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Antengene Corporation Limited

德琪醫藥有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6996)

DISCLOSEABLE TRANSACTION CONSTRUCTION AGREEMENT

The Company is pleased to announce that after a tendering process, on August 8, 2022 (after trading hours), Antengene Hangzhou, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Contractor, the successful bidder, pursuant to which the Contractor agreed to undertake to provide certain construction services to Antengene Hangzhou at the Consideration, subject to adjustments (if any) as set out below.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

August 8, 2022

Parties

- (1) Antengene Hangzhou; and
- (2) the Contractor

The Construction Project

The Contractor will undertake the Construction Project located at the Construction Area of approximately 113,911.97 sq.m., which comprises an above-ground construction area of approximately 93,964.52 sq.m. and an underground construction area of approximately 19,947.45 sq.m..

The Construction Project includes construction of a pilot and scale-up plant (中試車間), R&D office building, comprehensive plant (綜合車間), sewage treatment station, warehouses, laboratories, garage and etc., while the scope of construction work to be performed by the Contractor comprises foundation works, interior modelling works, utilities installation, sewage works, fire safety works and general outdoor construction works.

The Construction Project is currently expected to be completed by January 15, 2025.

Consideration

The Consideration payable to the Contractor shall be RMB245,524,402 (inclusive of 9% VAT), subject to the following possible adjustments (the “**Adjustments**”). The Directors expect that the final Consideration payable to the Contractor shall not exceed RMB300 million.

(i) VAT

The Consideration before the 9% VAT being taken into account of amounts to approximately RMB225,251,744.95. In the event there is any change to the rate of VAT, the aforesaid before VAT amount shall remain unchanged, while the final Consideration payable shall be adjusted based on the updated rate of VAT.

(ii) Fluctuation of market price of key construction materials

In the event that there is a fluctuation of the market price of key construction materials (such as steel bars, commercial concrete, precast concrete, hot-dip galvanized steel sheets and pipes), the final Consideration payable shall be adjusted in accordance with the corresponding mechanisms as provided under the Agreement.

(iii) Change in relevant PRC laws and regulations

In the event that there is any change in PRC laws and regulations which would affect the Consideration, the final Consideration payable shall be adjusted accordingly with reference to the actual impact of such change in PRC laws and regulations.

The Consideration will be financed by the Group’s internal resources, bank facilities or a combination of both. The proceeds from the Company’s Global Offering will not be used to finance the Consideration.

Payment Schedule

The Consideration, subject to the Adjustments (if any), shall be settled by Antengene Hangzhou to the designated account of the Contractor in the following manner:

- (i) Antengene Hangzhou shall pay a deposit to the Contractor, being 10% of the Consideration, within 30 days after entering into the Agreement and upon receipt of the Guarantee Letter, and such deposit will be applied to offset the monthly payments in (ii) below;
- (ii) in the course of construction, Antengene Hangzhou shall make monthly payments to the Contractor which amount shall be calculated based on 70% of the assessed value of construction work completed in that month. Up to 75% of the Consideration (including the 10% deposit above) will be paid through the monthly payment for completed construction work;

- (iii) upon the completion of all construction works and Antengene Hangzhou having inspected the construction works and accepted the same, up to 85% of the Consideration shall be paid;
- (iv) after completion of the settlement procedure, up to 97% of the Consideration shall be paid; and
- (v) the remaining 3% of the Consideration, which will be withheld by Antengene Hangzhou as quality assurance fee under the Agreement, shall be paid in equal instalments upon the first and second anniversary after the inspection and acceptance of the completed construction works by Antengene Hangzhou pursuant to the Agreement.

Guarantee

The Contractor shall give a guarantee in favor of Antengene Hangzhou in respect of the performance of its obligations under the Agreement, in an amount equivalent to 10% of the Consideration for the period from the date of commencing the construction works until the end of the first month after the inspection and acceptance of the completed construction works by Antengene Hangzhou pursuant to the Agreement, by way of providing Antengene Hangzhou a guarantee letter (the “**Guarantee Letter**”), which could be supported in the form of cash, cheque, bank transfer or a guarantee letter issued by a bank.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Contractor was selected by Antengene Hangzhou for the transaction contemplated under the Agreement through an open tendering process and the Consideration was determined based on the bidding price offered by the Contractor. Antengene Hangzhou awarded the Agreement to the Contractor after thorough evaluation of the bids, considering factors including but not limited to the experience and capability of the bidders, the expected scope of work and the expected cost of the Construction Project. Antengene Hangzhou considers that the Contractor is able to provide up to standard construction services for implementing the Agreement.

REASONS FOR AND BENEFITS OF THE AGREEMENT

In May 2021, the Company through a wholly-owned subsidiary entered into a framework agreement with the Hangzhou Qiantang New Area Administrative Committee to build a drug discovery and manufacturing center for antibody biologics, in order to meet the Group’s growing need for in-house discovery and to support the Group’s commercialization roadmap. The entering into of the Agreement represents an important milestone of the Company in the development of the said drug discovery and manufacturing center, which will strengthen the Company’s integrated capabilities in drug discovery, development, manufacturing and commercialization. For further details, please refer to the Company’s announcement dated May 3, 2021.

The Directors (including the independent non-executive Directors) are of the view that the Agreement is entered into on normal commercial terms, and that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY AND ANTENGENE HANGZHOU

The Company is a leading commercial-stage R&D-driven global biopharmaceutical company focused on the discovery, development, manufacturing and commercialization of innovative first-in-class/best-in-class therapeutics for the treatment of hematologic malignancies and solid tumors, in realizing its vision of “Treating Patients Beyond Borders”.

Since 2017, the Company has built a broad and expanding pipeline of 15 clinical and preclinical assets, of which 10 are global rights assets, and 5 came with rights for Asia Pacific markets including the Greater China region. To date, Antengene has obtained 24 investigational new drug (IND) approvals in the U.S. and Asia, and submitted 6 new drug applications (NDAs) in multiple Asia Pacific markets, with the NDA for XPOVIO® (selinexor) already approved in mainland China, South Korea, Singapore and Australia.

Antengene Hangzhou is a wholly-foreign-owned enterprise registered under PRC law and an indirect wholly-owned subsidiary of the Company. It is one of the Company’s operating subsidiaries in the PRC that principally engages in research and development in drugs.

INFORMATION ABOUT THE CONTRACTOR

The Contractor is a limited liability company established in the PRC and is principally engaged in project construction, construction engineering, surveying and designing of construction projects in the PRC. It possesses qualification for construction enterprises in the PRC, namely, Special Class Qualification for General Contracting of Project Construction (建築工程施工總承包特級).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries:

- (i) the Contractor is wholly-owned by Zhejiang Zhongnan Holding Group Co., Ltd.* (浙江中南控股集團有限公司), which in turn is ultimately beneficially owned as to 90% and 10% by Wu Jianrong (吳建榮) and Shi Fengxiang (史鳳香) respectively; and
- (ii) each of the Contractor, Zhejiang Zhongnan Holding Group Co., Ltd., Wu Jianrong and Shi Fengxiang is an Independent Third Party.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Agreement exceeds 5% but all are less than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the Agreement dated August 8, 2022 entered into between Antengene Hangzhou and the Contractor in respect of the Construction Project
“Antengene Hangzhou”	Antengene (Hangzhou) Biologics Co., Ltd* (德琪(杭州)生物有限公司), a wholly-foreign-owned enterprise registered under PRC law and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Antengene Corporation Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6996)
“Consideration”	the total consideration payable by Antengene Hangzhou to the Contractor under the Agreement
“Construction Area”	a construction site at Biopharma Town, Xiasha Economic and Technological Development Zone, Qiantang District, Hangzhou City (杭州市錢塘區下沙經濟技術開發區醫藥港小鎮) with a total area of approximately 113,911.97 sq.m.
“Construction Project”	the construction work to be performed at the Construction Area by the Contractor
“Contractor”	Zhejiang Zhongnan Construction Group Co., Ltd.* (浙江中南建設集團有限公司), a limited liability company established in the PRC
“Directors”	the director(s) of the Company
“Global Offering”	the global offering of the Shares, details of which are set out in the prospectus of the Company dated November, 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any entity or person who is not a connected person of the Company within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“R&D”	research and development
“Share(s)”	the shares of the Company
“Shareholder(s)”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square meters
“VAT”	value-added tax
“%”	per cent.

By order of the Board
Antengene Corporation Limited
Dr. Jay Mei
Chairman

Hong Kong, August 8, 2022

The English translation of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the Board comprises Dr. Jay Mei, Mr. John F. Chin, Dr. Kevin P. Lynch and Mr. Donald Andrew Lung as executive Directors; Mr. Yilun Liu and Dr. Kan Chen as non-executive Directors; and Mr. Mark J. Alles, Ms. Jing Qian and Mr. Sheng Tang as independent non-executive Directors.