the Prevention of Unfair Competition Law, Criminal Law and Company Law of the PRC, the Prevention of Bribery Ordinance of Hong Kong, the Criminal Code Act of Australia, Improper Solicitation and Graft Act of South Korea and the Foreign Corrupt Practices Act of the United States. The Group has not been involved in any bribery or corruption lawsuits throughout the Year.

Antengene formalized an Anti-Bribery and Corruption Prevention Policy that applies to all Antengene directors, officers, employees, dispatched laborers, external consultants and third-party representatives. This policy was set up to provide guidelines on conduct to ensure compliance with all applicable anti-corruption laws, reinforce the internal controls and guarantee the validity, rationality and compliance of business operations of Antengene. A Whistle Blowing Policy was also established to provide guidelines for employees and business partners to submit their concerns regarding violations of conduct. The Corporate Compliance Committee and Compliance Investigation Team were set up under the policy to carry out reviews, and investigations and provide CAPA on whistle-blowing cases. To protect the legitimate rights and interests of the Group, maintain the internal fairness and prevent any improper behaviors, we have formulated a Conflict of Interest Policy this Year. This policy provides the basic principles for Antengene's personnel to identify and avoid actual or potential conflict of interest, as well as the management procedures such as the declaration of conflict of interest that our personnel are required to follow.

#### *Prevention of Bribery, Fraud and Money Laundering*

The purpose of formulating an Anti-fraud, Anti-money laundering and Anti-bribery Management System ("**Anti-Fraud**") is to regulate the behavior of all employees of the Company, especially Directors, Supervisors, Managers, and Employees in key positions. Antengene has strengthened the anti-bribery, anti-fraud and corruption prevention education for those in high-risk positions in business units, promotes regular job rotations and executes the separation of powers and responsibilities to reduce the risk of fraud and corruption.

We aim to establish a working environment with integrity, diligence, dedication, and compliance with relevant laws, regulations, and business ethics to prevent any violations which can harm the interests of the Company, Shareholders, and Employees. We have also established the ERP systems and applications to digitalize the segregation of duties, authorizations and review and approval flows to enforce these policies and mitigate the risks effectively. It is comprised of three elements:

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. Establish Anti-Fraud Work Structure

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Antengene's Anti-Fraud work structure is comprised of three working groups:

- **The Board's Audit Committee:** Provides direction and assists the Internal Control, Compliance and Internal Audit function in its efforts to design, implement and continuously improve the anti-bribery and anti-fraud programs to help prevent and/or detect violations of the law, regulation and industry code
- **Company Management:** Is vigilant to avoid/reduce the risk of fraudulent acts, build and ensure an effective Anti-Fraud internal control system and take appropriate and effective remedial measures in case of any fraudulent behavior
- **The Audit Department:** Implements continuous monitoring over the execution of internal audit

## 2. Reporting Channels

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- Formulate the Misconduct Reporting Mechanism and Handling Methods to regulate reporting procedures and handling of any misconduct
- Establish various reporting channels including email, telephone, letter, or interview
- Adopt strict confidentiality measures for a potential whistle-blower's identity and report to effectively protect the legal rights of the whistle-blower
- Set up a compliance committee to review the case reports and decide the next steps
- Clearly define the investigational procedure and document any feedback of the investigation and its results

## 3. Strengthen Prevention and Control of Anti-fraud

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- Strengthen the training of staff on ethics and compliance, with the identification of law and regulations basics, honesty and integrity, legal and illegal activities, ethical and unethical conducts, as well as the recommended practices for their daily work
- Provide compliance guidelines and monitoring methods for company activities
- Establish internal control guiding rules in crucial business areas and emphasize the check points to function heads and leaders in their review and approvals of business transactions
- Set up risk-based internal audit program to capture potential unethical and fraudulent risks
- Conduct internal audit work to identify compliance issues and fraud risks on a regular basis
- Adopt various strategies and digital solutions to promote the anti-fraud system and reporting channels
- Disclose the investigation procedures and handling methods of major fraud incidents if any, to ensure employees are aware of the consequences

### Compliance and Anti-Corruption Training

To foster an environment of integrity and improve compliance knowledge and self-discipline, our employees participated in online anti-bribery and anti-corruption training during the Reporting Period. The training covered anti-corruption case studies, anti-corruption related laws, law enforcement trends and practical analysis, typical behaviours, warnings and prevention, as well as other key behavioural tips. The Board of Directors have also undertaken courses on the Anti-Bribery and Corruption Prevention and have passed the training.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Responsible Promotion and Labelling*

Antengene strives to fulfill its corporate social responsibility and puts great emphasis on compliance with promotion-and-labelling related laws and regulations including the Advertising Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes.

Antengene has zero-tolerance on off-label promotion such that only information stated in the approved drug labelling and insert will be used to prepare drug promotional materials. We have established a Quality Self-Check Form for Promotional Materials to ensure that the contents in product manuals and promotional materials are true, fair, accurate, supported by sufficient references, and complied with laws and regulations. In addition, the Packaging Component Artwork Design and Approval Management Procedure for Local Manufacture and Repackaging Product and the Packaging Component Artwork Design and Approval Management Procedure for Imported Products are designed to ensure that the contents on the packaging materials are in accordance with relevant laws and regulations. Any new or amended packaging component artwork design is required to be approved and reviewed carefully before printing on the packaging component.

## 4.2 Protection in Intellectual Property Rights

Intellectual property (“IP”) protection is the foundation of the success of our business. The facilitation of technology innovation that is a key part of our success is attributed to our possession and maintenance of patents and other intellectual property and proprietary protection for commercially important technologies, inventions and know-how related to our business, as well as the defence and enforcement of our patents and the preservation of confidentiality and our trade secrets. Antengene also values and respects the efforts of every R&D employee such that the Group formulates and revises relevant policies and company regulations, such as the Assets Management Policy and the R&D Confidentiality Policy, in strict compliance with the Trademark Law of the PRC, the Patent Law of the PRC, and other IP related laws and regulations, as updated from time to time, to prevent intellectual property infringement.

To safeguard trade secrets and motivate our employees to uphold the attitude of “innovation and improvement”, Antengene has established and implemented the Patent Application and Inventor Reward System to encourage inventors to convert research accomplishments to patents. After the patent is granted, we will provide incentives and monetary compensation to the named inventor in the patent application according to the class of invention as listed in the system, and the ownership of the employment invention will be established to safeguard our intellectual property rights.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Intellectual Property Management System and the Intangible Asset Management System are employed to protect our IP rights and those of third parties. The IP Department, which is in charge of managing IP, has put in place several measures to safeguard our intellectual property rights as well as the legal standing of the IP of the Group via the development of the application and registration procedure of a patent. According to these procedures, a written request clarifying the nature of the invention (i.e., employment invention, along with other information relating to the invention before filing) must be signed and the inventors must sign an inventor assignment of the patent rights to the Company after filing.

All persons having access to the patented and non-patented technologies of the Group shall execute a confidentiality agreement. A team will be assembled to expedite countermeasures for IP rights protection should there be accusations or problems involving intellectual property rights infringement.

Antengene also established the Measures for Disputes Arising from the Infringement of IP Rights of the Third Parties, Measures for the Management of Drug Inspection, and Formulation of Measures for the Reduction of IP Rights Infringement Risk and the Difficulty of Enforcing IP Rights.

The Group was not subjected to any intellectual property lawsuits throughout the Year.

### 4.3 Respecting Ethics for Clinical Trials

Antengene puts great emphasis on the ethics of clinical trials and intends to strictly abide by related laws, regulations, management norms and medical ethics principles including ICH1 guidelines (e.g., ICH-E6 GCP R2), FDA regulations, the Drug Administration Law of the PRC and the Declaration of Helsinki. In order to safeguard the rights and safety of clinical trial participants, various measures have been implemented.

In order to ensure the safety and efficiency of our clinical trial program, we have implemented Clinical Project Management, which clearly delineates the responsibilities of project-related personnel and provides detailed regulations for compliance at all stages of the project process.

The Clinical Trial Agreement, which covers terms such as the study plan, duration, record keeping, inspection, confidentiality, and protection of intellectual property rights, will be signed with the study sites and principal investigators for clinical trials prior to initiating/conducting the trials. Contract terms, including the risk of breach and the cure/remediation processes, for agreements with external service providers, including but not limited to Contract Research Organizations, Clinical Research Organizations and Contract Manufacturing Organizations, have been stated clearly in the contract.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A SOP of Informed Consent Form Development and Management which states the process of Informed Consent Form (ICF) development and revision for Antengene sponsored trials has been established during the Year, to ensure all our ICFs are developed under proper scientific considerations and applicable regulatory requirements. Every clinical participant is required to sign an ICF before enrollment in a clinical study. Clinical trial monitoring should also be conducted according to the protocols, operation agreements and documents related to the clinical trials. All serious adverse events (SAE) that occur during the clinical trials should be recorded accurately and immediately in the SAE report form. Clinical Trial Liability insurance should be purchased by the sponsor of the clinical trial. And in case there are any negative events caused by the clinical trials, the cost of the treatment and reasonable stipend should be provided by the sponsor in accordance with relevant laws and regulations.

We have developed a SOP of External Service Provider Management for Clinical Trials to regulate the process for assessment, selection, and management of External Service Providers performing GxP (including GCP, GVP, and etc.) and relevant services. We have also formulated a SOP of Protocol Development Process for Antengene Sponsored Trials to the process of our sponsored trial protocol development, which aims to ensure all our sponsored protocols are developed under proper scientific considerations and regulatory requirements.

#### 4.4 Data Privacy and Protection

Information security and privacy protection are always important to operational compliance and a core competency of a modern enterprise. Antengene prioritizes privacy protection, data and personal information protection for clinical trial participants, customers, suppliers, and other parties. We handle personal data with regard to the laws, regulations and, ethics of the region where our business operates including but not limited to the Good Clinical Practice of Pharmaceutical Products and Cybersecurity Law of the PRC.

To safeguard the security of confidential clinical development and commercial information, including the information regarding clinical trial participants and customers, personal privacy information, including personal health information (“**PHI**”) and financial data, our employees are required to comply with the Company’s confidentiality policies. Antengene has zero tolerance for non-compliance with our confidentiality policies.

During the Year, we have formulated the R&D Confidentiality Management Policy to strengthen the R&D information management of the Group, protect our R&D results, prevent core trade secrets from being leaked or plagiarized, safeguard the rights and interests of the Group from infringement. This policy applies to all the subsidiaries under the Group and also to the information known to or obtained by the Group from third parties who have entrusted their confidential information to the Group. This policy clearly defines the role and responsibility of responsible departments, the management procedure of the confidential information and the confidentiality measures.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have established a Protecting the Privacy of Personal Information Policy. The Personal Information Owning Department ensures that the processing of personal information strictly adheres to the policy, while the Legal and Compliance teams monitor the legitimate use of personal information and provide regular training on privacy policies across Antengene. Antengene employees in specific positions are required to sign a confidentiality agreement with the Group. In addition, the confidentiality responsibility is clearly stated in the Clinical Trial Agreement agreed by all parties to protect the privacy of the clinical trial participants concerning related laws and regulations. We have also formulated an Information Security Management System to regulate the management of information systems and enhance information security. During the Reporting Period, an Employees' IT Information Security Policy was established. All Antengene employees are required to review, sign and comply with the Antengene Information Technology (IT) Security Policy.

### **Cyber Security Management**

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In order to ensure the safety of corporate information, Antengene has established and released the Information Security Policy this Year. The policy provides guidance for employees to use personal computers (PCs), computer applications, email and process information in a secured and compliant way in their daily work.

- Control the software management of computers, such as software usage, virus prevention, and the installation of fire walls
- Manage the safety of the information system and cloud server system, such as account permission of computer and cloud system access, emergency responses in case of an information system breach, data backup and recovery, a disaster recovery plan, and supervision and inspection of the information security

### **Physical Security Management**

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- Regularly check the hardware equipment and facilities of the computer rooms
- Keep good records of entry and exit registration, equipment registration, equipment inspection and major failures
- Monitor closely the operational status of the equipment in the computer room
- Regulate the access permission of the computer room

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4.5 Supply Chain Management

Antengene emphasizes the management of its supply chain as the Group believes supply chain management is crucial for the sustainable development of the Group. We have formulated various measures, including the implementation of the Procurement and Payment Management System and the Supplier Management Process to standardize the assessment, monitoring, and management of suppliers. Doing so ensures the quality of our products and services, and facilitates the construction of a sustainable and responsible supply chain. Antengene has established the Antengene Direct Purchasing and GMP Related Services Procurement Policy to reinforce internal controls and guarantee the validity, rationality, and efficiency of direct material and GMP service procurement activities this Year. This policy applies to purchase requisitions of direct material and GMP services from all divisions in the Group.

### Supplier Selection and Evaluation

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- New suppliers must be strictly reviewed before being listed in our supplier list, e.g. qualification check, compliance check, and on-site visit
- Establish solid records of supplier qualification and selection
- Selection criteria: evaluate potential suppliers' prices, services, quality, technology, business ethics, compliance, environmental impact, and health and safety

### Supplier Monitoring and Appraisal

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- Require suppliers to sign a letter of commitment to ensure that they comply with the requirements of social corporate responsibility and environmental protection, and promise to meet the standards of conduct such as anti-corruption, protection of employees' health and safety, as well as their social benefits and anti-discrimination, etc
- Classify suppliers into different levels according to their functional strategy, procurement volume, service significance, and impact on our business
- A supply chain management system has been adopted, including supplier qualification evaluation, supplier performance management, supplier contract management, supplier risk management, and supplier due diligence
- Regular reviews of the performance of suppliers, especially strategic and preferred suppliers, are conducted to ensure that the products and services provided by our suppliers are of good quality and able to meet our expectations

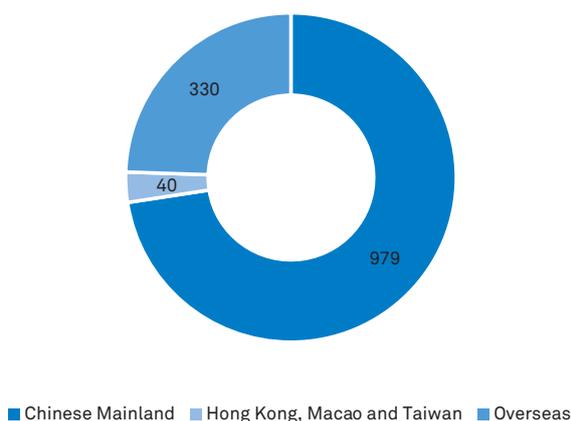
In order to create a better environment for the next generation of people, we strive to purchase products and services which are in accordance with relevant environmental laws and regulations. Environmentally friendly products are preferred in terms of materials purchasing, e.g. more environmentally friendly papers.

Moreover, according to our Antengene Anti-Bribery and Corruption Prevention Policy, suppliers will be disqualified and we will terminate all corresponding business dealings with them if they are discovered to be conducting unethical business practices and violating the Group policy, such as commercial bribery or activities falsification, after investigation and evaluation. Any gifts, entertainment and hospitality expenses and other kinds of expenses of similar nature should be paid directly by Antengene to the relevant suppliers whenever possible to prevent bribery and corruption from happening via third parties.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, we have 1,349 suppliers providing various products and services, such as laboratory and clinical trial-related products and services, public relations services, and IT services. Supplier practices were being implemented for all of them.

Suppliers by geographic region



### 5. TALENT CARE AND DEVELOPMENT

Antengene upholds safety as a top priority in our business operation, and we particularly respect human rights and fair working practices for our employees. As talent is the key driver for our business growth and the productivity and success of our research and development organization, we follow the principle of “Motivation, Ability, and Potential (MAP)” to explore and nurture our employees’ potential talents. Overall, we aim to develop a people-oriented working environment, where our employees can achieve their ambitions, and together with Antengene, have rewarding career paths.

#### 5.1 Occupational Health and Safety

Antengene puts high emphasis on the health and safety of employees. We strictly comply with the Production Safety Law of the PRC, the Fire Control Law of the PRC, the Law of the PRC on the Prevention and Treatment of Occupational Diseases and other relevant laws and regulations to ensure the occupational health and safety of our employees. The Group has adopted various measures to help employees avoid from health and safety risks. During the Reporting Period, the Group had no violations of laws or regulations on health and safety matters in the workplace or related to our services.

Based on the principle of “Safety and prevention first, manage in a comprehensive manner”, Antengene is committed to creating a healthy and safe workplace for every employee. We have established sound and comprehensive occupational health and safety systems and policies for cross-department operations management. We have developed a Safety Procedure that details the responsibility of each person and department involved in safety work in a top-down manner.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Position/Departments	Responsibilities
Chairman	<ul style="list-style-type: none"> <li>• Ensure compliance</li> <li>• Receive safety-related training</li> <li>• Report safety-related accidents</li> </ul>
CEO	<ul style="list-style-type: none"> <li>• Receive safety-related training</li> <li>• Plan, manage and monitor the safety measures</li> </ul>
Departments	<ul style="list-style-type: none"> <li>• Execute safety measures</li> <li>• Regularly Monitor and evaluate the performance</li> <li>• Update the safety manual and practices, as necessary</li> </ul>

The Staff Health and Safety manual covers detailed responsibilities of relevant departments on safety issues and the procedures for the precautionary, monitoring, evaluation, and reporting stages. At the same time, we have also set up the Health, Safety and Environmental (HSE) Department which is responsible for the establishment, implementation, and maintenance of the procedures for the health and safety of employees.

Precaution is the core element to prevent accidents from happening in our business operation. To prevent the occurrence of any potential safety hazard, all projects must be under the “Three simultaneities” procedures, as defined by the Environmental Protection Law of the PRC, such that occupational health protection processes are designed, constructed and used in conjunction with the main projects. Production will only commence after completion of the Occupational Hazard Control Effectiveness Evaluation and approval by the Hygiene Administration Department. Moreover, warning signage will be displayed in prominent locations where potential hazards are identified. Workers will also be provided personal protective equipment that meets the national occupational health standards; they are also supervised to properly use the equipment during work. On-site assessment and evaluation of occupational hazards are conducted by qualified third-party inspection institutions commissioned by the HSE Department annually to identify potential risks and rectify hidden dangers to create a healthy and safe workplace. In addition, the Environmental Protection and Health manual was launched to prevent, control, and reduce the risk of harmful effects on human health, as well as to prevent occupational diseases. We strive to act in the hope of ensuring that our employees can stay alert to potential health and safety risks that potentially occur in daily operations.

During the Year, we have formulated an Emergency Response Plan for Production Safety Accidents to ensure that the production safety accidents can be controlled in a timely manner to prevent the accidents from spreading, effectively organize rescue, and protect the personal safety of employees and company property. This Emergency Response Plan covers comprehensive emergency plan, various special emergency plans for hazardous chemicals, fire and explosion accidents, special equipment accidents and natural disaster, as well as on-site disposal plan.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We have provided various vocational health and safety training to our employees, including:

- Education on self-protection to enhance and familiarize employee knowledge and/or skills on chemical safety such as the toxicity of chemicals, special equipment training, and first-aid training on poisons
- Regular on-the-job training on procedures related to occupational health and hazard protection measures periodically

### **“Safety Production Month” Activities 2023**

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In response to the National Safety Production Month in June this Year, in order to improve employees’ safety awareness, we launched the “Safety Production Month” Activities 2023 with the theme of “Everyone is concerned about safety and everyone knows how to respond to emergencies”, including:

- Watching production safety educational films
- Safety knowledge training and education for new employees
- EHS hazard investigation activities
- Special inspection of emergency medicine boxes and emergency cabinets
- Comprehensive emergency drills
- EHS experience sharing session

### **“Fire Awareness Month” Activities 2023**

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In order to further enhance the fire safety awareness of all employees in the Shaoxing factory, popularize fire safety knowledge, improve employees’ escape and self-rescue emergency response capabilities, and effectively improve the factory’s fire safety construction level, we launched the “Fire Awareness Month” activities in November this year, including:

- Practical firefighting activities
- Fire hazard self-inspection and self-correction activities
- Fire training

In response to any accidents, our Production Safety Accident and Emergency Management Plan regulates how we control and respond to accidents to minimize loss and damage. We have established an emergency system that assumes and stipulates the react-and-respond responsibilities of the entities involved, including the person in charge and respective departments. In the plan, the source of potential hazards and injuries are classified to risk groups including chemical spills, poisoning, fire, electric shock, and extreme weather (including typhoons and storms, etc). Two alert levels have been designated, with respective response procedures and reporting mechanisms outlined, to ensure that accidents are handled properly. Moreover, we also provide emergency training to our employees and conduct emergency plan drills at least once a year.

In addition, we strictly manage our laboratories, provide personal protective equipment for laboratory staff, and post laboratory safety information boards in prominent locations to guide employees in identifying and handling safety risks.

Annual occupational health-related inspections are also carried out to identify potential hazardous diseases in our employees, any detected endangerment will be rectified.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5.2 Safeguarding Rights and Interests of Employees

Employees are the core of our business operation and are our valuable assets. We are committed to creating a compliant, fair and friendly workplace for employees. The Company strictly follows relevant laws and regulations, including the Labour Law of the PRC and the Labour Contract Law of the PRC, to protect the rights and interests of employees. In order to effectively communicate employees' rights to our staff, the Employee Handbook clearly states and specifies the labour relations, working hours, attendance, and vacation issues, remuneration and benefits, and training and promotion mechanisms. The Handbook also explains the Group's standards and expectations, which includes the performance appraisal process, code of conduct, attendance, and disciplinary mechanisms. Employees are expected to fulfil their obligations to Antengene in accordance with the guidelines set out.

In strict accordance with relevant laws and regulations such as the Provisions on the Prohibition of Using Child Labour and Law of the PRC on the Protection of Minors, we forbid the employment of child labor and incidents of forced labor. To prevent and eliminate any employment of child labor, we have recruitment guidelines in place such that the Human Resources Department will require every employee to provide documents including their ID card, educational background and work experience to ensure that they have reached the legal working age. For newly recruited employees, they will also be required to sign a legally-binding Labour Contract in accordance with the law within one month of on-boarding. We also seek to protect customers' and our proprietary technology and processes, in part, by signing confidentiality agreements with employees.

During the Reporting Period, no child labor or forced labor was found. If any labour-related violation is found, employees can immediately terminate the labor contract to protect their legal labour rights.

### *Recruitment and Resignation*

We are committed to equal employment opportunities in recruitment, career development, promotion, training and reward, as well as protection of our employees from any form of discrimination such as gender, age, nationality, race and religion, or unfair treatment caused by any non-work-related factors, as stipulated in the Staff Handbook and the Recruitment Management Procedure. We select employees according to the principles of fairness and impartiality during recruitment and appoint them based on corresponding knowledge, skills, and work experience, as defined in the job description. Recruitment channels include websites, social media, job fair, head-hunters, and internal recommendations, etc. The Human Resources Department will select appropriate channels for recruitment according to a specific position and market conditions. Employees are encouraged to recommend suitable candidates and will be awarded a bonus for a successful recommendation. In principle, the Company does not employ the spouse, children, or immediate family members of its employees to work in the same department and employment candidates will be required to indicate specific family relations with any of the Group's current employees. Candidates applying for senior positions will be invited to attend interviews following the three-level interview system, in which the direct supervisor and head of the hiring department, and the Human Resources Department and CEO are required to sit on group interview.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employees can resign at will. Employees can terminate the employment relationship with the Group by themselves given that they agree with and confirm the last working date with their supervisor. The Human Resources Department will also arrange an exit interview with the resigned employee to understand the reasons for their resignation. We will review employee turnover with corporate management and rectify management problems, if any, to retain talent. The Company also has a mechanism to protect employees from unreasonable dismissal. In addition, as long as agreement is obtained from both sides and a dismissal complies with relevant labor laws and regulations, employees can terminate the Labour Contract with Antengene at will.

### 5.3 Remuneration and Benefits of Employees

Antengene has always promised a fair and open career development pathway and attractive remuneration packages, commensurate with employees' contributions to the Group. Our Company conducts performance appraisals with employees twice a year, in January and July, to evaluate and review their working performance. The results of employee performance evaluations, together with the national and local economic conditions and the business performance of the Group, are important factors affecting the adjustment of salary. A performance bonus policy has been introduced to provide employees with incentives to thrive and excel in their careers.

Antengene is committed to providing employees with competitive compensation and benefits to appreciate and recognize employees' outstanding performance and contributions. When hiring, we first consider internal promotion, followed by external recruitment. We provide benefits related to health and wellness and employees can enjoy legal rights and interests, including annual leave, sick leave, marriage leave, maternity leave, funeral leave, and statutory holidays. In accordance with relevant PRC regulations on social insurance, such as the Social Insurance Law of the PRC, we contribute to the social insurance funds, including the housing provident funds, for our employees. Antengene values the contribution of our employees and encourages long-term joint development for staff. There are rewards designed for promoting collaboration and praising employees' good performance. For instance, we provide service awards by means of a cash prize or gifts at equivalent value to those who have joined Antengene for a constant period of at least 3 years. As a leading corporation in the pharmaceutical industry, we are committed to the health of our employees. We provide an annual physical examination and comprehensive medical examination to all of our employees so that they are aware of their health conditions. In addition, we organize periodic lectures to share health knowledge with our employees.

Throughout the Year, we arranged various programs and activities for our staff:

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Antengene Basketball Team

More than a dozen colleagues from our Early Stage R&D, Clinical Research, Pharmaceutical Biology, and Commercialization and Operations departments made up the “Antengene Basketball Team”. The team took part in the competition of “Zhang Jiang Cup” and “Jin Sha Cup” basketball games. They played hard on the court and promoted team friendship during the game.



## Shaoxing Shangqing Ancient Trail Hiking Challenge

In order to promote the understanding between members of the China Clinical Medicine team and to strengthen the collaboration and communication between departments, Antengene organized a team hiking trip to Shaoxing. We hoped that through outdoor exercise, the team members could enjoy the culture of the ancient road and have an ice-breaking reunion.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5.4 Training and Development of Employees

The professional expertise of employees is the key pillar for Antengene to maintain its core competitiveness in the research and development of novel, potentially first-in-class or best-in-class medicines. We have built an experienced management team with a strong track record to lead the end-to-end execution of clinical development, drug registration and commercialization. Moreover, a wide range of on-the-job training and capability-building activities were organized to help all employees develop professional clinical knowledge and strengthen their management skills. To ensure our employees are well-equipped to deliver their work, we help new employees quickly fit into the Company by offering orientation training and on-the-job training from their first day so they can familiarize themselves with Antengene and their work duties. In addition, each new employee will also be assigned a mentor to help them adapt to the new working environment and explore their personal development and career aspirations.

Throughout the Year, we arranged various trainings to our employees. Some key trainings are listed below.

### **Orientation Training**

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We organized 2 offline orientation training sessions for 28 fresh employees during the Year. We also created online learning platform accounts for 34 Chinese and 6 overseas new employees, the content was about company history and culture, company regulations, salary and benefits, our pipeline and business, as well as compliance and financial policies.

### **First-in-human (FIH) and Early Clinical Research Workshop**

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We conducted FIH and Early Clinical Research Workshops in March 2023, which focused on FIH studies and early-stage research on innovative cancer drugs. It helped the clinical team members keep abreast of industry hotspots and enhanced their professional knowledge. 97 participants attended the workshops.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Efficient EXCEL Training Course

We organised EXCEL training course for our staff in October and November 2023, which contains a total of 25 lessons, focusing on table protection, conditional formatting, advanced usage of Vlookup function, advanced filtering, macro application and other topics, totaling 325 minutes. 65 participants attended the course.



This Year, the Group's offline trainings and events (including live classes on the Zoom platform) were attended by over 750 participants. A total of 220 courses were available on the online platform for Chinese employees, including 14 general courses with 1,500 participants and 162 clinical courses with 3,000 participants. A total of 28 courses were launched online for overseas employees, including 289 participants in 13 general courses and 610 participants in 22 specialized courses. We combined online and offline learning to keep our employees up-to-date with relevant policies and procedures as well as knowledge and skills during the Year.

## 6. GREEN OPERATIONS

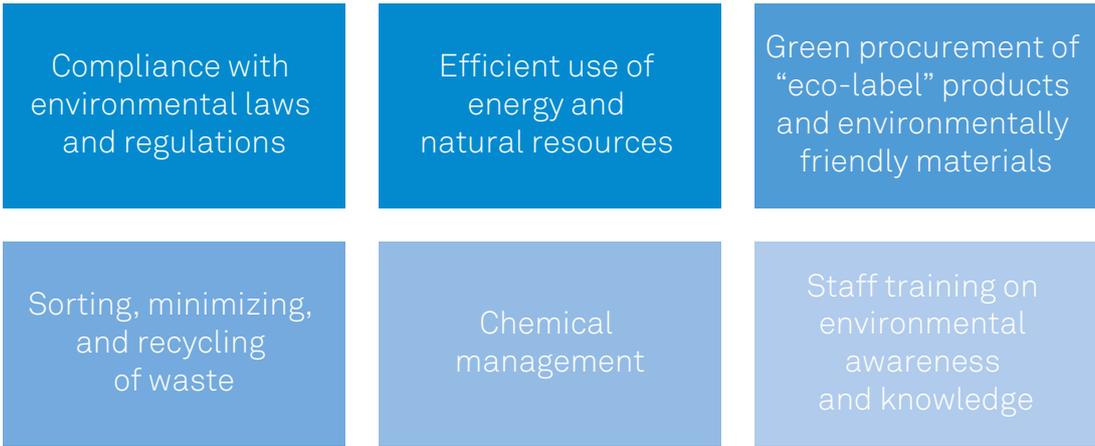
Antengene adheres to environmental protection and is in strict accordance with environmental-related laws and regulations in our locations of operation including the Environmental Protection Law of the PRC, the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the PRC on Prevention and Control of Water Pollution, the Law of the PRC on Prevention and Control of Air Pollution and the Law of the PRC on Energy Conservation. During the Reporting Period, no violation of air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste were found.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For environmental target setting, the Group did not officially start full production in the Year, and the current environmental data do not reflect the actual situation of the Group’s full operation. Therefore, we will set appropriate environmental targets according to the business situation after production is fully underway.

## 6.1 Environmental Management

During the Reporting Period, our main operations consisted of daily office work and limited laboratory operations. The environmental impacts contributed by the Group mainly include the usage of electricity and water, office waste generation, usage of paper, and air pollutant emissions from vehicles. To alleviate the environmental impacts arising from our factories in the future, an Environmental Protection System was formulated to foster environmental protection and minimize pollution and its adverse impacts caused by pharmaceutical manufacturing. The dimensions of the environmental policy are shown below:



In order to ensure the safety of national property and employees’ lives, improve employees’ emergency response capabilities in handling sudden environmental pollution accidents, effectively implement rescue when an accident occurs, minimize property losses and casualties, and protect the environment from pollution, we have established the Emergency Response Plan for Environmental Emergencies in the Year. This Emergency Response Plan standardizes our Company’s emergency response mechanism for environmental emergencies, provides scientific emergency mechanisms and measures for our Company to effectively and quickly responds to environmental pollution and ensures regional environmental safety.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Emergency Response Plan for Environmental Emergencies covers the following:



## 6.2 Emissions Control and Waste Management

To reduce pollutant emissions and waste, relevant measures have been taken and the corresponding details are listed below:

### **Exhaust and Greenhouse Gas (“GHG”) Emissions Management**

During the Reporting Period, our direct air pollutants were mainly from our own vehicles. The following are measures that we have adopted to reduce emissions from vehicles:

- Conduct annual inspection of our vehicles to ensure that emissions meet the national and local standards
- Switch off the engines when the vehicles are not in use
- Promote the culture of taking public transportation and shared transportation among employees

The GHG emissions during the Reporting Period were mainly from direct emissions from our vehicles and indirect emissions from the generation of purchased electricity. In order to reduce GHG emissions, emission reduction measures on vehicle management, mentioned above, and measures on electricity savings have been adopted. In the future, more measures will continue to be adopted to save energy and reduce emissions. For more details on the electricity saving measures, please refer to section: 6.3 Conservation and Protection of Resources.

## Waste Management

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Regulation on the management of waste collection, management, transportation and treatment has been formulated and adopted for all types of waste at Antengene, including hazardous waste, non-hazardous waste and recyclable waste.

Wastes are first collected by various qualified third parties for treatment and different types of waste such as stored waste, recycled waste, and hazardous waste, will be documented. Hazardous wastes including expired or unqualified drugs, waste oil, substances contaminated with active materials, waste reagent, solvents or paint and waste batteries, undergo specific procedures. First, wastes are sorted and collected by different departments and transferred to a waste storage room for storage and further treatment. After that, to reduce waste generation, the following measures are adopted:

- Cultivate employee habits and culture on recycling papers, metals, and plastics
- Reduce the use of disposable and non-recyclable products
- Use recyclable toner/cartridges

We will endeavour to have continuous improvement on waste reduction and strive to treasure natural resources.

## Paper Management

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- Adopt office automation system and electronic communication to reduce paper usage
- Promote a culture of reusing or double-sided use of paper
- Conduct regular monitoring of paper consumption and adopt reduction measures
- Place paper recycling bins for paper recycling
- Replace all disposable drinking glasses and wooden chopsticks with non-disposable items such as ceramic drinking glasses and reusable cutlery

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 6.3 Conservation and Protection of Resources

In order to conserve natural resources and minimize the environmental impact, we have adopted various measures for resource conservation, as follows:

### Energy Saving

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#### Air Conditioning System

- Switch off air conditioning systems when not in use
- Clean the filter screen and the fan coil unit regularly
- Set the minimum temperature of the air conditioning system as 26 degree Celsius

#### Lighting System

- Switch off the lights when not in use
- Adopt independent lighting control for lighting switches by dividing the office into a number of different lighting areas
- Keep lighting fixtures and lamps clean to maximize their energy efficiency
- Use energy-efficient lamps

#### Electronic and Printing Equipment

- Switch off electronic equipment completely during non-working hours and when not in use
- Encourage employees to use energy-efficient devices, such as all-in-one printers and photo copiers

To reduce electricity usage, we conduct monthly electricity usage monitoring and adopt appropriate improvement measures.

### Water Saving

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- Check if the faucets are firmly turned off after use
- Promote water conservation and post reminder signs in relevant places
- Conduct maintenance for dripping faucets. Perform maintenance for dripping faucets

During the Reporting Period, we did not encounter any problems in obtaining applicable water sources.

### Green Participation by Employees

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- Encourage employees to take part in activities organized by green group
- Choose low-carbon ingredients as food in enterprise leisure activities
- Avoid using disposable items in the activities

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 6.4 Response to Climate Change

In response to China's "dual carbon" targets and to help reduce and alleviate climate change, we have identified climate-related risks. Policies and response actions have been formulated to identify and address significant climate related matters that have and may have an impact on the Company:

<b>Types of Climate Risks</b>	<b>Responding Measures</b>
Acute Physical Risk (e.g. typhoon, flood)	<ul style="list-style-type: none"><li>• Develop extreme weather contingency plans and disaster response measures</li><li>• Provide extreme weather-related training and escape drill to staff</li><li>• Regularly check existing buildings for compliance with the latest local building standards and to repair buildings when necessary</li><li>• Optimize logistics routes and prioritize the use of local/nearby suppliers to avoid supply chain disruptions due to extreme weather</li><li>• Explore the possibility of using renewable energy (e.g. considering installing solar, wind energy and other clean energy sources to replace fossil energy in the production plant area)</li></ul>
Chronic Physical Risk (e.g. extreme heat, water scarcity)	<ul style="list-style-type: none"><li>• Optimize heating, ventilation, and air conditioning (HVAC) operating efficiency to reduce power consumption despite global warming</li><li>• Develop emergency response plans for extreme weather, e.g. employees who work outdoors should find suitable places to rest under continuous high temperature weather</li><li>• Pay attention to changes in the disease spectrum, and plan related product research and development in advance</li><li>• Actively participate in environmental protection public welfare activities to alleviate global warming</li></ul>
Regulatory Risk	<ul style="list-style-type: none"><li>• Track the latest laws and regulations on climate change and integrate them into management strategies</li><li>• Reduce energy consumption, resulting in the reduction of purchased emission credits and CO<sub>2</sub> emissions</li><li>• Reduce reliance on fossil energy by increasing energy efficiency and switching to use more renewable energy/fuels</li><li>• Incorporate content related to carbon peaking and carbon neutrality into employee training plans</li></ul>
Reputational Risk	<ul style="list-style-type: none"><li>• Publicly disclose the Company's efforts in low-carbon operations and other aspects in the ESG report</li><li>• Actively respond to the national "dual carbon" call, actively communicate with stakeholders, and formulate and disclose emission reduction targets</li><li>• Communicate with stakeholders and explain the sustainable development measures implemented by the Group</li></ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 7. GIVING BACK TO THE SOCIETY

Antengene strives to fulfil its corporate social responsibility and contributes to create a sustainable and healthy society. With a strong focus on developing innovative medicines to treat patients beyond borders, Antengene is committed to fostering innovation that enhances the lives and living standards of individuals by addressing their clinical needs. We actively collaborated with various medical associations, recognizing the power of partnership in driving medical advancements. These collaborations enabled the Company to collect different resources, share knowledge, and accelerate the development of the medicines. Antengene is devoted to putting more effort on sponsoring charities that align with its mission, providing vital support to organizations that can enhance the healthcare outcomes.

#### Sponsoring 2023 International Multiple Myeloma (MM) Care Month Activity

In response to the “Myeloma Care Month” initiative of the International Myeloma Foundation (IMF), the 2nd International Myeloma Care Month science popularization activity was held from March 1 to 31, 2023. Antengene donated the activity, which was hosted by Beijing Health Alliance Charitable Foundation. Activity content includes the promotion and popularization of basic knowledge, treatment concepts and progress, daily care, and other aspects of multiple myeloma. The public can interact with different professionals, enabling them to gain a multidimensional and comprehensive understanding of multiple myeloma through the online platform during the activity. The “2023 International Multiple Myeloma Care Month Activity” had a total of over 8,000 participants in 12 live events held by professionals.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX I: KPI DATA TABLE

Environmental Area <sup>1</sup>	Unit	2022	2023
<b>Air emissions<sup>2</sup></b>			
Nitrogen oxides (NO <sub>x</sub> )	kg	17.63	12.70
Sulfur oxides (SO <sub>x</sub> )	kg	2.99	0.25
Particulate matter (PM)	kg	1.30	0.94
<b>GHG emissions<sup>3,4</sup></b>			
Direct GHG emissions (Scope 1) <sup>5</sup>	tonnes of CO <sub>2</sub> e	551.32	45.22
Indirect GHG emissions (Scope 2) <sup>6</sup>	tonnes of CO <sub>2</sub> e	1,061.94	1,124.76
Total GHG emissions (Scope 1 & 2)	tonnes of CO <sub>2</sub> e	1,613.26	1,169.98
GHG emission intensity (per m <sup>2</sup> )	tonnes of CO <sub>2</sub> e/m <sup>2</sup>	0.07	0.05
GHG emission intensity (per employee)	Tonnes of CO <sub>2</sub> e/employee	7.23	6.43
<b>Energy consumption<sup>7</sup></b>			
Total electricity consumption	kWh	1,827,781.00	1,972,225.40
Electricity consumption intensity (per m <sup>2</sup> )	kWh/m <sup>2</sup>	81.41	78.97
Electricity consumption intensity (per employee)	kWh/employee	8,196.33	10,836.40
Gasoline consumption by vehicles	litre	203,600.00	17,000.00
<b>Water consumption<sup>8,9</sup></b>			
Total water consumption	tonnes	7,968.00	9,115.00
Water consumption intensity (per m <sup>2</sup> )	tonnes/m <sup>2</sup>	0.35	0.36
Water consumption intensity (per employee)	tonnes/employee	35.73	50.08
<b>Hazardous waste generation<sup>10</sup></b>			
Hazardous waste generation	kg	–	3,490.00
Used batteries	unit	362	492
Used toner cartridges/ink boxes	unit	56	54
<b>Non-hazardous waste generation<sup>11</sup></b>			
Non-hazardous waste generation	kg	56,700.00	49,015.00
Non-hazardous waste generation intensity	kg/employee	254.26	269.31
<b>Paper consumption</b>			
Paper consumption	kg	3,765.00	1,620.94
Paper consumption intensity	kg/employee	16.88	8.91

1 The reporting boundary of environmental data covers the head offices in Shanghai and Shaoxing, Shanghai Antengene Corporation Limited, Antengene Corporation Co., Ltd., Antengene (Hangzhou) Biologics Co., Ltd. and Antengene Corporation (Hong Kong) Limited. As some of the operating locations did not operate at the beginning of the Reporting Period, the data of those operating locations do not cover the time range of the entire Reporting Period.

2 Air emissions arise from the vehicles of the Group.

3 The calculation is based on the "Greenhouse Gas Protocol" issued by the World Resources Institute and the World Business Council on Sustainable Development.

4 GHG emissions have decreased mainly due to decrease in employee number and the use of transportation.

5 Scope 1: Direct greenhouse gas emissions from sources owned and controlled by the Group.

6 Scope 2: Indirect greenhouse gas emissions from electricity generation, heating and cooling purchased by the Group.

7 Electricity consumption has increased reasonably mainly due to construction of our Hangzhou factory.

8 For water consumption, the consumption in offices in Shanghai, the factory in Shaoxing and laboratory in Hangzhou is calculated. The water consumption in our other locations is managed by a property management organization and does not have separate meter readings. Therefore, it cannot be separately calculated.

9 Water consumption has increased mainly due to the increase of usage during closure of some offices.

10 Hazardous waste generation has increased reasonably mainly due to construction of our Hangzhou factory.

11 Non-hazardous waste generation has decreased mainly due to the decrease in employees and the closure of some offices.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Area	Unit	2022	2023
<b>Employment</b>			
Total number of employees	no. of people	394	201
<b>Total number of employees (by gender)</b>			
Female employees	no. of people	222	121
Male employees	no. of people	172	80
<b>Total number of employees (by employment type)</b>			
Full-time junior employees and middle management	no. of people	378	189
Full-time senior management	no. of people	16	12
<b>Total number of employees (by age Group)</b>			
Under 30	no. of people	105	37
30 to 50	no. of people	265	144
Above 50	no. of people	24	20
<b>Total number of employees (by geographical region)</b>			
Employees from North China	no. of people	48	10
Employees from East China	no. of people	240	147
Employees from Central China	no. of people	37	1
Employees from South China	no. of people	21	4
Employees from other regions <sup>12</sup>	no. of people	48	39
<b>Employee turnover rate<sup>13</sup></b>			
<b>Employee turnover rate (by gender)</b>			
Female employees	%	9.60	28.34
Male employees	%	8.14	25.35
<b>Employee turnover rate (by age Group)</b>			
Under 30	%	4.18	12.90
30 to 50	%	13.15	38.71
Above 50	%	0.42	2.07
<b>Employee turnover rate (by geographical region)</b>			
Employees from North China	%	2.30	10.37
Employees from East China	%	10.02	25.12
Employees from Central China	%	2.30	8.99
Employees from South China	%	2.30	5.30
Employees from other regions	%	0.84	3.92

12 Including the United States, Australia, Singapore and Hong Kong SAR region.

13 Calculation method: number of employee turnover in this category ÷ (number of employee turnover in this category + number of employees in this category at the end of the Year) × 100%.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Area	Unit	2022	2023
<b>Health and Safety</b>			
Number of work-related fatalities in each of the past three years including the Year	no. of people	0	0
Rate of work-related fatalities in each of the past three years including the Year	%	0	0
Lost days due to work injury	days	0	0
<b>Development and Training</b>			
<b>Percentage of employees trained<sup>14</sup> (by gender)</b>			
Female employees	%	56.35	60.20
Male employees	%	43.65	39.80
<b>Percentage of employees trained (by employment type)</b>			
Full-time junior employees and middle management	%	95.94	94.03
Full-time senior management	%	4.06	5.97
<b>Average training hours completed per employee<sup>15</sup> (by gender)</b>			
Female employees	hours	21.10	17.20
Male employees	hours	16.56	16.45
<b>Average training hours completed per employee (by employment type)</b>			
Full-time junior employees and middle management	hours	19.58	16.01
Full-time senior management	hours	8.31	16.88

14 Calculation method: number of employees trained in this category ÷ number of employees trained x 100%.

15 Calculation method: total number of training hours for employees in this category ÷ total number of employees in this category.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX II: CONTENT INDEX OF THE GUIDE

Indicator		Related Chapter	
<b>A. Environmental</b>			
<b>A1 Emissions</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6. Green Operations
	A1.1	The types of emissions and respective emissions data.	Appendix I: KPI Data Table
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Appendix I: KPI Data Table
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Appendix I: KPI Data Table
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Appendix I: KPI Data Table
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	6. Green Operations 6.2 Emissions Control and Waste Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6. Green Operations 6.2 Emissions Control and Waste Management

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator		Related Chapter	
<b>A2 Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6.3 Conservation and Protection of Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total and intensity.	Appendix I: KPI Data Table
	A2.2	Water consumption in total and intensity.	Appendix I: KPI Data Table
	A2.3	Description of energy use efficiency target(s) set and steps are taken to achieve them.	6. Green Operations 6.3 Conservation and Protection of Resources
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6. Green Operations 6.3 Conservation and Protection of Resources Our water consumption comes from municipal water supply and there is no issue in sourcing water
	A2.5	The total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	During the Year, we have no packaging material used for finished products
<b>A3 The Environment and Natural Resources</b>	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	6. Green Operations
	A 3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Green Operations
<b>A4 Climate Change</b>	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.4 Response to Climate Change
	A 4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.4 Response to Climate Change

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator			Related Chapter
<b>B. Social</b>			
<b>B1 Employment</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.2 Safeguarding Rights and Interests of Employees
	B 1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: KPI Data Table
	B 1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: KPI Data Table
<b>B2 Health and Safety</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.1 Occupational Health and Safety
	B 2.1	Number and rate of work-related fatalities that occurred in each of the past three years including the Year.	Appendix I: KPI Data Table
	B 2.2	Lost days due to work injury.	Appendix I: KPI Data Table
<b>B3 Development and Training</b>	General Disclosure	Policies for improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.4 Training and Development of Employees
	B 3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Appendix I: KPI Data Table
	B 3.2	The average training hours completed per employee by gender and employee category.	Appendix I: KPI Data Table
<b>B4 Labour Standards</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.2 Safeguarding Rights and Interests of Employees
	B 4.1	Description of measures to review employment practices to avoid the child and forced labour.	5.2 Safeguarding Rights and Interests of Employees
	B 4.2	Description of steps taken to eliminate such practices when discovered.	5.2 Safeguarding Rights and Interests of Employees

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator		Related Chapter	
<b>B5 Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.5 Supply Chain Management
	B 5.1	The number of suppliers by geographical region.	4.5 Supply Chain Management
	B 5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.5 Supply Chain Management
	B 5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.5 Supply Chain Management
	B 5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.5 Supply Chain Management
<b>B6 Product Responsibility</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.1 Product Quality Management 4.1 Business Ethics and Regulatory Compliance 4.3 Respecting Ethics for Clinical Trials
	B 6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	3.1 Product Quality Management
	B 6.2	The number of products and service-related complaints received and how they are dealt with.	3.1 Product Quality Management
	B 6.3	Description of practices relating to observing and protecting intellectual property rights.	4.2 Protection in Intellectual Property Rights
	B 6.4	Description of quality assurance process and recall procedures.	3.1 Product Quality Management
	B 6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.4 Data Privacy and Protection

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator		Related Chapter	
<b>B7 Anti- corruption</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.1 Business Ethics and Regulatory Compliance
	B 7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	4.1 Business Ethics and Regulatory Compliance
	B 7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	4.1 Business Ethics and Regulatory Compliance
	B 7.3	Description of anti-corruption training provided to directors and staff.	4.1 Business Ethics and Regulatory Compliance
<b>B8 Community Investment</b>	General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. Giving Back to the Society
	B 8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	7. Giving Back to the Society
	B 8.2	Resources contributed (e.g., money or time) to the focus area.	7. Giving Back to the Society

# INDEPENDENT AUDITOR'S REPORT



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## To the shareholders of Antengene Corporation Limited

(Incorporated in the Cayman Islands with limited liability)

### OPINION

We have audited the consolidated financial statements of Antengene Corporation Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 126 to 202, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Key audit matter

### How our audit addressed the key audit matter

#### *Cut-off of research and development costs*

The Group incurred significant research and development (“R&D”) costs of RMB405,669,000 as disclosed in the consolidated statement of profit or loss for the year ended December 31, 2023. A large portion of the Group’s R&D costs represented service fees paid to contract research organisations (“CROs”), contract development manufacture organisations (“CDMOs”) and clinical site management operators (“SMOs”) (collectively referred to as the “Outsourced Service Providers”).

The R&D activities with these Outsourced Service Providers are documented in detailed agreements and are typically performed over an extended period. These expenses are charged to the consolidated statement of profit or loss based on the milestone of the R&D projects. We identified the cut-off of R&D costs as a key audit matter due to the significant amount and risk of not accruing R&D costs incurred in the appropriate reporting period.

We obtained an understanding of management’s controls in relation to the process of R&D costs, and we evaluated the design of the key controls and tested the implementation effectiveness of the key controls.

We, on a sampling basis, reviewed the key terms set out in the agreements with the Outsourced Service Providers and evaluated the completion status of R&D projects based on inquiry with project managers, inspection of supporting documents and by obtaining external confirmations from the Outsourced Service Providers.

We evaluated the adequacy of the accrued R&D costs by comparing the subsequent milestone billings and payments with the accrued R&D costs to determine whether these costs were recorded in the appropriate reporting period.

## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Siu Fung Terence Ho.

#### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

March 22, 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>REVENUE</b>	5	<b>67,305</b>	160,135
Cost of sales		<b>(12,293)</b>	(28,131)
Gross profit		<b>55,012</b>	132,004
Other income and gains	5	<b>115,786</b>	293,904
Research and development costs		<b>(405,669)</b>	(488,491)
Selling and distribution expenses		<b>(192,739)</b>	(355,391)
Administrative expenses		<b>(148,056)</b>	(167,055)
Other expenses		<b>(4,619)</b>	(15,485)
Finance costs	7	<b>(898)</b>	(974)
<b>LOSS BEFORE TAX</b>	6	<b>(581,183)</b>	(601,488)
Income tax expense	10	–	–
<b>LOSS FOR THE YEAR</b>		<b>(581,183)</b>	(601,488)
Attributable to:			
Owners of the parent		<b>(581,183)</b>	(601,488)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	12		
Basic and diluted			
– For loss for the year		<b>RMB (0.94)</b>	RMB (0.97)

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2023

	2023 RMB'000	2022 RMB'000
<b>LOSS FOR THE YEAR</b>	<b>(581,183)</b>	(601,488)
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(32,034)	(96,977)
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>(32,034)</b>	(96,977)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>(613,217)</b>	(698,465)
Attributable to:		
Owners of the parent	(613,217)	(698,465)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	240,091	154,483
Right-of-use assets	14	66,493	74,878
Other intangible assets	15	3,365	6,584
Equity investments designated at fair value through other comprehensive income	16	3,636	2,574
Financial assets at fair value through profit or loss	17	5,181	4,195
Prepayments and other receivables	18	57,997	3,366
Total non-current assets		376,763	246,080
<b>CURRENT ASSETS</b>			
Inventories	19	15,266	9,892
Trade receivables	20	9,684	29,767
Prepayments and other receivables	18	29,066	66,684
Financial assets at fair value through profit or loss	17	105	103
Cash and bank balances	21	1,187,703	1,789,634
Total current assets		1,241,824	1,896,080
<b>CURRENT LIABILITIES</b>			
Trade payables	22	3,857	7,822
Other payables and accruals	23	179,766	363,061
Lease liabilities	14	7,265	10,914
Total current liabilities		190,888	381,797
<b>NET CURRENT ASSETS</b>		<b>1,050,936</b>	1,514,283
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,427,699</b>	1,760,363
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14	13,755	17,041
Interest-bearing bank borrowings	24	180,000	30,000
Other non-current liabilities	25	86,560	–
Total non-current liabilities		280,315	47,041
Net assets		1,147,384	1,713,322
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	26	451	451
Treasury shares	26	(7,073)	(10,353)
Reserves	27	1,154,006	1,723,224
Total equity		1,147,384	1,713,322

Director

Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2023

	Notes	Attributable to owners of the parent						
		Share-based			Share premium*	Exchange fluctuation reserve*	Accumulated losses *	Total
		Share capital (note 26)	Treasury shares (note 26)	payment reserve* (note 28)				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At January 1, 2022		446	(18,758)	130,924	6,356,229	16,039	(4,090,567)	2,394,313
Loss for the year		-	-	-	-	-	(601,488)	(601,488)
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations		-	-	-	-	(96,977)	-	(96,977)
Total comprehensive loss for the year		-	-	-	-	(96,977)	(601,488)	(698,465)
Equity-settled share-based payment expense	28	-	-	51,304	-	-	-	51,304
Repurchase of ordinary shares	25	-	(20,571)	-	-	-	-	(20,571)
Cancellation of ordinary shares	25	(4)	39,299	-	(39,295)	-	-	-
Repurchase and issue of ordinary shares for								
Restricted Share Unit Scheme	28	9	(13,268)	-	-	-	-	(13,259)
Exercise of restricted share units	28	-	2,945	(12,490)	9,545	-	-	-
At December 31, 2022		451	(10,353)	169,738	6,326,479	(80,938)	(4,692,055)	1,713,322

	Notes	Attributable to owners of the parent						
		Share-based			Share premium*	Exchange fluctuation reserve*	Accumulated losses *	Total
		Share capital (note 26)	Treasury shares (note 26)	payment reserve* (note 28)				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At January 1, 2023		451	(10,353)	169,738	6,326,479	(80,938)	(4,692,055)	1,713,322
Loss for the year		-	-	-	-	-	(581,183)	(581,183)
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations		-	-	-	-	(32,034)	-	(32,034)
Total comprehensive loss for the year		-	-	-	-	(32,034)	(581,183)	(613,217)
Equity-settled share-based payment expense	28	-	-	47,279	-	-	-	47,279
Exercise of restricted share units	28	-	3,280	(13,611)	10,331	-	-	-
At December 31, 2023		451	(7,073)	203,406	6,336,810	(112,972)	(5,273,238)	1,147,384

\* These reserve accounts comprise the consolidated reserves of RMB1,154,006,000 (2022: RMB1,723,224,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Loss before tax		(581,183)	(601,488)
Adjustments for:			
Finance costs	7	898	974
Interest income	5	(38,783)	(28,204)
Depreciation of property, plant and equipment	13	15,881	12,828
Depreciation of right-of-use assets	14	12,945	13,393
Amortisation of other intangible assets	15	1,148	979
Equity-settled share-based payment expense	27	47,279	51,304
Loss on disposal of right-of-use assets for early terminated leases	6	223	13
Foreign exchange differences, net	5	(46,555)	(255,255)
Gain on disposal of items of property, plant and equipment	5	(5)	–
Impairment of other intangible assets	6	2,226	–
Fair value gains on financial assets at fair value through profit and loss	5	(517)	–
(Reversal of)/impairment losses on financial assets	20	(23)	43
		(586,466)	(805,413)
Increase in inventories		(5,374)	(7,314)
Decrease/(increase) in trade receivables		20,106	(22,804)
Increase in prepayments and other receivables		(4,817)	(24,767)
(Decrease)/increase in trade payables		(3,965)	6,347
(Decrease)/increase in other payables and accruals		(171,817)	281,773
Increase in other non-current liabilities		86,560	–
<b>Net cash flows used in operating activities</b>		<b>(665,773)</b>	<b>(572,178)</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment	13	(112,941)	(93,382)
Purchases of other intangible assets	15	(156)	(4,024)
Purchases of leasehold land	14	–	(1,977)
Proceeds from disposal of items of property, plant and equipment		739	–
Decrease/(increase) in time deposits with original maturity of more than three months	21	658,566	(221,705)
Interest received		41,328	18,880
Decrease in pledged deposits	21	–	(1,584)
Purchases of financial assets at fair value through profit or loss		(469)	–
Proceeds from disposal of financial assets at fair value through profit or loss	17	–	95,636
<b>Net cash flows from/(used in) investing activities</b>		<b>587,067</b>	<b>(208,156)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Repurchase of ordinary shares		–	(33,830)
Principal portion of lease payments	14	(12,793)	(15,907)
New bank loans	24	150,000	30,000
Interest paid		(5,363)	(992)
<b>Net cash flows used in financing activities</b>	29	<b>131,844</b>	(20,729)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		605,771	1,314,178
Effect of foreign exchange rate changes, net		3,426	92,656
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	21	<b>662,335</b>	605,771
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	21	1,187,703	1,789,634
Pledged deposits	21	(5,874)	(5,803)
Bank deposits with original maturity of more than three months when acquired	21	(519,494)	(1,178,060)
Cash and cash equivalents as stated in the statement of cash flows		662,335	605,771

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on August 28, 2018. The registered address of the Company is the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investing holding company. During the year, the Group was involved in the research, development and commercialisation of pharmaceutical products.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") effective from November 20, 2020.

### Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Antengene (BVI) Limited	British Virgin Islands/ British Virgin Islands September 14, 2018	USD50,000	100%	-	Investment holding
Antengene (Singapore) Pte. Ltd. (previously as: Boysenberry PTE. LTD)	Singapore/Singapore November 20, 2019	SGD50,000	100%	-	Trading
Antengene Biologics Limited (previously as: Antengene Investment Limited)	Hong Kong/Hong Kong September 20, 2018	HKD1	-	100%	Investment holding
Antengene Corporation (Hong Kong) Limited (德琪控股有限公司)	Hong Kong/Hong Kong January 21, 2016	HKD10,000	-	100%	Investment holding and trading
Antengene Therapeutics Limited	Hong Kong/Hong Kong September 19, 2017	USD13,000,000	-	100%	Investment holding
Antengene Corporation Co., Ltd. <sup>1,2</sup> (德琪(浙江)醫藥科技有限公司)	PRC/ Chinese Mainland June 15, 2016	RMB360,000,000	-	100%	Research and development

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Antengene Corporation Limited <sup>1</sup> (上海德琪醫藥科技有限公司)	PRC/ Chinese Mainland August 19, 2016	RMB66,000,000	-	100%	Research and development
Antengene (Shanghai) Pharmaceutical Co., Ltd. <sup>1,2</sup> (德琪醫藥(上海)有限公司)	PRC/ Chinese Mainland December 3, 2019	RMB14,000,000	-	100%	Research and development
ANTENGENE (AUS) PTY. LTD	Australia/Australia December 13, 2019	AUD1,000	-	100%	Research and development and trading
Antengene Biotech LLC	State of Delaware, United States of America ("USA")/USA March 20, 2019	USD1,500	-	100%	Research and development
Zhejiang Antengene Pharmaceuticals Co., Ltd. <sup>1</sup> (浙江德琪製藥有限公司)	PRC/ Chinese Mainland August 6, 2019	RMB70,000,000	-	100%	Manufacture and trading
Hainan Antengene Pharmaceuticals Co., Ltd. <sup>1</sup> (海南德琪醫藥有限公司)	PRC/ Chinese Mainland December 31, 2020	RMB10,000,000	-	100%	Trading
Antengene Medicine Co., Ltd.	South Korea/ South Korea February 17, 2021	KRW100,000,000	-	100%	Trading

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

### Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Antengene (Hangzhou) Biologics Co., Ltd. <sup>1,2</sup> (德琪(杭州)生物有限公司)	PRC/ Chinese Mainland May 25, 2021	USD60,000,000	-	100%	Research and development
Antengene (Zhejiang) Pharmaceutical Co., Ltd. <sup>1,2</sup> (德麗(浙江)醫藥有限公司)	PRC/ Chinese Mainland September 29, 2021	USD5,000,000	-	100%	Research and development
Defu (Shanghai) Supply Chain Management Co., Ltd. <sup>1</sup> (德復(上海)供應鏈管理有限公司)	PRC/ Chinese Mainland November 23, 2021	RMB5,000,000	-	100%	Manufacture and trading
Taiwan Antengene Pharmaceutical Co., Ltd. (台灣德琪醫藥股份有限公司)	Taiwan/Taiwan December 20, 2022	NTD15,000,000	-	100%	Trading

<sup>1</sup> The English names of these companies represent the best effort made by the directors to translate the Chinese names as these companies have not been registered with any official English names.

<sup>2</sup> These subsidiaries were registered as wholly-foreign-owned enterprises under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2. ACCOUNTING POLICIES

### 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 (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended December 31, 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.1 BASIS OF PREPARATION (CONTINUED)

### Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 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	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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 Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (b) Amendments 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. Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, 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.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>1</sup>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>1</sup>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to IAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2024

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., January 1, 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES

### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Business combinations and goodwill (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

### Fair value measurement

The Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Fair value measurement (Continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Office equipment	19% to 33%
Electronic equipment	19% to 33%
Motor vehicles	19% to 24%
Machinery	10% to 33%
Buildings	5%
Leasehold improvements	20% to 50%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	3 to 10 years
Others	5 to 10 years

### Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### *Group as a lessee (Continued)*

##### *(a) Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties and office premises	2 to 5 years
Leasehold land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

##### *(b) Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### *Group as a lessee (Continued)*

##### *(c) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### Investments and other financial assets

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets (Continued)

#### *Initial recognition and measurement (Continued)*

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

#### *Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### Investments and other financial assets (Continued)

##### *Subsequent measurement (Continued)*

##### *Financial assets at fair value through profit or loss (Continued)*

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

##### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (Continued)

#### *General approach (Continued)*

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition as loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals and interest-bearing bank borrowings.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities (Continued)

#### *Subsequent measurement*

#### *Financial liabilities at amortised cost (trade payables, other payables, and borrowings)*

After initial recognition, trade payables, other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

#### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **Treasury shares**

Own equity instruments which are reacquired and held by the Company or the Trustees (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition

#### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### *Sale of pharmaceutical products*

Revenue from the sale of pharmaceutical products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the pharmaceutical products.

#### *Other income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Share-based payments

The Group operates the 2019 and 2020 Equity Incentive Plans and 2022 Restricted Share Unit (“RSU”) Scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Share-based payments (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### Other employee benefits

#### *Pension scheme*

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme and forfeited contributions (on behalf of employees who leave the scheme prior to vesting fully in such contributions may not be used to reduce the existing level of contributions).

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### *Research and development costs*

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation. The Company currently expense all the milestone and upfront payments under the drug license agreements.

#### *Estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at December 31, 2023 was RMB2,476,138,000 (2022: RMB1,864,440,000). Further details are contained in note 10 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Estimation uncertainty (Continued)

#### *Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

#### *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### *Fair value of unlisted equity investments*

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 33 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments as at December 31, 2023 was RMB5,181,000 (2022: RMB4,195,000). Further details are included in note 17 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

#### Estimation uncertainty (Continued)

##### *Share-based payments*

The Group has set up the 2019 and 2020 Equity Incentive Plans and the 2022 Restricted Share Unit Scheme for the Company's directors and the Group's employees. The fair value of the options is determined by the binomial model at the grant dates and the fair value of the shares is determined by the observable market price at the grant dates.

Estimating the fair value for share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled share option arrangements with employees at the grant dates, the Group uses a binomial model. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in note 28 to the financial statements.

##### *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### *Useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 4. OPERATING SEGMENT INFORMATION

### Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the research, development and commercialisation of pharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

### Geographical information

#### (a) Revenue from external customers

	2023 RMB'000	2022 RMB'000
Greater China	57,187	154,870
Other countries/regions	10,118	5,265
Total revenue	67,305	160,135

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

#### (b) Non-current assets

	2023 RMB'000	2022 RMB'000
Greater China	359,949	228,715
United States	3,775	5,571
Australia	2,093	2,876
Total non-current assets	365,817	237,162

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

### Information about major customers

Revenue from each of major customers, which accounted for 10% or more of the Group's revenue during the reporting period, is as follows:

	2023 RMB'000	2022 RMB'000
Customer A	56,700	139,047
Customer B	8,516	*

\* Transactions with this customer did not exceed 10% of the Group's revenue.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers	67,305	160,135

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

	2023 RMB'000	2022 RMB'000
<b>Types of goods</b>		
Sales of pharmaceutical products	67,305	160,135
<b>Geographical markets</b>		
Greater China	57,187	154,870
Other countries/regions	10,118	5,265
Total	67,305	160,135
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	67,305	160,135

##### (b) Performance obligations

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

##### *Sale of pharmaceutical products*

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment is generally due within 60 to 150 days from the date of billing.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

	2023 RMB'000	2022 RMB'000
<b>Other income</b>		
Government grants*	29,881	10,426
Bank interest income	38,688	27,435
Other interest income from financial assets at fair value through profit or loss	95	769
Others	45	19
Total other income	68,709	38,649
<b>Other gains</b>		
Gain on disposal of items of property, plant and equipment	5	–
Fair value gains on financial assets at fair value through profit and loss	517	–
Foreign exchange gains, net	46,555	255,255
Total gains	47,077	255,255
Total other income and gains	115,786	293,904

\* Government grants include subsidies from the governments which are specifically for (i) the incentive and subsidies for research and development activities which are recognised upon compliance with the attached conditions; (ii) other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs recognised in profit or loss in the period in which they become receivable; and (iii) the capital expenditure incurred for plant and machinery and is recognised over the useful life of the related assets.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 6. LOSS BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of inventories sold		12,293	28,131
Depreciation of property, plant and equipment	13	15,881	12,828
Depreciation of right-of-use assets	14	12,945	13,393
Amortisation of other intangible assets	15	1,148	979
Lease payments not included in the measurement of lease liabilities	14	2,414	1,251
Auditor's remuneration		2,700	2,700
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		213,595	214,482
Pension scheme contributions (defined contribution scheme)		30,165	32,306
Staff welfare expenses		3,184	5,942
Equity-settled share-based payment expense		35,493	36,406
<b>Total</b>		<b>282,437</b>	<b>289,136</b>
Foreign exchange differences, net*	5	(46,555)	(255,255)
Impairment of other intangible assets*		2,226	–
Fair value gains on financial assets at fair value through profit and loss**	5	(517)	–
Loss on disposal of right-of-use assets for early terminated leases*		223	13
Gain on disposal of items of property, plant and equipment**	5	(5)	–

\* Included in "Other expenses" in the consolidated statement of profit or loss

\*\* Included in "Other income and gains" in the consolidated statement of profit or loss

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on bank borrowings	4,465	18
Interest on lease liabilities	898	974
<b>Total interest expense</b>	<b>5,363</b>	<b>992</b>
Less: Interest capitalised	(4,465)	(18)
<b>Total</b>	<b>898</b>	<b>974</b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000
Fees	1,316	1,401
Other emoluments:		
Salaries, allowances and benefits in kind	12,980	14,734
Performance related bonuses	3,998	3,963
Equity-settled share-based payment expense	11,786	14,898
Pension scheme contributions	1,293	1,627
Subtotal	30,057	35,222
Total	31,373	36,623

During the year and in prior years, certain directors were granted share options and restricted share units, in respect of their services to the Group, under the 2019 and 2020 Equity Incentive Plans and the 2022 Restricted Share Unit Scheme of the Company, further details of which are set out in note 28 to the financial statements. The fair value of such options and shares, which have been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

#### (a) Independent non-executive directors

	Fees RMB'000	Equity-settled share-based payment expense RMB'000	Total RMB'000
<b>2023</b>			
Mr. Mark J. Alles (ii)	351	–	351
Ms. Qian Jing	386	101	487
Mr. Tang Sheng	386	101	487
Dr. Rafael Fonseca (i)	193	–	193
Total	1,316	202	1,518
<b>2022</b>			
Mr. Mark J. Alles (ii)	667	682	1,349
Ms. Qian Jing	367	91	458
Mr. Tang Sheng	367	91	458
Total	1,401	864	2,265

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Equity- settled share-based payment expense RMB'000	Total RMB'000
<b>2023</b>					
Executive directors:					
Dr. Jay Mei	6,344	3,166	838	6,426	16,774
Mr. John F. Chin	3,228	430	439	1,865	5,962
Mr. Donald Andrew Lung	3,408	402	16	3,293	7,119
Total	12,980	3,998	1,293	11,584	29,855
Non-executive directors:					
Mr. Liu Yilun	-	-	-	-	-
Dr. Kan Chen	-	-	-	-	-
Total	-	-	-	-	-
	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Equity- settled share-based payment expense RMB'000	Total RMB'000
<b>2022</b>					
Executive directors:					
Dr. Jay Mei	5,945	2,745	816	5,850	15,356
Mr. John F. Chin	2,673	426	407	2,426	5,932
Dr. Kevin Patrick Lynch (iii)	2,927	396	110	767	4,200
Mr. Donald Andrew Lung	3,189	396	294	4,991	8,870
Total	14,734	3,963	1,627	14,034	34,358
Non-executive directors:					
Mr. Liu Yilun	-	-	-	-	-
Dr. Kan Chen	-	-	-	-	-
Total	-	-	-	-	-

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

### (b) Executive directors and non-executive directors (Continued)

- (i) Dr. Fonseca was appointed as an independent non-executive director on April 14, 2023.
- (ii) Mr. Mark J. Alles was appointed as an independent non-executive director on August 18, 2020 and resigned as an independent non-executive director of the Company on April 14, 2023.
- (iii) Dr. Kevin Patrick Lynch was appointed as executive directors of the Company on June 18, 2021 and resigned as an executive director of the Company on December 16, 2022.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year. No director's termination benefit subsisted at the end of the year or at any time during the year. No consideration provided to or receivable by third parties for making available directors' services subsisted at the end of the year or at any time during the year. No loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities subsisted at the end of the year or at any time during the year. No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2022: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2022: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Salaries, allowances, and benefits in kind	<b>8,559</b>	4,812
Performance related bonuses	<b>648</b>	1,132
Equity-settled share-based payment expense	<b>3,181</b>	7,344
Pension scheme contributions	<b>792</b>	460
Total	<b>13,180</b>	13,748

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	<b>Number of employees</b>	
	<b>2023</b>	2022
HKD6,500,001 to HKD7,000,000	<b>1</b>	–
HKD7,000,001 to HKD7,500,000	–	1
HKD7,500,001 to HKD8,000,000	<b>1</b>	–
HKD8,000,001 to HKD8,500,000	–	–
HKD8,500,001 to HKD9,000,000	–	1
Total	<b>2</b>	2

During the year and in prior years, share options and restricted share units were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the financial statements. The fair value of such options and shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil).

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 10. 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.

### Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

### British Virgin Islands

Under the current laws of the British Virgin Islands ("BVI"), the subsidiaries incorporated in the BVI are not subject to tax on income or capital gains. In addition, upon payments of dividends by these subsidiaries to their shareholders, no BVI withholding tax is imposed.

### Hong Kong

The subsidiaries incorporated in Hong Kong were subject to income tax at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HKD2,000,000 (2022: HKD2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

### Macau

The subsidiary incorporated in Macau was subject to income tax at the rate of 12% (2022: 12%) on the estimated assessable profits arising in Macau during the year.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 10. INCOME TAX (CONTINUED)

#### Chinese Mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), the subsidiaries which operate in Chinese Mainland were subject to CIT at a rate of 25% (2022: 25%) on the taxable income.

#### Australia

No provision for Australia profits tax has been made as the Group had no assessable profits derived from or earned in Australia during the year (2022: Nil). The subsidiary incorporated in Australia was subject to income tax at the rate of 25% (2022: 25%) on the estimated assessable profits arising in Australia during the year.

#### Singapore

No provision for Singapore profits tax has been made as the Group had no assessable profits derived from or earned in Singapore during the year (2022: Nil). The subsidiary incorporated in Singapore was subject to income tax at the rate of 17% (2022: 17%) on the estimated assessable profits arising in Singapore during the year.

#### South Korea

No provision for South Korea profits tax has been made as the Group had no assessable profits derived from or earned in South Korea during the year (2022: Nil). The subsidiary incorporated in South Korea was subject to income tax at the rate of 10% (2022: 10%) on the estimated assessable profits arising in South Korea during the year.

#### United States of America

The subsidiary incorporated in Delaware, the United States was subject to statutory federal corporate income tax of the United States at a rate of 21% (2022: 21%). It was also subject to the state income tax in Delaware at a rate of 8.7% (2022: 8.7%) during the year.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 10. INCOME TAX (CONTINUED)

### Taiwan

No provision for Taiwan profits tax has been made as the Group had no assessable profits derived from or earned in Taiwan during the year. The subsidiary incorporated in Taiwan was subject to income tax at the rate of 20% (2022: 20%) on the estimated assessable profits arising in Taiwan during the year.

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2023 RMB'000	2022 RMB'000
Loss before tax	(581,183)	(601,488)
Tax at the statutory tax rate (25%)	(145,296)	(150,372)
Different tax rates for specific jurisdictions or enacted by local authorities	(3,990)	(56,857)
Additional deductible allowance for qualified research and development costs	(29,356)	(46,191)
Expenses not deductible for tax	16,548	34,419
Tax losses and temporary differences not recognised	162,094	219,001
Tax charge at the Group's effective rate	-	-

The Group has accumulated tax losses in Chinese Mainland of RMB1,939,019,000 and RMB1,495,333,000 as at December 31, 2023 and 2022, respectively, that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has accumulated tax losses in overseas subsidiaries of RMB537,119,000 and RMB369,107,000 in aggregate as at December 31, 2023 and 2022, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in the foreseeable future will be available against which the tax losses can be utilised.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 11. DIVIDENDS

No dividend was paid or declared by the Company during the years ended December 31, 2023 and 2022.

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 615,438,058 (2022: 617,822,464) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the year ended December 31, 2023 in respect of a dilution as the impact of the share options and restricted share units outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2023 RMB'000	2022 RMB'000
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	<b>(581,183)</b>	(601,488)

	Number of shares	
	2023	2022
<b>Shares</b>		
Weighted average number of ordinary shares in issue* during the year used in the basic and diluted loss per share calculation	<b>615,438,058</b>	617,822,464

\* After considering treasury shares.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment RMB'000	Leasehold improvements RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
<b>December 31, 2023</b>								
At January 1, 2023								
Cost	8,530	5,789	6,097	2,006	41,539	47,162	60,968	172,091
Accumulated depreciation	(2,044)	(924)	(2,356)	(795)	(9,622)	(1,867)	-	(17,608)
Net carrying amount	6,486	4,865	3,741	1,211	31,917	45,295	60,968	154,483
At January 1, 2023, net of								
accumulated depreciation	6,486	4,865	3,741	1,211	31,917	45,295	60,968	154,483
Additions	146	4,005	536	-	1,297	-	96,256	102,240
Disposals	(520)	-	(91)	-	(123)	-	-	(734)
Depreciation provided during the year	(1,592)	(2,596)	(1,637)	(421)	(7,395)	(2,240)	-	(15,881)
Exchange realignment	(17)	-	-	-	-	-	-	(17)
At December 31, 2023, net of								
accumulated depreciation	4,503	6,274	2,549	790	25,696	43,055	157,224	240,091
At December 31, 2023:								
Cost	7,948	9,794	6,542	2,006	42,713	47,162	157,224	273,389
Accumulated depreciation	(3,445)	(3,520)	(3,993)	(1,216)	(17,017)	(4,107)	-	(33,298)
Net carrying amount	4,503	6,274	2,549	790	25,696	43,055	157,224	240,091
<b>December 31, 2022</b>								
At January 1, 2022								
Cost	2,299	-	4,135	2,006	20,223	-	47,274	75,937
Accumulated depreciation	(593)	-	(947)	(355)	(2,847)	-	-	(4,742)
Net carrying amount	1,706	-	3,188	1,651	17,376	-	47,274	71,195
At January 1, 2022, net of								
accumulated depreciation	1,706	-	3,188	1,651	17,376	-	47,274	71,195
Additions	6,231	5,789	1,962	-	21,316	-	60,856	96,154
Transfer	-	-	-	-	-	47,162	(47,162)	-
Depreciation provided during the year	(1,413)	(924)	(1,409)	(440)	(6,775)	(1,867)	-	(12,828)
Exchange realignment	(38)	-	-	-	-	-	-	(38)
At December 31, 2022, net of								
accumulated depreciation	6,486	4,865	3,741	1,211	31,917	45,295	60,968	154,483
At December 31, 2022:								
Cost	8,530	5,789	6,097	2,006	41,539	47,162	60,968	172,091
Accumulated depreciation	(2,044)	(924)	(2,356)	(795)	(9,622)	(1,867)	-	(17,608)
Net carrying amount	6,486	4,865	3,741	1,211	31,917	45,295	60,968	154,483

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 14. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of properties and office premises used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties and office premises generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Properties and office premises RMB'000	Leasehold land RMB'000	Total RMB'000
As at January 1, 2022	14,916	–	14,916
Additions	29,273	45,087	74,360
Disposal	(342)	–	(342)
Depreciation charge	(13,393)	(752)	(14,145)
Exchange realignment	89	–	89
As at December 31, 2022 and January 1, 2023	<b>30,543</b>	<b>44,335</b>	<b>74,878</b>
Additions	<b>6,295</b>	–	<b>6,295</b>
Disposal	<b>(835)</b>	–	<b>(835)</b>
Depreciation charge	<b>(12,945)</b>	<b>(901)</b>	<b>(13,846)</b>
Exchange realignment	<b>1</b>	–	<b>1</b>
As at December 31, 2023	<b>23,059</b>	<b>43,434</b>	<b>66,493</b>

As at December 31, 2023, the Group's leasehold land with a net carrying amount of approximately RMB43,434,000 (2022: RMB44,335,000) was pledged to secure interest-bearing bank borrowings granted to the Group (note 24).

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 14. LEASES (CONTINUED)

The Group as a lessee (Continued)

### (b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at January 1	27,955	14,812
New leases	6,295	29,273
Accretion of interest recognised during the year	898	974
Payments	(13,691)	(16,881)
Disposals	(612)	(329)
Exchange realignment	175	106
Carrying amount at December 31	21,020	27,955
Analysed into:		
Current portion	7,265	10,914
Non-current portion	13,755	17,041

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.

### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	898	974
Depreciation charge of right-of-use assets	13,846	14,145
Expense relating to leases of short-term and low-value assets	2,414	1,251
Less: capitalised in property, plant and equipment	(901)	(752)
Total amount recognised in profit or loss	16,257	15,618

### (d) The total cash outflow for leases is disclosed in note 29 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 15. OTHER INTANGIBLE ASSETS

	Software RMB'000	Others RMB'000	Total RMB'000
<b>December 31, 2023</b>			
Cost at January 1, 2023, net of accumulated amortisation	6,281	303	6,584
Additions	156	–	156
Amortisation provided during the year	(1,112)	(36)	(1,148)
Impairment during the year	(2,226)	–	(2,226)
Exchange realignment	(1)	–	(1)
At December 31, 2023	3,098	267	3,365
At December 31, 2023:			
Cost	7,953	349	8,302
Accumulated amortisation and impairment	(4,855)	(82)	(4,937)
Net carrying amount	3,098	267	3,365
<b>December 31, 2022</b>			
Cost at January 1, 2022, net of accumulated amortisation	3,539	–	3,539
Additions	3,675	349	4,024
Amortisation provided during the year	(933)	(46)	(979)
At December 31, 2022	6,281	303	6,584
At December 31, 2022:			
Cost	7,797	349	8,146
Accumulated amortisation	(1,516)	(46)	(1,562)
Net carrying amount	6,281	303	6,584

### 16. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 RMB'000	2022 RMB'000
Unlisted fund investment, at fair value	3,636	2,574

The above unlisted fund investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Current:		
Wealth management products*	105	103
Non current:		
Unlisted equity investment, at fair value**	5,181	4,195

\* As at December 31, 2023, the above wealth management product was issued by financial institution in Chinese Mainland. It was mandatorily classified as financial assets at fair value through profit or loss as its contractual cash flows is not solely payments of principal and interest.

\*\* The above investment represent the unlisted equity interest in a certain entity which was mainly engaged in drug discovery. This investment was not held for trading but for the long term strategic purpose and measured at fair value through profit or loss.

### 18. PREPAYMENTS AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Non-current:		
Deposits and other receivables	2,129	2,149
Prepayments for purchases of property, plant and equipment	6,422	1,217
Value-added tax recoverable	49,446	-
Total	57,997	3,366
Current:		
Value-added tax recoverable	2,857	39,400
Interest receivables	14,184	16,731
Prepayments	7,126	7,127
Deposits and other receivables	4,899	3,426
Total	29,066	66,684

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 18. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

The deposits and other receivables had no historical default. The financial assets included in the above balances related to receivables were categorised in stage 1 at the end of each reporting period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. As at December 31, 2023 and 2022, the loss allowance was minimal.

The balances are interest-free and are not secured with collateral.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

### 19. INVENTORIES

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Raw materials	<b>8,699</b>	4,569
Finished goods	<b>6,567</b>	5,323
Total	<b>15,266</b>	9,892

### 20. TRADE RECEIVABLES

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Trade receivables	<b>9,706</b>	29,812
Impairment	<b>(22)</b>	(45)
Net carrying amount	<b>9,684</b>	29,767

The Group's trading terms with its customers are mainly on credit. The credit period is generally two to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 20. TRADE RECEIVABLES (CONTINUED)

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:

	2023 RMB'000	2022 RMB'000
Within 6 months	9,625	29,767
6 to 12 months	59	–
Total	9,684	29,767

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

	2023 RMB'000	2022 RMB'000
At beginning of year	45	2
Impairment losses, net	(23)	43
At end of year	22	45

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

<b>As at December 31, 2023</b>	<b>Current</b>
Expected credit loss rate	0.23%
Gross carrying amount (RMB'000)	9,706
Expected credit losses (RMB'000)	22
<hr/>	
As at December 31, 2022	Current
Expected credit loss rate	0.15%
Gross carrying amount (RMB'000)	29,812
Expected credit losses (RMB'000)	45

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 21. CASH AND BANK BALANCES

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Cash and bank balances	<b>1,187,703</b>	1,789,634
Less:		
Pledged deposits (i)	<b>5,874</b>	5,803
Bank deposits with original maturity of more than three months when acquired (ii)	<b>519,494</b>	1,178,060
Cash and cash equivalents	<b>662,335</b>	605,771

- (i) They represent pledged deposits in commercial banks primarily for bank overdraft, letters of credit and guarantee. None of these deposits are either past due or impaired.
- (ii) They represent time deposits with initial terms of over three months when acquired in commercial banks with annual return rates ranging from 4.97% to 6.00% (2022:1.52% to 5.33%). None of these deposits are either past due or impaired. None of these deposits are pledged.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB426,237,000 (2022: RMB323,429,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 22. 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:

	2023 RMB'000	2022 RMB'000
Within 3 months	3,857	7,822

The trade payables are non-interest-bearing and are normally settled terms of two to three months.

### 23. OTHER PAYABLES AND ACCRUALS

	2023 RMB'000	2022 RMB'000
Amounts due to related parties (note 31(a))	38	40
Deferred income*	24,326	25,665
Payroll payable	31,636	47,680
Other tax payables	13,146	12,650
Payables for purchase of property, plant and equipment	1,943	3,267
Other payables**	108,677	137,914
Payables for milestone payments related to commercialisation***	–	135,845
Total	179,766	363,061

\* During the year ended December 31, 2023, deferred income of RMB24,326,000 (2022: RMB25,665,000) represents the government grants related to an asset that will be recognised in profit or loss over the expected useful life of the relevant asset.

\*\* Other payables primarily consist of accrued or invoiced but unpaid fees for services from contract research organisations ("CROs"), contract development manufacture organisations ("CDMOs") and clinical site management operators ("SMOs").

\*\*\* Milestone payments related to the commercialisation of the Group's lead product, Selinexor.

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The carrying amounts of financial liabilities included in other payables and accruals as at the end of each reporting period approximate to their fair values due to their short-term maturities.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 24. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
<b>Non-current</b>						
Bank loans – secured (a)	4.35%	2027	180,000	4.35%	2027	30,000
				2023 RMB'000		2022 RMB'000
Analysed into:						
Bank loans repayable:						
Within one year or on demand				–		–
In the second year				–		–
In the third to fifth years, inclusive				180,000		30,000

Notes:

- (a) As at December 31, 2023, this bank loan was pledged by the Group's leasehold land with a carrying amount of RMB43,434,000 (2022: RMB44,335,000) and guaranteed by the Company and one certain subsidiary of the Group.

### 25. OTHER NON-CURRENT LIABILITIES

	2023 RMB'000	2022 RMB'000
Other non-current liabilities	86,560	–

Other non-current liabilities represent advances received from the commercialisation partnership.

In August 2023, the Group entered into a collaboration agreement with Jiangsu Hansoh Pharmaceutical Group Co., Ltd., a wholly-owned subsidiary of Hansoh Pharmaceutical Group Company Limited (“Hansoh Pharma”).

According to the terms of the agreement, Hansoh Pharma was appointed as an exclusive collaborator responsible for the commercialisation of Selinexor in Chinese Mainland, while Antengene continued to be responsible for research and development, regulatory approvals and affairs, product supply, and distribution of Selinexor and was entitled to receive an upfront fee for such exclusive collaboration.

During the year ended December 31, 2023, the Group received the upfront fee of RMB94,430,000 (exclusive of value-added tax of RMB5,570,000), of which RMB1,575,000 was recognised as a reversal of selling expenses, RMB6,295,000 was recognised as other payables and accruals, and RMB86,560,000 was recognised as other non-current liabilities.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 26. SHARE CAPITAL AND TREASURY SHARES

Issued and fully paid:

	As at December 31, 2023		
	Number of shares in issue	Share capital USD'000	RMB equivalent RMB'000
Ordinary shares of USD0.0001 each	674,888,744	67	451

	As at December 31, 2022		
	Number of shares in issue	Share capital USD'000	RMB equivalent RMB'000
Ordinary shares of USD0.0001 each	674,888,744	67	451

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 26. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

A summary of movements in the Company's share capital and treasury shares are as follows:

	Notes	Number of shares in issue	Share capital RMB'000	Treasury shares RMB'000
At December 31, 2021 and January 1, 2022		667,890,144	446	(18,758)
Repurchase of ordinary shares	(a)	–	–	(20,571)
Cancellation of ordinary shares	(a)	(6,918,500)	(4)	39,299
Repurchase and issue of ordinary shares for RSU Scheme	(a)	13,917,100	9	(13,268)
Exercise of restricted share units	(b)	–	–	2,945
At December 31, 2022 and January 1, 2023		<b>674,888,744</b>	<b>451</b>	<b>(10,353)</b>
Exercise of restricted share units	(b)	–	–	<b>3,280</b>
At December 31, 2023		<b>674,888,744</b>	<b>451</b>	<b>(7,073)</b>

Notes:

- (a) During the year ended December 31, 2022, the Company purchased 4,711,500 shares of its shares on the Hong Kong Stock Exchange at a total consideration of HKD24,258,585 (equivalent to RMB20,571,000) and cancelled together with 2,207,000 shares which have been purchased in 2021.

Pursuant to a resolution dated November 1, 2022, 13,917,100 ordinary shares were allotted and issued, and 4,460,000 shares were repurchased from the Hong Kong Stock Exchange at a total consideration of HKD14,972,470 (equivalent to RMB13,259,000). A total of 18,377,100 shares were held by the Trustee on trust through Antengene Resurrection Limited as reserve for grant of RSUs under the 2022 RSU Scheme. The shares held in the trust are accounted for as treasury shares of the Company. Further details are included in note 28 to the financial statements.

- (b) 4,097,000 (2022: 3,748,000) RSUs granted to several employees were exercised during the year ended December 31, 2023. Further details are included in note 28 to the financial statements.

### 27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 129 of the financial statements.

#### (i) Share premium

The share premium account represents the amount paid by shareholders for capital injection in excess of the nominal value.

#### (ii) Share-based payment reserve

The share-based payment reserve comprises the fair value of share options and restricted share units granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements.

#### (iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents the difference arising from the translation of financial statements of companies within the Group that have functional currencies different from RMB, the presentation currency of the Group, for the financial statements of the Group.

# NOTES TO FINANCIAL STATEMENTS

December 31, 2023

## 28. SHARE-BASED PAYMENTS

### (a) Equity Incentive Plans

The Company adopted the 2019 and 2020 Equity Incentive Plans pursuant to the resolutions passed on December 30, 2019 and August 18, 2020, respectively, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the Equity Incentive Plans may include any officers, directors, employees of the Company.

The maximum aggregate numbers of shares that may be granted were 20,000,000 and 25,702,232, respectively, under the 2019 and 2020 Equity Incentive Plans. Subject to any restriction contained in the Equity Incentive Plans, each vested option shall not be exercisable until the later of: (i) the date such option has vested and (ii) 30 days after the IPO, but shall be exercised within 10 years from the date of grant. The exercise price for each share ranges from USD0.88 to USD2.66 under the 2019 and 2020 Equity Incentive Plans.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Plans as an equity-settled plan.

The following share options were outstanding under the 2019 and 2020 Equity Incentive Plans during the years ended December 31, 2023 and 2022:

	2023		2022	
	Weighted average exercise price USD	Number of options '000	Weighted average exercise price USD	Number of options '000
At January 1	1.32	34,490	1.34	36,364
Forfeited during the year	1.56	(2,034)	1.84	(1,874)
At December 31	1.30	32,456	1.32	34,490

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 28. SHARE-BASED PAYMENTS (CONTINUED)

#### (a) Equity Incentive Plans (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

#### 2023

Number of options '000	Exercise price USD per share	Exercise period*
920	0.88	Dec 20, 2020 – Oct 31, 2029
223	0.88	Dec 20, 2020 – Aug 22, 2030
5,851	0.92	May 20, 2021 – Aug 22, 2030
400	0.92	May 20, 2021 – Oct 29, 2030
2,396	0.88	Nov 1, 2021 – Oct 31, 2029
223	0.88	Nov 1, 2021 – Aug 22, 2030
2,758	0.92 – 1.42	Aug 23, 2022 – Aug 22, 2030
24	1.42	Oct 19, 2022 – Oct 18, 2030
50	1.06 – 1.42	Oct 30, 2022 – Oct 29, 2030
1,735	0.88	Nov 1, 2022 – Oct 31, 2029
446	0.88	Nov 1, 2022 – Aug 22, 2030
1,354	2.66	Jan 19, 2023 – Jan 18, 2031
2,758	0.92 – 1.42	Aug 23, 2023 – Aug 22, 2030
967	1.61	Aug 27, 2023 – Aug 27, 2031
24	1.42	Oct 19, 2023 – Oct 18, 2030
50	1.06 – 1.42	Oct 30, 2023 – Oct 29, 2030
2,313	0.88	Nov 1, 2023 – Oct 31, 2029
594	0.88	Nov 1, 2023 – Aug 22, 2030
53	1.32	Dec 20, 2023 – Dec 20, 2031
1,354	2.66	Jan 19, 2024 – Jan 18, 2031
3,678	0.92 – 1.42	Aug 23, 2024 – Aug 22, 2030
967	1.61	Aug 27, 2024 – Aug 27, 2031
32	1.42	Oct 19, 2024 – Oct 18, 2030
67	1.06 – 1.42	Oct 30, 2024 – Oct 29, 2030
53	1.32	Dec 20, 2024 – Dec 20, 2031
1,806	2.66	Jan 19, 2025 – Jan 18, 2031
1,289	1.61	Aug 27, 2025 – Aug 27, 2031
71	1.32	Dec 20, 2025 – Dec 20, 2031
<b>32,456</b>		

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 28. SHARE-BASED PAYMENTS (CONTINUED)

#### (a) Equity Incentive Plans (Continued)

2022		
Number of options '000	Exercise price USD per share	Exercise period*
920	0.88	Dec 20, 2020 – Oct 31, 2029
223	0.88	Dec 20, 2020 – Aug 22, 2030
5,851	0.92	May 20, 2021 – Aug 22, 2030
400	0.92	May 20, 2021 – Oct 29, 2030
2,417	0.88	Nov 1, 2021 – Oct 31, 2029
223	0.88	Nov 1, 2021 – Aug 22, 2030
2,998	0.92 – 1.42	Aug 23, 2022 – Aug 22, 2030
44	1.42	Oct 19, 2022 – Oct 18, 2030
50	1.06 – 1.42	Oct 30, 2022 – Oct 29, 2030
1,757	0.88	Nov 1, 2022 – Oct 31, 2029
446	0.88	Nov 1, 2022 – Aug 22, 2030
1,489	2.66	Jan 19, 2023 – Jan 18, 2031
2,998	0.92 – 1.42	Aug 23, 2023 – Aug 22, 2030
1,161	1.61	Aug 27, 2023 – Aug 27, 2031
44	1.42	Oct 19, 2023 – Oct 18, 2030
50	1.06 – 1.42	Oct 30, 2023 – Oct 29, 2030
2,342	0.88	Nov 1, 2023 – Oct 31, 2029
594	0.88	Nov 1, 2023 – Aug 22, 2030
53	1.32	Dec 20, 2023 – Dec 20, 2031
1,489	2.66	Jan 19, 2024 – Jan 18, 2031
3,997	0.92 – 1.42	Aug 23, 2024 – Aug 22, 2030
1,161	1.61	Aug 27, 2024 – Aug 27, 2031
58	1.42	Oct 19, 2024 – Oct 18, 2030
67	1.06 – 1.42	Oct 30, 2024 – Oct 29, 2030
53	1.32	Dec 20, 2024 – Dec 20, 2031
1,986	2.66	Jan 19, 2025 – Jan 18, 2031
1,548	1.61	Aug 27, 2025 – Aug 27, 2031
71	1.32	Dec 20, 2025 – Dec 20, 2031
34,490		

\* Pursuant to a board resolution dated January 18, 2021, the exercise periods of the share options (including those options which have already been granted) under the 2019 and 2020 Equity Incentive Plans were extended to ten years from the grant date.

The Group recognised an equity-settled share-based payment expense of RMB24,908,000 (2022: RMB35,576,000) during the year ended December 31, 2023 under the 2019 and 2020 Equity Incentive Plans.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 28. SHARE-BASED PAYMENTS (CONTINUED)

#### (a) Equity Incentive Plans (Continued)

The fair values of the equity-settled share options granted were estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

As at December 31, 2023, the Company had 32,456,000 (2022: 34,490,000) share options outstanding under the 2019 and 2020 Equity Incentive Plans. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the additional share premium of RMB298,960,000 (2022: RMB316,121,000).

#### (b) Restricted Share Unit Scheme

The Company adopted the 2022 Restricted Share Unit (“RSU”) Scheme pursuant to the resolutions passed on January 21, 2022, for the purpose of recognising the contributions by the employees, directors, officers, advisors and consultants of any member of the Group providing them with incentives in order to retain them for the continual operation and development of the Group and attracting suitable personnel for further development of the Group. Unless otherwise cancelled or amended, the 2022 RSU Scheme will remain in force for 10 years from the date of adoption.

The maximum aggregate number of shares that may be granted shall be 18,377,100 shares under the 2023 RSU Scheme. The RSUs to grantees who joined the Group prior or on the listing date of the Group shall be vested in the portions of 25%, 25%, 16.6%, 16.7% and 16.7% on the grant date, the first, second, third and fourth anniversaries of the grant date of the RSUs, respectively. The RSUs to grantees who joined the Group after the listing date of the Group shall be vested in the portions of 25%, 25%, 25% and 25% on the first, second, third and fourth anniversaries of the grant date of the RSUs, respectively.

On November 11, 2022, 14,993,500 RSUs and 3,383,600 RSUs were granted to 77 employees who joined the Group prior of the listing date and 271 employees who joined the Group after the listing date, respectively.

The Group recognised an equity-settled share-based payment expense of RMB22,371,000 (2022: RMB15,728,000) during the year ended December 31, 2023 under the 2022 RSU Scheme.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 28. SHARE-BASED PAYMENTS (CONTINUED)

#### (b) Restricted Share Unit Scheme (Continued)

The following RSUs were outstanding under the Restricted Share Unit Scheme during the years ended December 31, 2022 and 2023:

	2023		2022	
	Weighted average exercise price USD	Number of shares '000	Weighted average exercise price USD	Number of shares '000
At January 1	–	14,608	–	–
Granted during the year	–	–	–	18,377
Forfeited during the year	–	(1,942)	–	(21)
Exercised during the year	–	(4,097)	–	(3,748)
At December 31	–	8,569	–	14,608

As at December 31, 2023, the Company had 8,569,000 (2022: 14,608,000) RSUs outstanding under the 2022 Restricted Share Unit Scheme. The exercise in full of the outstanding RSUs would, under the present capital structure of the Company, result in additional share premium of RMB22,340,000 (2022: RMB30,014,000), transferred from treasury shares and share-based payment reserve.

The fair value of the RSUs is measured on the basis of an observable market price as at the grant date.

### 29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,295,000 (2022: RMB29,273,000) and RMB6,295,000 (2022: RMB29,273,000), respectively, in respect of lease arrangements for property and office premises.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities

	Bank borrowings RMB'000	Lease liabilities RMB'000
At January 1, 2023	30,000	27,955
Changes from financing cash flows	145,535	(13,691)
New leases	–	6,295
Disposals	–	(612)
Foreign exchange movement	–	175
Accretion of interest recognised during the year	4,465	898
At December 31, 2023	180,000	21,020

	Bank borrowings RMB'000	Lease liabilities RMB'000	Other payables for share issue expense RMB'000
At January 1, 2022	–	14,812	3,692
Changes from financing cash flows	29,982	(16,881)	–
New leases	–	29,273	–
Disposals	–	(329)	–
Foreign exchange movement	–	106	–
Accretion of interest recognised during the year	18	974	–
Reversal of share issue expense	–	–	(3,692)
At December 31, 2022	30,000	27,955	–

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	2,414	1,251
Within financing activities	13,691	16,881
Total	16,105	18,132

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 30. COMMITMENTS

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

	2023 RMB'000	2022 RMB'000
Plant and machinery	135,370	201,874

### 31. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties:

	2023 RMB'000	2022 RMB'000
Other payables:		
Due to related parties	38	40

The outstanding balances are unsecured, interest-free and have no fixed terms of repayment.

(b) Compensation of key management personnel of the Group:

	2023 RMB'000	2022 RMB'000
Short term employee benefits	38,618	36,079
Post-employment benefits	3,035	2,711
Equity-settled share-based payment expense	24,046	30,111
Total compensation paid to key management personnel	65,699	68,901

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2023**

#### *Financial assets*

	Financial assets at fair value through other comprehensive income- designated as such upon initial recognition RMB'000	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	–	9,684	9,684
Financial assets included in prepayments and other receivables	–	–	21,212	21,212
Financial assets at fair value through profit or loss	–	5,286	–	5,286
Equity investments designated at fair value through other comprehensive income	3,636	–	–	3,636
Cash and bank balances	–	–	1,187,703	1,187,703
<b>Total</b>	<b>3,636</b>	<b>5,286</b>	<b>1,218,599</b>	<b>1,227,521</b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2023 (Continued)

#### *Financial liabilities*

	Financial liabilities at amortised cost RMB'000
Trade payables	3,857
Financial liabilities included in other payables and accruals	88,504
Interest-bearing bank borrowings	180,000
<b>Total</b>	<b>272,361</b>

2022

#### *Financial assets*

	Financial assets at fair value through other comprehensive income-designated as such upon initial recognition RMB'000	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	–	29,767	29,767
Financial assets included in prepayments and other receivables	–	–	22,306	22,306
Financial assets at fair value through profit or loss	–	4,298	–	4,298
Equity investments designated at fair value through other comprehensive income	2,574	–	–	2,574
Cash and bank balances	–	–	1,789,634	1,789,634
<b>Total</b>	<b>2,574</b>	<b>4,298</b>	<b>1,841,707</b>	<b>1,848,579</b>

#### *Financial liabilities*

	Financial liabilities at amortised cost RMB'000
Trade payables	7,822
Financial liabilities included in other payables and accruals	277,066
Interest-bearing bank borrowings	30,000
<b>Total</b>	<b>314,888</b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, pledged deposits, trade receivables, trade payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Below is a summary of significant inputs to the valuation of financial instruments together with an analysis as at December 31, 2023 and 2022.

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique	Significant input	Relationship of inputs to fair value
Wealth management products	Level 2	Net asset value	Based on the net asset value of the investment portfolio	The higher net asset value, the higher the fair value
Unlisted fund investment, at fair value	Level 3	Recent transaction price	N/A	N/A
Unlisted equity investment, at fair value	Level 3	Back-solve model and hybrid method	Enterprise value  Time to liquidation  Risk-free interest rate  Volatility	The higher enterprise value, the higher the fair value  The shorter time to liquidation, the higher the fair value  The lower risk-free interest rate, the higher the fair value  The lower volatility, the higher the fair value

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### As at December 31, 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>Financial assets</b>				
Wealth management products	–	105	–	105
Unlisted equity investment, at fair value	–	–	5,181	5,181
Unlisted fund investment, at fair value	–	–	3,636	3,636
Total	–	105	8,817	8,922

#### As at December 31, 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>Financial assets</b>				
Wealth management products	–	103	–	103
Unlisted equity investment, at fair value	–	–	4,195	4,195
Unlisted fund investment, at fair value	–	–	2,574	2,574
Total	–	103	6,769	6,872

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in the rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
<b>December 31, 2023</b>			
If RMB weakens against USD	5	23,131	35,421
If RMB strengthens against USD	(5)	(23,131)	(35,421)
If RMB weakens against HKD	5	358	301
If RMB strengthens against HKD	(5)	(358)	(301)
<b>December 31, 2022</b>			
If RMB weakens against USD	5	30,796	57,261
If RMB strengthens against USD	(5)	(30,796)	(57,261)
If RMB weakens against HKD	5	866	828
If RMB strengthens against HKD	(5)	(866)	(828)

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty. At the end of the year, the Group had certain concentrations of credit risk as nil and 72% (2022: 67% and 92%) of the Group's trade receivables were due from the Group's largest customer and the three largest customers, respectively. As the major customers of the Group are all world-famous brand companies, which have established long-term business relationships with the Group, concentrations of credit risk are well managed by the Group.

#### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

#### At December 31, 2023

	12-month	Lifetime ECLs			Total
	ECLs			Simplified	
	Stage 1	Stage 2	Stage 3	approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	–	–	–	9,684	9,684
Financial assets included in prepayments and other receivables					
– Normal*	21,212	–	–	–	21,212
Cash and bank balances					
– Not yet past due	1,187,703	–	–	–	1,187,703
<b>Total</b>	<b>1,208,915</b>	<b>–</b>	<b>–</b>	<b>9,684</b>	<b>1,218,599</b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (Continued)

At December 31, 2022

	12-month ECLs		Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified	Total RMB'000
				approach RMB'000	
Trade receivables	–	–	–	29,767	29,767
Financial assets included in prepayments and other receivables					
– Normal*	22,306	–	–	–	22,306
Cash and bank balances					
– Not yet past due	1,789,634	–	–	–	1,789,634
<b>Total</b>	<b>1,811,940</b>	<b>–</b>	<b>–</b>	<b>29,767</b>	<b>1,841,707</b>

\* The credit quality of the financial assets included in prepayments and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at December 31, 2023				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	3,857	–	–	–	3,857
Financial liabilities in other payables and accruals	88,504	–	–	–	88,504
Lease liabilities	–	1,312	7,026	14,195	22,533
Interest-bearing bank borrowings	–	1,952	5,899	211,320	219,171
<b>Total</b>	<b>92,361</b>	<b>3,264</b>	<b>12,925</b>	<b>225,515</b>	<b>334,065</b>

	As at December 31, 2022				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	7,822	–	–	–	7,822
Financial liabilities in other payables and accruals	277,066	–	–	–	277,066
Lease liabilities	–	2,124	10,291	17,979	30,394
Interest-bearing bank borrowings	–	322	983	35,220	36,525
<b>Total</b>	<b>284,888</b>	<b>2,446</b>	<b>11,274</b>	<b>53,199</b>	<b>351,807</b>

#### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and December 31, 2022.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
<b>CURRENT ASSETS</b>		
Prepayments and other receivables	4,827	7,580
Due from subsidiaries	3,521,874	3,025,903
Cash and bank balances	173,703	622,178
Total current assets	3,700,404	3,655,661
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	228,154	181,079
Total non-current assets	228,154	181,079
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	3,860	2,300
Due to shareholders	17,449	17,449
Total current liabilities	21,309	19,749
<b>NET CURRENT ASSETS</b>	<b>3,679,095</b>	3,635,912
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>3,907,249</b>	3,816,991
Net assets	3,907,249	3,816,991
<b>EQUITY</b>		
Share capital	451	451
Treasury shares	(7,073)	(10,353)
Reserves	3,913,871	3,826,893
Total equity	3,907,249	3,816,991

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023

### 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

	Attributable to owners of the parent					Total RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Share-based payment reserve RMB'000	Share premium RMB'000	Accumulated losses RMB'000	
At January 1, 2022	446	(18,758)	130,924	6,205,028	(2,771,095)	3,546,545
Profit and total comprehensive income for the year	-	-	-	-	252,972	252,972
Equity-settled share-based payment expense	-	-	51,304	-	-	51,304
Repurchase of ordinary shares	-	(20,571)	-	-	-	(20,571)
Cancellation of ordinary shares	(4)	39,299	-	(39,295)	-	-
Repurchase and issue of ordinary shares for Restricted Share Unit Scheme	9	(13,268)	-	-	-	(13,259)
Exercise of restricted share units	-	2,945	(12,490)	9,545	-	-
At December 31, 2022 and January 1, 2023	<b>451</b>	<b>(10,353)</b>	<b>169,738</b>	<b>6,175,278</b>	<b>(2,518,123)</b>	<b>3,816,991</b>
Profit and total comprehensive income for the year	-	-	-	-	42,979	42,979
Equity-settled share-based payment expense	-	-	47,279	-	-	47,279
Exercise of restricted share units	-	3,280	(13,611)	10,331	-	-
At December 31, 2023	<b>451</b>	<b>(7,073)</b>	<b>203,406</b>	<b>6,185,609</b>	<b>(2,475,144)</b>	<b>3,907,249</b>

### 36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on March 22, 2024.