Asymchem Laboratories (Tianjin) Co., Ltd.
凱萊英醫藥集團(天津)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6821)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司) (the "**Company**" or "**Asymchem**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2022 (the "**Corresponding Period**"). The consolidated financial statements of the Group for the Reporting Period have been reviewed by the Board and the Audit Committee and audited by the Company's auditors.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments or have been rounded to one or two decimal places, as appropriate. Any discrepancies in any table, chart or elsewhere totals and sums of amounts listed therein are due to rounding. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings ascribed thereto in the prospectus of the Company dated 30 November 2021 (the "**Prospectus**").

In this announcement, unless otherwise indicated, the terms "affiliate", "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial Shareholder" shall have the meanings given to such terms in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

This document is conducted in English. In case of any divergence of interpretations, the original English copy shall prevail.

FINANCIAL HIGHLIGHTS

	2023 ***RMB'000*** **(except percentages)**	2022 *RMB'000* (except percentages)	Change proportion
Revenue	**7,781,436**	10,230,186	(23.94%)
Gross profit	**3,959,636**	4,832,588	(18.06%)
Gross profit margin	**50.89%**	47.24%	3.65%
Net profit attributable to shareholders of the listed company	**2,268,811**	3,301,635	(31.28%)
Net profit margin attributable to shareholders of the listed company	**29.16%**	32.27%	(3.11%)
Non-IFRS Measures:			
Adjusted net profit attributable to shareholders of the listed company *(note)*	**2,302,089**	2,998,806	(23.23%)
Adjusted net profit margin attributable to shareholders of the listed company *(note)*	**29.58%**	29.31%	0.27%
	RMB	*RMB*	
Earnings per share			
– Basic	**6.26**	9.02	(30.60%)
– Diluted	**6.26**	9.00	(30.44%)

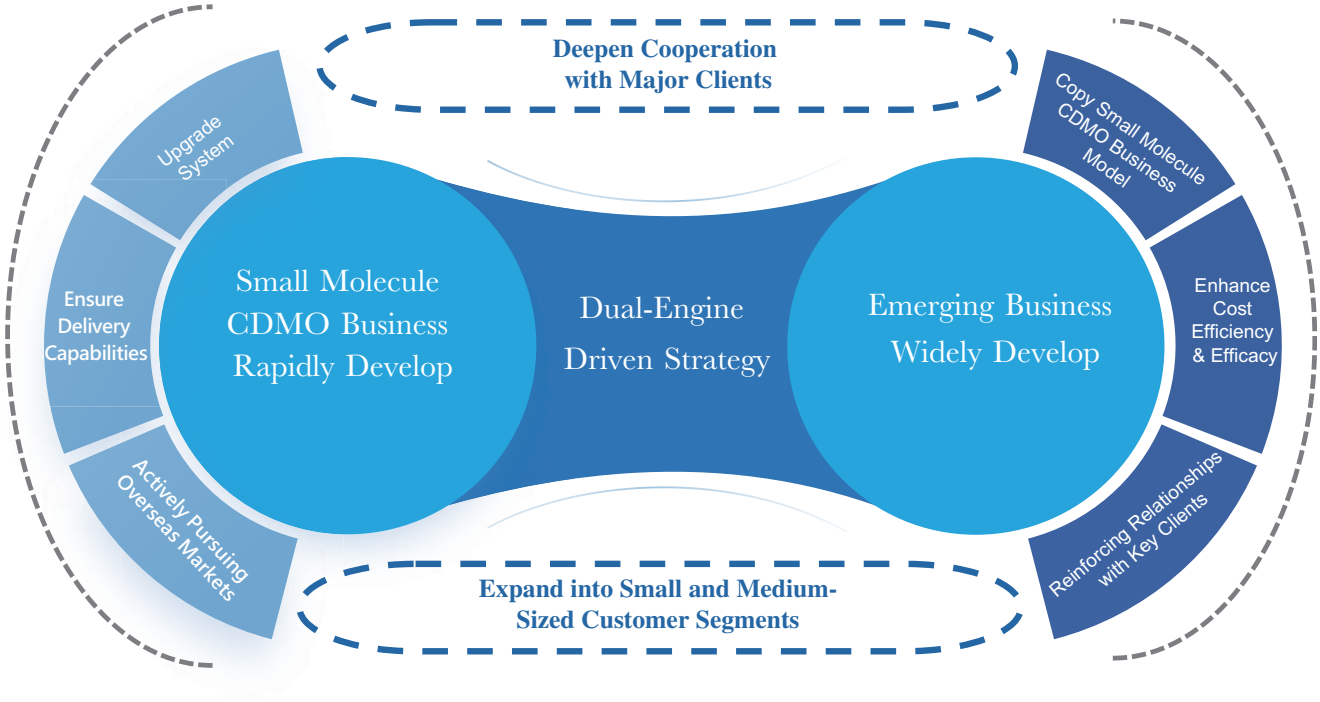
Note: Please refer to "Management Discussion and Analysis Overview – II. Financial Overview – (XXII) Adjusted Non-IFRS Measures."

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

I. BUSINESS OVERVIEW

(I) Overall Performance

Asymchem is a globally renowned, technology driven comprehensive CDMO service provider. By offering end-to-end CMC services and efficient, high-quality R&D and manufacturing solutions to both domestic and international pharmaceutical and biotech companies, we expedite the clinical research and commercialization of cutting-edge drugs. With years of industrial experience, coupled with deep industry insights and a stellar reputation among clients, we have solidified our position as the top tier within the global innovative drug industry chain. As a preferred partner for the pharmaceutical companies worldwide, we continue to expand our expertise in small molecule drug CDMO while diversifying our offerings to establish a professional, all-encompassing service platform.



Business Performance

Throughout 2023, the Company comprehensively advanced and implemented the dual-engine driven strategy on business growth by remaining committed to its business principle of "deepening cooperation with major clients, expanding into small and medium-sized customer segments, advancing market presence in Europe and Japan, and enhancing cost efficiency and efficacy." This involved upgrading the management and operational systems to ensure order delivery capabilities, reinforcing relationships with key clients, and actively pursuing growth opportunities in international and domestic markets. By leveraging iterative technological advancements, we successfully promoted the advantages of small molecule drug CDMO services, expanded into chemical macromolecule CDMO, drug product services, green technology exporting, synthetic biology technology, clinical research services, and biological macromolecule CDMO. As of the date of this announcement, the Company has secured a total order backlog of US$874 million, in addition to the recognized revenue orders during the Reporting Period.

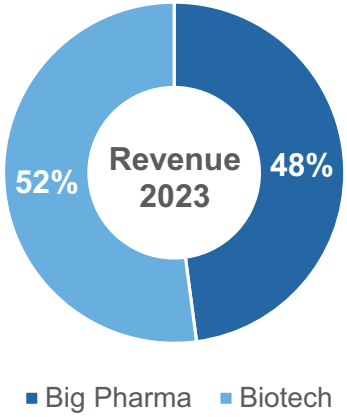
In the Reporting Period, the Company achieved a total revenue of RMB7,781.44 million. Excluding large orders, the remaining revenue amounted to RMB5,360.91 million, manifesting a substantial year-on-year growth of 23.67%. The annual gross profit margin in 2023 was 50.89%, an increase of 3.65% from the same period last year. Specifically, the small molecule CDMO business generated a revenue of RMB6,605.14 million, and excluding large orders, the remaining revenue reached RMB4,184.62 million, reflecting a year-on-year increase of 25.47%. Additionally, the emerging business segment contributed a revenue of RMB1,170.20 million, experiencing a year-on-year growth of 17.79%. The positive trends observed within the Company reflect its continued operational strength and progress, as well as the growing visibility of internal organic revenue growth and a solid global customer base. Over the past three years, Asymchem has successfully secured and managed large orders, which have played a significant role in elevating our revenue size and global reputation. Moving forward, we are committed to further scaling the Company to new heights, even after the cessation of large orders.

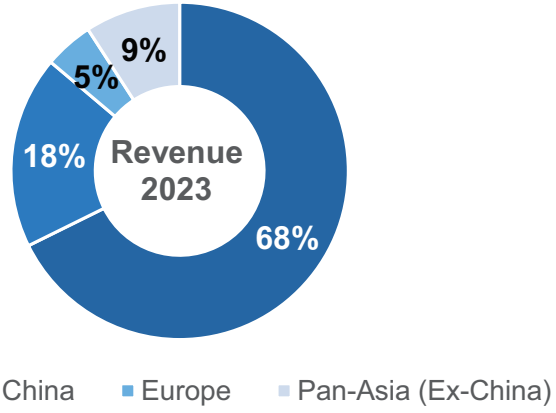
Market Expansion and Diversified Customer Base

The multinational pharmaceutical companies' annual revenue was RMB4,988.48 million, a decrease of 32.20% compared to last year, primarily attribute to the accomplishment of large order at the end of the third quarter in 2023. Excluding large orders, the revenue reached RMB2,567.96 million, demonstrating a significant acceleration of 75.56% compared to the year ended 31 December 2022.

In 2023, the funding trend of global biotechnology companies experienced fluctuation. We achieved an annual revenue of RMB2,792.96 million from the small to medium size companies, marking a 2.76% decrease compared to the year ended 31 December 2022. Our overseas revenue in 2023 increased by 3.32% year-on-year and we are continuing to expand out customer base through enhanced market penetration efforts. Currently, we have a total of over 1,100 active clients globally.

Market expansion remains one of the central focuses of the Company's endeavors, and accelerated progress has been achieved in the market sector. The overseas business generated an annual revenue of RMB6,344.16 million, down by 26.83% compared to the same period last year. The drop of overseas business was attributed to the conclusion of large orders. Excluding large orders, the overseas revenue was RMB3,923.64 million, manifesting a rapid growth of 41.41% compared to the same period last year.





Throughout the Reporting Period, excluding large orders, the revenue derived from the U.S. customers totaled RMB2,846.75 million showed a substantial year-on-year growth of 47.84% compared to the same period of last year. Revenue from Pan-Asia (ex-China) customers experienced a year-on-year increase of 15.31% for a subtotal of RMB711.58 million. The European market experienced a breakthrough in revenue, with a growth of 57.50% compared to 2022.

(II) Small Molecule CDMO Business

The global small molecule CDMO business features a broad market with low industry concentration and a sustained increase in industry penetration. The growing incidence of chronic diseases and aging population trend propels the demand for innovative small molecule drugs. The pharmaceutical industry's focus on developing novel, more efficacious, and targeted therapies has resulted in increased product pipelines and the need for innovative drug delivery methods. Simultaneously, per the Frost & Sullivan Analysis, while small and mid-sized pharmaceutical companies are responsible for over 70% of drug in the R&D pipeline, they often require the external expertise to bring their clinical pipeline to market. The trend of global small molecule CDMO demand shifting to emerging markets, particularly to China, accelerated during the global public health issue and is likely to continue in coming years.

Based on the industrial insights, the Company has been able to take the leading position of "D" (Development) in the industry and built an evolving R&D platform and a first-class operation system, which enables the Company to continue to improve its competitiveness and seize market opportunities, thereby continuously increasing its revenue scale and global market share. As of 31 December 2023, the small molecule business achieved 426 projects with an increase of 6.77% compared to the year ended 2022. In 2023, the annual revenue amounted to RMB6,605.14 million with a gross profit margin of 55.57% as the gross profit increased by 6.82% compared to the same period last year. Excluding large orders, the gross profit margin at a constant exchange rate for small molecules CDMO was 45.44%. Meanwhile, the annual revenue of small molecules CDMO excluding large orders amounted to RMB4,184.62 million, reflecting a significant increase of 25.47% in revenue compared to last year.

Positioning Firmly in Commercialization Projects as the Backbone to Continues Revenue Growth

With solid industrial experience, Asymchem has cemented its position in the small molecule business. The groundbreaking commercial mega-orders within the industry serve as a pivotal milestone in our small molecule business journey, and 2023 represents the beginning of a new chapter. Our collaborations with multinational pharmaceutical companies continue to strengthen, and excluding the impact of these large orders, annual revenue rose by an impressive 75.56% year-on-year. The gradual resumption of international business travel enables more clients to witness our exceptional capabilities firsthand, while we successfully execute an increasing number of advanced projects, including API verification initiatives. We have addressed external concerns regarding our partnerships with multinational pharmaceutical companies through quantifiable results. Furthermore, collective efforts towards enhancing research and development production efficiency for small molecules, coupled with ongoing cost reductions, position us competitively for the future. Serving as the foundational business of Asymchem, the prospects for small molecule CDMO remain promising, with ample room for further growth.

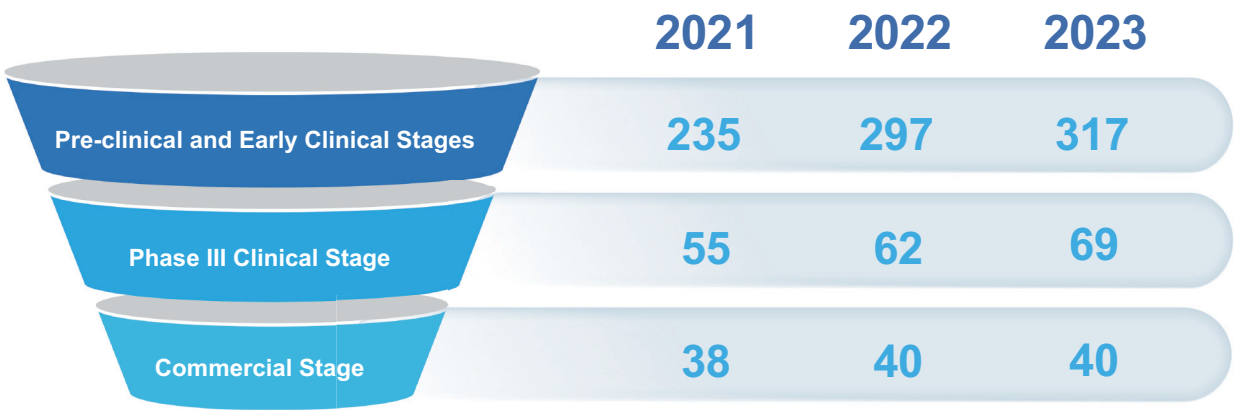
As of 31 December 2023, the Company successfully progressed 40 small molecule commercialization projects resulting in recognized revenue of RMB5,107.49 million and the gross profit margin reached 60.03%, with the gross profit margin of 57.95% at the constant exchange rate. With the large orders approaching their completion in the third quarter of 2023, the Company strategically positioned itself by increasing the number of small molecule commercialization projects. This ongoing good performance largely attributed to the higher gross profit margin of large orders delivered in the later stage, exchange rate factors, and the Company's effective measures to improve efficiency and control costs, thereby mitigating the impact of declining capacity utilization.

The Company's R&D, production, analysis, supply chain management, quality and other departments and teams achieved seamless cooperation and worked in coordination to fully satisfy the needs of customers for pharmaceutical supply, further enhancing the level of fine management and the advantages of the platform system. The Company continuously developed key processes and technologies for green pharmaceuticals and increased the use of innovative technologies and new intelligent equipment to continuously enhance the competitive advantage in the commercialization of small molecule CDMOs.

The Company has continued to execute its existing industry-leading small molecule commercialization projects while simultaneously accelerating the onboarding of new projects. With a strong track record in project delivery, the Company is well positioned to foster deeper collaboration with numerous international and domestic clients in the field of commercialization projects.

Promote Reserves of Clinical Projects to Strengthen the Broader Project Funnels Ensuring Long-term Growth

As of 31 December 2023, the Company had a total of 386 clinical stage projects of small molecule CDMO business, which is 7 more projects compared to last year, including 69 clinical phase III, 317 pre-clinical and early clinical stage projects. The recognized revenue from clinical projects reached RMB1,497.66 million. Excluding the specific anti-virus project, the revenue remained flat year-on-year. The gross profit rate of the clinical stage was 40.37%, reflecting a 0.77% slight decline compared to last year. At a constant exchange rate, the gross profit margin of clinical projects reached 37.38%. In order to secure mandates for commercial stage projects later and build customer relationships, clinical stage CDMO has been an important part of our Company's growth strategy, providing services in process development and optimization, analytical services, and scale-up manufacturing. Our Company has put more effort in its early-stage project development, laying the foundation for long-term growth.



Spot on the Potential Therapeutics to Reinforce the Growth Visibility

The Company strategically reserves potential bulk projects, and clinical phase III projects served by the Company involved several popular targets and promising novel targets, including but not limited to GLP-1, KRAS, JAK, TYK2, etc., securing project reserves for the continued commercialization orders of bulk drugs. We are actively involved in the development of leading GLP-1 programs, and we recognize the emerging and recently approved obesity treatment pipelines and associated advances in drug delivery technologies and rising fundings, may provide clinical trial landscape of growing market scale of anti-obesity drug candidates. According to the total small molecule clinical stage orders in hand, it is expected that the number of projects reaching the process performance qualification ("**PPQ**") stage in 2024 will reach 28, representing a 40% increase compared to 2023. This has established a sufficient reserve of commercial orders, providing strong support for long-term and steady performance growth.

Adhere to the Guideline of Strengthening Key Clients and Expanding Customer Diversity in Various Regional Markets

We have upheld a customer-centric business philosophy and have a diverse, high-quality, and loyal customer base. Rather than just an outsourced service provider, we are regarded as a reliable partner by our customers. Our primary focus lies in serving pharmaceutical and biotechnology companies with headquarters located in the United States, Europe, China, Japan, and Korea, etc. Notably, our clientele includes a large group of renowned multinational pharmaceutical companies. As of the year ended 31 December 2023, we have established partnerships with 16 out of the world's Top 20 multinational pharmaceutical companies, and have been providing continuous service to 8 of these companies for over 10 consecutive years.

For the regional market expansion, the Japan market has entered the harvest season in 2023, with the in-depth cooperation with existing customers being continuously improved and new customers being developed in an orderly manner. With the service projects gradually entering the late and commercialization stage, the revenue has grown rapidly.

Moving forward into 2024 and beyond, our approach involves: i) Deepening our services vertically to encompass new projects for existing multinational pharmaceutical companies while continuing ongoing commercial projects; ii) Proactively re-establishing communication and collaboration with dormant clients who may have shifted their focus toward pipeline concentration rather than small molecule business, particularly those interested in licensing new novel target pipelines in small molecules; iii) Expanding and diversifying our customer pool of multinational pharmaceutical companies, with a notable breakthrough achieved in the Japanese market after years of penetration; and iv) Capitalizing on our extensive experience in serving multinational pharmaceutical companies, we also collaborate with leading biotechnology firms and a wide range of small and medium-sized global pharmaceutical companies.

(III) Emerging Business

As a new rising significant segment of our dual-engine business strategy through emerging business services, by leveraging our competitive advantages in the small molecule CDMO business segment, we expedited the development of our talent team and capabilities in this field. This led to the rapid growth of the emerging business segment, including chemical macromolecule, clinical research services, drug products, biological macromolecules CDMO, and exporting new green technologies including i.e. continuous flow technology, synthetic biology technology, among other strategic emerging business lines. Throughout the Reporting Period, these emerging business lines generated a revenue of RMB1,170.20 million, reflecting an increase of 17.79% compared to the year ended 31 December 2022. The gross profit margin was 24.65% with a year-on-year decrease of 8.87% during the turmoil funding period for the global biotechnology companies.

Chemical Macromolecule CDMO Business

We provide comprehensive chemical macromolecule CDMO solutions for polypeptides, oligonucleotides, polymers, and other macromolecules. During the Reporting Period, with a revenue increase of 6.77% year-on-year, a total of approximately 74 new customers were developed, 80 new projects were undertaken, and a total of 33 projects were advanced to stages later than phase II clinical stage.

Peptide

With our deeply integrated unnatural amino acid technology and well-developed technology platforms, our specialized chemical macromolecule department ("**CMMD**") can provide integrated development and manufacturing services of traditional polypeptides, peptide-drug conjugates, and polymer-drug conjugates all the way from pre-clinical stage to commercial-scale manufacturing. We develop and optimize the production process for polypeptides or peptide-conjugate at a wide range of scales utilizing liquid-phase peptide synthesis, solid-phase peptide synthesis, biosynthesis, or a combination of them. We have extensive experience in manufacturing GLP-1, cyclic peptide, arginine rich peptide, stapled peptide, PDC, RDC and chemically modified peptides (including synthesis of PEGylation, methylation, and lipidation). Our analytical team also develops and provides appropriate specific analytical methods for structure characterization, validation, stability, and final product testing of these products according to relevant international guidelines and requirements. In addition, our experts can also assist in the documentation preparation for IND and NDA filing.

The Company promoted the development of peptide business as one of the top priorities with 12 new projects undertaken in 2023 with steady preparation of the first GLP-1 NDA in progress. As of the end of the Reporting Period, the construction of the solid-phase synthesis peptide production line was on track for 10,250L, with capacity of 14,250L to come online in the first half of 2024, with the facility to accommodate an additional capacity when new demand comes. For the GLP-1 peptide opportunity, the Company is focusing on i) driving the production validation for a leading domestic GLP-1 program; ii) getting ready for the potential growing global pipeline of GLP-1 class candidates; iii) developing new technology that could target higher yield. We believe the window of opportunity is still open amid the global short supply.

Oligonucleotide

The development of oligonucleotide CDMO business is one of our key business lines in Emerging Services Segment. During the Reporting Period, the Company undertook over 35 new projects with 1 validation production project accomplished.

Oligonucleotide-based therapies show promise to treat a broad spectrum of diseases and genetic conditions. Our oligonucleotide technology platform provides our customers with a full spectrum of services for drug substance from process development through cGMP compliant manufacturing, and drug product from pre-formulation development through fill-finish. Equipped with advanced technologies such as oligonucleotide solid-phase synthesizers and purification equipment spanning gram-scale to kilogram-scale, the Company demonstrates production capacity from clinical to commercial stages.

In the first half of 2023, our efforts to boost the oligonucleotide CDMO business included the operational launch of an exclusive production workshop for chemical macromolecules. This facility features ten pilot-to-commercialization production lines dedicated to oligonucleotides, surpassing an annual capacity of 500 kilograms. We have an experienced analysis team to support services like oligonucleotide structure characterization, method development and validation, product release testing, and stability studies. The team's progress lays a strong foundation for future project advancements.

Others

Concurrently, the Company continued its promotion of toxin-linker, pharmaceutical polymer, polymer-drug coupling, and cationic lipid businesses, initiating 33 new projects during the Reporting Period with 10 validation production projects underway and expanding commercial lipid GMP stocks.

Drug Product

The drug product business line continues its growth momentum in 2023, successfully completing 148 projects during the Reporting Period with 156 ongoing projects. During the Reporting Period, efforts to expand the customer base were intensified, with new customer contract orders contributing 44% of the total. The overseas market sustained growth, evidenced by a 50% year-on-year increase in contract orders. As a result, the drug product business line sustained a solid growth and achieved a revenue increase of 15.86% year-on-year during the Reporting Period. The overseas drug product business was showing a consistent upward trend, with a year-on-year revenue growth rate of 20.81%.

In 2023, the drug product business line smoothly passed on-site inspections 5 times by drug regulatory agencies and underwent audits by nearly 50 domestic and international customers, demonstrating the ability to provide services from clinical to commercial production. The launch of Clinical Supply Chain Center further enhanced end-to-end clinical supply chain services including comparator drug procurement, packaging, and blinding, global clinical trial drug product storage, distribution, return, and disposal services. As the results of extending service reach, expanding service geographical coverage, and gradually penetrating the physical radius needs of overseas customers, more than 20 domestic and international orders have been successfully completed.

In terms of business expansion, the drug production business line has already developed mature commercial capabilities in spray drying and hot-melt extrusion technologies and has successfully completed the commercial production and delivery of hot-melt extrusion drug product. During the Reporting Period, multiple batches of topical drug product projects were successfully completed for clinical batch supply, further enhancing the research and production service capabilities for topical formulations. In 2023, the development and production technology platform for oral liquids has been established, with the completion of formulation development and clinical batch production for multiple oral liquid projects. Meanwhile, several oral peptide projects are in progress with their bioavailability meeting or exceeding expectations. The breakthrough in oral formulations has provided Asymchem with a broader range of technological applications, further deepening overseas customer base expansion and fully opening international markets.

The lipid nanoparticle technology platform continues to be solidified, undertaking and delivering multiple types of lipid nanoparticle projects. The nasal spray and nebulized inhalation solution technology platforms are also expanding with multiple projects simultaneously underway. Other complex formulation technology platforms are being concurrently advanced, such as nano emulsions, in-situ gels, micelles, and suspensions.

In terms of capacity construction, the assessment for the establishment of new production capacity in the drug product business line has been completed. The expansion of capacity for pre-filled syringes and other business lines is being planned, providing a solid guarantee for undertaking new projects.

Export of New Technology

In 2023, Asymchem's two primary flags technologies, namely continuous flow technology and synthetic biology technology, significantly have breakthrough to our CDMO business. In 2023, it was the beginning year for the company's continuous external technology output business. Leveraging its technical advantages and continuous production experience, the market expansion and order delivery progressed simultaneously. The recognized revenue exceeded RMB100 million, with 19 new external technology contracts signed, including 6 commercial contracts totaling over RMB250 million. The company engaged with over 700 customers across more than 10 provinces, establishing deep partnerships with 15 new clients. Notable clients included a fine chemical company in Dalian (10,000mt/a oxidation project), a pharmaceutical company in Shandong (50mt/a pharmaceutical nitration project), and an agrochemical enterprise in Inner Mongolia (3,000mt/a advanced green pesticide project).

The Company overcame technical barriers in multiple high-risk and high-difficulty processes, successfully validating the scale-up of several oxidation, nitration, and hydrogenation projects. These projects were implemented full-scale continuous processes for several thousand-ton and ten-thousand-ton projects, rapidly increasing the market influence and reputation of their continuous technology in the domestic fine chemical industry.

The Center of Flow and Continuous Technology ("**CFCT**") continued to support the internal projects' continuous application. During the Reporting Period, 68 production projects were executed, including the first domestic API continuous verification production – metformin hydrochloride continuous production verification. The application for approval has been submitted to the Center for Drug Evaluation ("**CDE**") of the National Medical Products Administration ("**NMPA**"). PAT technology was applied for the first time in the continuous production of APIs, aligning with the International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use ("**ICH**") Q13 guidelines from multiple perspectives, aiming to promote the breakthrough of continuous reaction technology in the pharmaceutical API field.

Synthetic Biology Technology

During the Reporting Period, we successfully completed the construction and filing of our BSL-2 laboratory, commenced production in the 50L GMP Lab, and undertook our first IND filing project. Furthermore, we successfully fulfilled our first order for enzyme evolution and received high praise from our customers for our efficient collaboration and R&D capabilities. This positive feedback led to the further development of several subsequent orders. The Company has generated a revenue increase of 38.14% year-on-year growth with touch base of 70 new customers and completed the first batch delivery of an IND project. Through technical promotion and demonstrations, there are currently 7 continuous hydrogenation projects in operation.

Our CSBT platform has possessed mature and leading technical capabilities, by building four basic technology pillars, including Artificial Intelligence ("**AI**") technology, cell biosynthesis, high throughput screening ("**HTS**"), and continuously enzymatic catalysis technology. We have built up an integrated technology platform for mature enzyme engineering, featuring enzyme screening, enzyme development, enzyme evolution, enzyme immobilization, enzyme fermentation production as well as process scale-up, enzymatic catalysis for the efficient and green synthesis of small molecule drugs. We have established a fully continuous platform for non-natural amino acid synthesis, carried out several commercial production projects for tonnage continuous enzymatic catalysis, and developed technology platform for polypeptide biosynthesis.

So far, the Company has developed a library consisting of over 2,700 engineered enzymes, over 1,100 protected by the Company's IP rights, covering more than 20 enzyme classes. We also developed 17 enzyme kits for customers to quickly screen target enzymes with specific catalytic activity. The platform is gradually being applied in innovative pharmaceutical projects or commercialization projects with life cycle management for customers, signaling great potential for future development. The current enzyme evolutionary period has been shortened to a minimum of one week which taking our enzyme engineering technology to a next level.

We further deepened and improved the technical capabilities of the enzyme engineering technology platform, achieving comprehensive enhancement from gene synthesis and DNA sequencing to AI-assisted enzyme evolution capabilities. We completed the construction of the oligopeptide synthetic biology technology platform. Additionally, we accomplished the construction of oligonucleotide biosynthesis, including the development of solid-phase enzyme connection and liquid-phase enzyme connection technologies, as well as the development of high-throughput screening technologies. Furthermore, we completed the construction of a non-natural amino acid full continuous synthesis platform and successfully realized commercial production of multiple ton-level continuous enzymatic catalyzed projects. Meanwhile, we have successfully developed multiple advanced technologies for several microbial cell factories, including E. coli and some yeast strain, which have been validated to be very efficient by improving the yields to the highest levels reported so far at lab or pilot scale for some small molecules. The construction of the polypeptide synthetic biology technology platform was completed and has been utilized for testing the efficient synthesis of multiple polypeptide products. Simultaneously, we have also completed the establishment of production capacity, enabling us to design polypeptide synthetic biology technology routes, develop high-yield strains, conduct process development, and achieve efficient production.

We have focused on creating underlying technological advantages and successfully established a DNA synthesis and sequencing platform to assist enzyme evolution capabilities, significantly enhancing research and development efficiency. Through collaboration with the AI team in the IT department, we have innovatively developed an AI protein design platform, resulting in the publication of research papers. This has led to the realization of a highly automated research and development platform driven by AI big data. Our AI platform is continuously being developed and optimized as we strive to build a world-class biological laboratory.

In addition, we have received orders for more than 20 test kits, and through the drainage of more than 20 subsequent enzyme evolution/enzyme powder orders from the test kit. With the new 500L and 5,000L fermentation capacity under construction, it will be put into operation in the second quarter of 2024. More partners are beginning to explore greener and lower-cost enzyme catalytic synthesis routes to replace traditional chemical routes. The synthetic biology sector will rely on our Company's strong one-stop service system, with leading technology and R&D capabilities as the core driving force, to meet diverse customer needs, help transform traditional chemical synthesis processes, and embrace a new era of green pharmaceutical industry.

Clinical Research Service

During the Reporting Period, the revenue of the CRO business dropped by 9.96% year-on-year. The Company endeavored to accelerate the business development and enhance client satisfaction with 347 new project contracts signed, of which the Company engaged with major diseases such as cardiovascular and metabolic diseases, respiratory, neurology, hematology diseases and solid tumors.

As one of key elements of Asymchem's "One-stop, Integrated Development Service" Strategy, the Company seamless coordinated with CMC, non-clinical, and enhanced R&D efficiency for our clients while reducing the overall costs. We undertook 33 integrated service orders, successfully obtaining 5 implied China IND approvals, of which 3 have been deferred to clinical trials. Our overseas business continued to strengthen, with 14 new overseas application orders assisting customers in successfully applying for FDA approval for 4 items, of which 3 have received FDA IND implied approval. We supported the successful market launch of innovative antiviral drugs and GLP-1 products. Additionally, we assisted in the submission of China IND applications for 20 first-class innovative drugs, with 14 projects receiving implied approval for clinical trials. Further, we successfully enrolled phase I clinical trials for a new anti-tumor drug targeting a novel pathway and advanced the initiation of a nationwide first stem cell therapy for spinal cord injury in phase I. We also facilitated the smooth transition of the world's first lung basal stem cell drug and high-potency HIV treatment drug to phase II clinical trials, ensuring the timely delivery of key ongoing phase II and III clinical projects. As of the end of Reporting Period, the Company had 356 clinical trial projects in progress, of which 123 had entered phase II or later stages. The Company further invested efforts and expand resources within academic institutions, fostering deeper collaborations in clinical trials and bolstering research and innovation capabilities for innovative drug companies.

Leveraging AI to empower the intelligent drug surveillance platform, enhancing the quality and efficiency in clinical trial project management, clinical trial document management, clinical research data management, and drug surveillance detection, we empowered the entire process of clinical research.

Operating under a "compliance-first" approach, the Company successfully passed client audit and authority inspections without critical findings. Through continuous improvements in quality and quality system, the Company ensured the consistent high-quality delivery of projects for our clients.

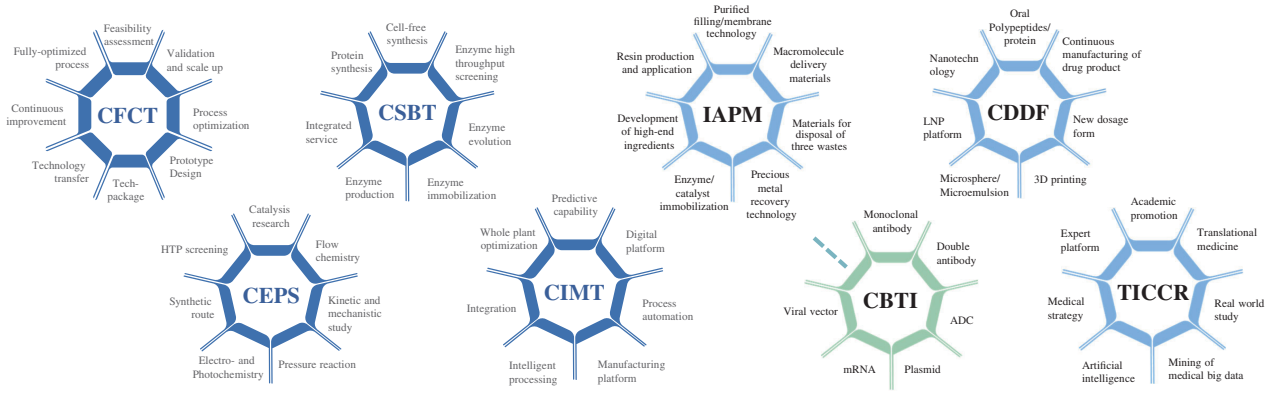
Biological Macromolecules CDMO

During the Reporting Period, the revenue of the biological macromolecules CDMO business increased by 27.74% year-on-year. The number of projects continued to grow, with a variety of project types. Currently, there are 71 projects on hand, including 16 IND projects, 18 ADC projects, 3 AOC projects, and 2 Biologic License Application ("**BLA**") project. Based on the types of active orders, it is expected that the proportion of revenue from various types of conjugate drug orders, including antibody-drug conjugates, will continue to rise in the future.

During the Reporting Period, this segment actively expanded its market presence, securing abundant orders and increasing market recognition. Breakthroughs were achieved in key overseas markets and mid – to late-stage project areas, with the company securing orders for 4 overseas projects. They also obtained the first BLA order for an integrated service ADC project, continuing to deepen their integrated business operations. Technology advancement is fundamental to the development of the biopharmaceutical business. The Center of Biological Technology and Innovation ("**CBTI**") at the Zhangjiang base in Shanghai was officially launched in May 2023, driving internal research and development initiatives, enhancing forward-looking capabilities, and empowering process development. Efforts are being made to optimize the process development cycle, steadily improve delivery quality and efficiency, with several patents currently under application. Concurrently, focusing on business development strategies and order demands, the commercial capacity expansion and renovation project at the Jinshan base in Shanghai has been completed, while the construction project for the commercial production base in Fengxian, Shanghai is progressing steadily.

(IV) R&D Platform Construction

As a technology driven company, our key success lies in seamlessly integrating cutting-edge technologies and their industrial application, continuously strengthening our technological competitiveness, and solidifying our leading position in the CDMO industry. Our R&D activities are primarily relying on our in-house eight innovative R&D platforms, namely the Center of Excellence for Process Science ("**CEPS**"), the CFCT, the CBST and the Center for Intelligent Manufacture Technology ("**CIMT**"), and CBTI, and Institute for Advanced Pharmaceutical Materials ("**IAPM**"), Center of Drug Delivery and Formulation ("**CDDF**"), and Technology Innovation Center for Clinical Research ("**TICCR**"). Our process development team provides customized solutions for our customers using technologies and know-how developed by the first four R&D platforms.



With a strategic emphasis on the "development" component of CDMO services, Asymchem has been focusing on developing a top-tier technology platform and is among the CDMO companies that contribute the most to R&D per Frost & Sullivan. As at the end of the Reporting Period, our Group has obtained a total of 383 authorized patents both domestically and internationally, including 319 patents in China and 64 patents overseas. Among these, 108 are in the field of synthetic biology and 112 in the continuous flow technology, respectively. Especially for the latter, our Company was one of the earliest companies to apply continuous manufacturing in drug production and is also one of the few that can apply the technology at the ton-level instead of gram-level, leading to simplified procedures, reduced processing duration and raw material cost. These patents are being used in the phase II or later projects, giving Asymchem a strong competitive edge. This continued focus on R&D has made Asymchem one of the few companies that can provide a one-stop solution platform.

As at the date of the announcement, we have obtained 148 authorized invention patents and 70 authorized utility model patents in China, as well as 22 authorized patents in other jurisdictions such as the United States, the European Union, Japan, South Korea, and India. Our research papers on new technologies have been published multiple times in the most authoritative scientific journals in the field of natural sciences such as *Nature*, as well as other important journals in the industry including *Journal of the American Chemical Society*, *Angewandte Chemie (Germany Applied Chemistry)*, *Journal of Organic Chemistry*, *Organic Letters*, and other leading international journals. By the end of the Reporting Period, a total of 41 papers have been published, among which 14 have impact factors exceeding 10.

For the year ended 31 December 2023, our R&D expenses surpassed RMB707.86 million, representing 9.10% of our total revenue. As we anticipate future revenue growth, we also plan to allocate a proportional increase in our R&D expenses.

Center of Excellence for Process Science ("CEPS")

CEPS aims to explore advanced technology platforms, develop, and apply innovative technologies and strategies for pharmaceutical process development. It strives to achieve green chemistry, cost reduction and efficiency improvement on the premise of mitigating process risks and enhancing safety. Currently, it has seven major functions, namely high-throughput screening, synthetic route innovation, flow chemistry, photochemistry and electrochemistry, kinetic and mechanistic studies, and pressure reactions.

During the Reporting Period, the pivotal R&D platform for our small molecule CDMO business, CEPS supported approximately 300 R&D projects. There were 20 projects in the development and application of continuous hydrogenation technology carried out, establishing a cross-center collaborative development model among CEPS, Chemical Engineering Department ("**CED**"), and CFCT. Through technical promotion and demonstration, there are currently 7 ongoing continuous hydrogenation projects. Precious metal recovery technology has been implemented at the production end of projects, validated in scale-up liquid-phase synthesis, and control strategies have been recognized by multiple customers and received corresponding quotation requests.

Center of Flow and Continuous Technology ("CFCT")

CFCT's mission is to penetrate each of our business segments with our self-developed continuous flow technology. Continuously carrying out technological upgrades and innovations, we have submitted 53 new patents and obtained 26 authorizations. We have built a modular cryogenic test platform, customized laser 3D printing technology, and continued to tackle new continuous reaction technologies, with several new technologies already applied in commercial projects with remarkable results. Leveraging the National Supercomputing Center, we have established a new research and development mode driven by simulation for continuous liquid-liquid reactors, continuous gas-liquid reactors, continuous solid-liquid reactors, and continuous gas-liquid-solid reactors. By combining reaction kinetics, thermodynamics, and CFD simulations, we are exploring new pathways for the future development of biopharmaceuticals and fine chemicals.

Center of Synthetic Biology Technology ("CSBT")

Relying on strong R&D capabilities and over a decade of technological accumulation, we have established a mature one-stop synthetic biology service capability starting from molecular biology (recombinant expression). During the Reporting Period, we further deepened and improved our enzyme engineering technology platform capabilities, achieving a comprehensive enhancement from gene synthesis, sequencing to AI-assisted enzyme evolution capabilities. This includes completing the construction of an oligopeptide synthetic biology technology platform, establishing oligonucleotide biosynthesis, developing solid-phase and liquid-phase enzyme linking technologies, and high-throughput screening method development. We have also completed the construction of a non-natural amino acid total continuous synthesis platform, commercializing several ton-scale continuous enzyme catalysis production projects. Furthermore, we have built microbial cell factory technology platforms for E. coli and yeast, surpassing the highest reported levels in small-scale production of multiple bio-based small molecules. The construction of a peptide synthetic biology technology platform has been completed, used for efficient synthesis testing of multiple peptide products, along with simultaneous production capacity building to realize peptide synthetic biology technology route design, high-yield strain development, process development, and efficient production. By creating underlying technological advantages, we successfully established DNA synthesis and sequencing platforms, significantly improving enzyme R&D efficiency. Through innovative collaboration with the AI team in the IT department, we independently developed an AI protein design platform, published research papers, and achieved a highly automated R&D platform driven by AI big data. The AI platform is continuously being developed and optimized to strive for building a world-class biological laboratory.

Center of Biological Technology and Innovation ("CBTI")

CBTI is responsible for CBTI is responsible for the scientific development, process research and development, technology platform construction, and supply chain optimization related to biologics (antibodies, fusion proteins, etc.) and advanced therapies. The focus is on iterating the ADC project process, creating a dual antibody/dual antibody ADC, site-specific conjugation ADC process development platform, and continuously expanding process development toolbox capabilities. While meeting the internal development needs of Asymchem, it aims to provide customers with higher quality research and technical services, and to provide endogenous power for the company's long-term development.

Institute for Advanced Pharmaceutical Materials ("IAPM")

Committed to the research, production, and promotion of advanced separation and purification materials, high-end excipients, and other high value-added green functional materials. IAPM is an important strategic initiative for the diversification of Asymchem's business. During the Reporting Period, IAPM has established a rich product pipeline in multiple areas such as medical and pharmaceutical polymer materials and green manufacturing materials, completed product specification development and performance testing, and has already begun to promote applications in internal production.

Center for Intelligent Manufacture Technology ("CIMT")

We see great potential in the digitalization of pharmaceutical development and commercial operations. During the Reporting Period, CIMT completed the construction of the intelligent + PAT technology pilot-scale experimental platform. With the experimental platform, CIMT validated modular solutions for the application of soft measurement technology, developed modular solutions for automation of unit operations such as temperature control, pressure control, dosing, and pH control. These solutions effectively improved production efficiency and the flexibility of process execution. CIMT supported the application of advanced automation and PAT technology in the factory and optimized batch technologies in multiple commercial projects. By combining AI analysis algorithms and multivariate control, CIMT facilitated the efficient application of production in commercial projects, advancing towards digitalization and intelligent manufacturing. CIMT also supported the automation upgrade and digital development of the company's laboratories. It established an automated high-throughput crystallization research workstation and a central control management system, completed the automation upgrade of multiple continuous hydrogenation experimental devices, significantly improving experimental efficiency, and creating conditions for further iteration and promotion of continuous reaction technology.

Center of Drug Delivery and Formulation ("CDDF")

Dedicated to innovating drug delivery technology, developing new formulation technology platforms, and new dosage forms to help customers overcome formulation bottlenecks and provide more formulation options. With a focus on technology-driven initiatives, CDDF aims to enhance drug integrity, ensure drug efficacy, and reduce drug production costs. During the Reporting Period, it has initiated and carried out high-end formulation and drug delivery technology projects including continuous formulation production, novel liposomes, LNP delivery technology platforms, 3D printing, and other research and development efforts.

Technology Innovation Center for Clinical Research ("TICCR")

We emphasize promoting the internationalization and professionalization of TICCR, aiming to establish differential competitiveness under the CARO model led by one of our subsidiaries namely Tianjin Clin-Nov Medical Technology Co. Ltd and academic leadership. This includes introducing high-end international talents, collaborating with our cross functions to enhance the clinical trial capabilities of medical institutions, jointly building the empowerment of Tianjin's pharmaceutical industry, and collaborating with experts in various disease fields nationwide to create academic influence. In terms of data intelligence, we are developing a fully automated drug surveillance platform throughout the process and introducing digital applications in recruitment areas and launching a central resource platform.

The eight technology centers are dedicated to cultivating cutting-edge technologies and spearheading technical innovation, in order to offer robust technical support for the Company's new strategic direction and expansion.

(V) Investments and Constructions of Capacity Expansion

We maintain advanced manufacturing sites built from the ground up to stringent standards. As of the year ended 31 December 2023, we had eight manufacturing sites in China. The following map illustrates the locations of our manufacturing sites, as well as our offices in across China, the United States, and the United Kingdom.

In the small molecule CDMO business segment, the continuous reaction plant area experienced a remarkable year-on-year growth in the past three years, accompanied by a reasonable percentage increase in the number of continuous equipment units. This significant expansion of continuous reaction capabilities plays a vital role in enhancing the Company's production efficiency and facilitating capacity release. In the following period, we will actively absorb newly added productions from the past three years, minimize raw material waste, reduce the operation cost, and boost gross profits.

In terms of the emerging services business segment, significant progress was made in the chemical macromolecule project. Construction was successfully completed for the R&D center, spanning approximately 12,000m², and the Good Manufacturing Practice ("**GMP**") production plant, covering an area of around 9,500m².

To prioritize the development of our peptide CDMO business, we expedited the phase I construction of peptide commercial production facilities, aiming to reach a solid-phase synthesis capacity exceeding 14,250L by mid-2024. This will enable us to meet the demand for commercial production of hundred-kilogram-level solid-phase peptides.

Additionally, in 2023, we continued to promote the growth of our oligonucleotide CDMO business, and the exclusive production workshop I for chemical macromolecules is now operational with ten pilot-to-commercialization production lines for oligonucleotides, exceeding an annual capacity of 500 kilograms.

In light of the growth trends observed in 2023 within the solid and parenteral formulations of drug products, aimed at further penetrating overseas markets and maintaining a strong presence in the domestic Chinese market, an evaluation has been conducted regarding the establishment of additional production capacity within the drug product business line. Plans are underway to expand capacity for pre-filled syringes and other production lines, which will serve as a robust foundation for undertaking new projects in various jurisdictions.

To promote the synthetic biology technology, in the construction of new GMP-level fermentation capacities of 500L and 5,000L, partners have begun exploring greener and more cost-effective enzyme-catalyzed synthesis routes to replace traditional chemical routes. Planning for a new 5,000L fermentation capacity is underway to meet the growing demands of customers.

As for the biological macromolecule CDMO business line within the emerging services business segment, the Company established a dedicated R&D and pilot test base for plasmid and mRNA operations in Suzhou. In 2023, we have initiated the commercial production capacity renovation and expansion in Jinshan district in the city of Shanghai and the construction of the commercial production base were in a steady progress in Fengxian district in the city of Shanghai, respectively. Additionally, the production workshop and supporting auxiliary engineering for CBTI in Shanghai Zhangjiang were finalized and put into use in May 2023.

We generally expand and build our development and manufacturing facilities in anticipation of increased demand arising from new customer engagements and strategic plan. For details, please refer to the chapter of "Uses of Net Proceeds" in this announcement. We are strategically focusing on further expanding our overseas capacity in the small molecule business segment. Recognizing the growing global demand for our services, we aim to strengthen our presence in international markets by establishing production facilities abroad or through the acquisition of suitable production base. This approach will enable us to effectively cater to the needs of our overseas core clients base and enhance our competitiveness on a global scale. By leveraging our expertise, advanced technologies, and efficient processes, we are committed to providing high-quality small molecule CDMO solutions to customers worldwide. Through overseas capacity expansion, we aim to optimize our supply chain, shorten lead times, and improve overall operational efficiency. This strategic initiative aligns with our commitment to delivering exceptional services to our clients while solidifying our position as a leader in the small molecule CDMO industry.

(VI) Cultivation of Our Team of Talents

The highly competitive and rapidly evolving pharmaceutical industry requires an effective talent management strategy to succeed. As a leading CDMO company, we recognize the importance of cultivating and retaining a diverse pool of professionals with multi-disciplinary expertise. Our global team possesses advanced technical knowledge, strong execution capabilities, and a customer-centric culture, which enables us to help our clients overcome complex process development and manufacturing challenges through teamwork and collaboration. We attract and cultivate talent globally by offering a collaborative work environment, cutting-edge projects, a reasonable competitive remuneration package, and a community-driven career development platform.

In 2023, to achieve our goals, we implemented a tailored talent strategy for each of our key business segments. We offered internal training programs to equip our employees with the latest technology advancements, industry know-how, and regulatory developments. We inspired our employees to develop a strong sense of ownership and encourage them to work on industry-defining and landmark projects. Moreover, we offered competitive compensation and compelling career development opportunities to motivate and retain our high-quality talent base.

Our Company firmly grasps and adheres to the strategy of talent introduction by optimizing various employment mechanisms such as talent selection, training, utilization, evaluation, incentive, and retention. We established talent management systems for small molecule CDMO business and strategic emerging business and accelerated the introduction of talents including business leaders and key technical positions in emerging business segments. In 2023 full year, we have recruited 205 expertise, including 83 Ph.D., 29 senior executives and above, and 93 returnees and personnel with working backgrounds in overseas pharmaceutical companies. As of the year ended 31 December 2023, we had a total of 9,788 employees, of which more than 78% were undergraduates and 23% were masters/Ph. D and/or above. We believe that our employees are the valuable wealth of the Company, and we serve as the platform for employees to show their talents and realize their values.

(VII) Social Responsibility and Sustainable Development

As a listed company with social responsibility, Asymchem stays committed to offering quality products and professional services to its partners. The Company, in strict accordance with the provisions of relevant laws and regulations and in light of its particular conditions, undertakes the responsibilities to Shareholders, partners, employees, society and other stakeholders. The Company gives back to the society through practical action and fosters a harmonious environment for development, to achieve the ultimate goal of sustainable development.

Under the Asymchem sustainability model, there are four major elements for synergy: enabling customers, responsible for citizens, construction of community, and protecting the earth. As a leading CDMO service provider in China, we are committed to the global pharmaceutical technology innovation and commercial application. We are sincerely dedicated to providing customers with quality products and professional services, and actively fulfill and assume responsibility for our employees, shareholders, investors, and other stakeholders. While maximizing economic benefits, we pursue the collaborative development of social benefits and environmental protection, in order to achieve sustainable development. We are highly focused on protecting the interests of our shareholders, customers, all employees, suppliers, and other interest groups and stakeholders. We have established an improved corporate governance structure, a complete internal control system, and a platform to interact with investors, to assure all shareholders of fairness, promptness, justice, transparency, and openness.

In our daily operations, we are committed to our customer-centric approach and provide our customers with high-quality services through continuous development of technologies and processes. In terms of employee rights and interests, we comply in all material respects with the PRC Company Law, Labor Contract Law and other laws and regulations, and have formed a management philosophy that "there will be no quality products without satisfactory employees", showing that we care about the health, safety, and satisfaction of our employees. At the same time, we maintain good interaction with suppliers, especially suppliers with long-term cooperative relationships. We fully understand that most of our overseas clients have established comprehensive ESG management objectives, which will be communicated to Asymchem. In particular, overseas customers have put forward clear ESG expectations for supply chain companies. As part of the supply chain, we strive for the best efforts to balance the requirements while operating the business to maximize the mutual benefit.

We have established "Teda-Asymchem Scholarship" in several colleges and universities to support the study and research of college students, showing our concern for the growth of young students and encouragement to them. Particularly, we have set up several scholarships for college students in hardship in many universities and colleges. We have also created several fellowships for outstanding research results of drug synthesis in some universities and colleges and sponsored various academic conferences and symposiums.

For more details regarding social responsibility and sustainable development information, please refer to the 2023 ESG Report which will be available at the end of April 2024.

II. FINANCIAL OVERVIEW

In 2023, the Group realized revenue of RMB7,781.44 million. If the large orders are excluded, the other revenue of RMB5,360.91 million represented a period-on-period increase of 23.67%. The annual gross profit margin in 2023 was 50.89%, an increase of 3.65% from the same period last year. Excluding large orders, the annual gross profit margin in 2023 increases by 3.40%. The adjusted net profit attributable to shareholders of the listed company amounted to RMB2,302.09 million, representing a decrease of 23.23% as compared with 2022. In 2023, the small molecule CDMO business realized revenue of RMB6,605.14 million. If the large orders are excluded, the other revenue of RMB4,184.62 million represented a period-on-period growth of 25.47%. In 2023, the emerging business realized revenue of RMB1,170.20 million, representing an increase of 17.79% as compared with 2022. Domestic revenue reached RMB1,437.27 million in 2023, representing a decrease of 7.88% from 2022, with the proportion of domestic revenue increasing from 15.25% in 2022 to 18.47% in 2023. The Group continued to build the R&D platform, with an investment of RMB707.86 million in 2023, which remained stable compared with the same period last year, accounting for 9.10% of the revenue.

(I) Revenue

During the Reporting Period, the Group's revenue by product categories was as follows:

	2023		2022		Change ratio
	RMB'000	***Proportion***	*RMB'000*	*Proportion*	*%*
Commercial stage CDMO solutions	**5,107,487**	**65.64%**	7,568,209	73.98%	(32.51)
Clinical stage CDMO solutions	**1,497,658**	**19.25%**	1,662,241	16.25%	(9.90)
Emerging services	**1,170,199**	**15.04%**	993,478	9.71%	17.79
Total revenue from principal business	**7,775,344**	**99.92%**	10,223,928	99.94%	(23.95)
Other businesses	**6,092**	**0.08%**	6,258	0.06%	(2.64)
Total revenue	**7,781,436**	**100.00%**	10,230,186	100.00%	(23.94)

During the Reporting Period, the Group had 40 commercialization projects for which the revenue has been recognized, achieving revenue of RMB5,107.49 million, representing a period-on-period decrease of 32.51%. If the large orders are excluded, the other revenue of RMB2,686.96 million represented a period-on-period increase of 47.22%. The Group's R&D, production, analysis, supply chain management, quality and other departments and teams achieved seamless cooperation and worked in coordination to fully satisfy the needs of customers for pharmaceutical supply, further enhancing the level of fine management and the advantages of the platform system. The Group continuously developed key processes and technologies for green pharmaceuticals and increased the use of new technologies and new intelligent equipment to continuously enhance the competitive advantage in the commercialization of small molecule CDMOs. The green technologies were continuously implementing in several industry-leading commercialization projects, and the Group's good track record in delivery will further drive deeper collaboration with numerous domestic and international clients on commercial projects.

During the Reporting Period, the Group had a total of 386 clinical stage projects for which the revenue has been recognized, including 69 clinical phase III projects, achieving revenue of RMB1,497.66 million, representing a period-on-period decrease of 9.90%, which was basically flat year-on-year excluding the impact of specific anti-virus projects. The Group has put more effort in its early-stage project development, laying the foundation for long-term growth. The Group strategically reserves potential bulk projects, and the clinical phase III projects served by the Group involved popular novel targets or major drug targets, such as GLP-1, KRAS, JAK and TYK2, securing project reserves for the continued acquisition of bulk commercial orders of drugs.

Leveraging our competitive advantages accumulated in the small molecule CDMO segment, the Group accelerated the construction of its talent team and capabilities, promoted the rapid development of new business such as chemical macromolecule CDMO, clinical research services, drug product, biological macromolecules CDMO, exporting the application of advanced synthetic biology technology, and other strategic emerging business lines. During the Reporting Period, the strategic emerging segment recorded revenue of RMB1,170.20 million, representing a period-on-period increase of 17.79%. With the enhancement of service capacity in emerging business, some business lines achieved breakthroughs in overseas orders.

During the Reporting Period, the Group's revenue by countries or regions where our customers operate was as follows:

	2023		2022		Change ratio
	RMB'000	***Proportion***	*RMB'000*	*Proportion*	*%*
Domestic (Mainland China)	**1,431,182**	**18.39%**	1,553,941	15.25%	(7.90)
Foreign countries (including North America, Europe and Asia except Mainland China)	**6,344,162**	**81.53%**	8,669,987	84.75%	(26.83)
Total revenue from principal business	**7,775,344**	**99.92%**	10,223,928	99.94%	(23.95)
Domestic revenue from other businesses	**6,092**	**0.08%**	6,258	0.06%	(2.64)
Total revenue	**7,781,436**	**100.00%**	10,230,186	100.00%	(23.94)

Our revenue in domestic (China) market decreased 7.90% compared with the same period last year. Our revenue in foreign countries (including North America, Europe and Pan-Asia ex China) reached RMB6,344.16 million in 2023, representing a decrease of 26.83% from the same period of 2022, or a period-on-period increase of 41.41% after excluding large orders. The Group is prioritizing market development, and its market business has shown positive progress. During the Reporting Period, revenue from American customers amounted to RMB5,267.28 million, and if the large orders are excluded, the other revenue of RMB2,846.75 million represented a period-on-period increase of 47.84%; revenue from Asia Pacific (except China) customers amounted to RMB711.58 million, representing a period-on-period increase of 15.31%; revenue from European customers amounted to RMB365.31 million, representing a period-on-period increase of 57.50%.

(II) Cost of Sales and Services

Our costs of sales include costs of raw materials, direct personnel expenses, manufacturing expenses and other related expenditures. Raw materials costs cover direct and indirect materials required for production. Manufacturing expenses include depreciation of plant and equipment, energy cost, testing and release expenses, among others. The category of "Others" include transportation and insurance costs directly linked to sales, as well as associated taxes and fees. In 2023, our cost of sales was RMB3,821.80 million, representing a decrease of 29.19% from 2022, primarily attributed to a revenue declined in 2023 compared to the same period last year, while cost of sales and services experienced a significant decrease compared to revenue. The was due to improved gross profit margins on commercialized projects and stringent cost control measures.

During the Reporting Period, the Group's cost breakdown by revenue type was as follows:

	2023	2022	Change ratio
	RMB'000	*RMB'000*	*%*
Commercial stage CDMO solutions	**2,041,368**	3,752,540	(45.60)
Clinical and pre-clinical stage CDMO solutions	**893,098**	978,387	(8.72)
Emerging business	**881,727**	660,447	33.50
Total cost of principal business	**3,816,193**	5,391,404	(29.22)
Other business costs	**5,607**	6,194	(9.48)
Total operating cost	**3,821,800**	5,397,598	(29.19)

(III) Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit margin of principal business by product categories was as follows:

	2023	2022	Change ratio
	%	*%*	*%*
Commercial stage CDMO solutions	**60.03**	50.42	9.61
Clinical and pre-clinical stage CDMO solutions	**40.37**	41.14	(0.77)
Emerging business	**24.65**	33.52	(8.87)
Total gross profit margin of principal business	**50.92**	47.27	3.65

During the Reporting Period, the Group's revenue decreased by 23.94% and the cost decreased by 29.19%, leading to the increase of overall gross profit margin by 3.65% compared to the same period last year. This improvement can be attributed to the following three factors: i) approximately 81.53% of the Group's total business came from overseas sales, and the positive impact of exchange rate fluctuations in 2023 was significant; ii) there was an increase in the gross profit margin of commercialized projects, particularly large order projects; and iii) the Group implemented strict control measures over various costs and expenses.

At a consistent exchange rate, the overall revenue gross profit margin for our Company was 48.76% in 2023. Similarly, under a constant exchange rate, the gross profit margin for small molecule CDMO clinical projects stood at 37.38%, reflecting a slight decrease of 3.76% compared to the previous year, while the gross profit margin for small molecule CDMO commercialized projects stood at 57.95%, reflecting an increase of 7.54% compared to the previous year.

During the Reporting Period, the Group's gross profit margin of principal business by countries or regions where our customer operates was as follows:

	2023	2022	Change ratio
	%	*%*	*%*
Domestic (China)	**22.50**	29.50	(7.00)
Foreign countries (including North America, Europe and Pan-Asia ex-China)	**57.33**	50.43	6.90
Total gross profit margin of principal business	**50.92**	47.24	3.68

Notes:

(1) Our gross profit margin from domestic (China) in 2023 was 22.50%, representing a decrease of 7.00% from 2022.

(2) Our gross profit margin from foreign countries (including North America, Europe and Pan-Asia ex China) in 2023 was 57.33%, with an increase of 6.90% compared to the same period last year, mainly due to the higher gross profit margin of commercialization projects.

(IV) Other Gains and Losses

Other Income and Gains

The decrease in other income and gains from RMB653.94 million in 2022 to RMB409.85 million in 2023 was primarily driven by the impact of volatility resulting from the foreign exchange settlement of raised funds.

Credit Impairment Loss

The Group recorded an impairment provision for credit losses on financial assets measured and recognized using the expected credit loss approach. For the year ended 31 December 2023, our impairment losses amounted to approximately RMB9.90 million, with a decrease of 61.60% compared with 2022, mainly attributed to the decrease of trade receivables.

(V) Selling and Marketing Expenses

In 2023, our sales expense was RMB196.42 million, representing an increase of 30.78% from the same period last year, mainly due to the increase in the number of sales staffs of the Group in the current period compared to the same period last year, as the Group expanded in size. This year, the Group actively cultivated overseas markets and customers, while expanding the emerging business segment, and enhancing domestic and foreign market influence and publicity efforts. Our overall sales activities have shown an increase compared with the same period last year.

(VI) Administrative Expenses

Our administrative expense in 2023 was RMB819.58 million, which remained flat compared with the RMB837.69 million for the same period last year.

(VII) R&D Expenses

Our R&D expense amounted to RMB707.86 million in 2023, remaining consistent with the same period last year. This stability can be attributed to the Group's commitment to its core principle of being technology-driven, maintaining investments in technology innovation and independent research and development of core technologies, fostering eight innovation R&D platform, and enhancing related R&D investments.

(VIII) Finance Cost

Our finance costs primarily consist of interest expenses on bank borrowings and interest expenses on lease liabilities. In 2023, our finance cost totaled RMB5.91 million, marking a decrease of 43.85% or RMB4.62 million from 2022. The reduction is mainly attributed to attribute to a decrease in finance expense arising from the short-term loans which have been settled in 2022.

(IX) Income Tax Expense

Our income tax expense amounted to RMB306.31 million in 2023, reflecting a decrease of 28.82% or RMB124.00 million in 2022. This reduction aligns with the Group's profit growth trend and is primarily attributed to the decrease in revenue.

(X) Net Profit and Net Profit Margin

Our net profit decreased by 31.68% from RMB3,294.63 million in 2022 to RMB2,250.82 million in 2023. In 2023, the net profit attributable to shareholders of the listed company amounted to RMB2,268.81 million, representing a 31.28% decrease as compared with the RMB3,301.64 million for 2022. In 2023, the net profit margin attributable to shareholders of the listed company was 29.16%, representing a 3.11% decrease from 32.27% in 2022.

(XI) Basic and Diluted Earnings per Share

Our basic earnings per share declined from RMB9.00 in 2022 to RMB6.26 in 2023, while our diluted earnings per share decreased from RMB9.02 in 2022 to RMB6.26 in 2023. The decrease in both basic and diluted earnings per share was primarily due to the decline in net profit.

(XII) Analysis on Assets and Liabilities

	2023 ***RMB'000***	2022 *RMB'000*	Change ratio	Reason
Non-Current Assets				
Property, Plant and Equipment	**5,366,081**	4,829,924	11.10%	Primarily resulting from the construction of research and development equipment and plant infrastructure for operation.
Deferred tax assets	**213,215**	177,858	19.88%	Primarily attribute to the increase in deferred tax assets recognized for deductible losses.
Prepayments, deposits and other receivables	**688,479**	237,124	190.35%	Primarily generated from the long-term deposits and Jumbo certificates of deposit that are purchased to be held until maturity.
Current Assets				
Inventories	**945,347**	1,510,413	(37.41%)	Primarily due to the fluctuations resulting from continuous delivery of orders.
Trade receivables	**2,010,989**	2,451,148	(17.96%)	As a result of the recovery of accounts receivable.
Prepayments, deposits and other receivables	**296,573**	376,398	(21.21%)	Primarily owing to the recovery of land compensation and investment funds receivable.
Current Liabilities				
Trade payables	**452,365**	568,892	(20.48%)	By reason of the decrease in group purchase of raw materials at the end of the period.
Other payables and accruals	**1,275,184**	1,511,198	(15.62%)	Primarily due to accrued liability generated by the release of restricted stock.
Tax Payable	**31,235**	67,422	(53.67%)	Because of the decrease of the profit.
Interest-bearing bank and other borrowings	**12,228**	–	100.00%	Primarily attribute to Interest-bearing bank and other borrowings are recognized by note receivable discounted with recourses.
Non-Current Liabilities				
Other payables and accruals	**232,599**	168,121	38.35%	Including grants receive during the Reporting Period.
Deferred tax liabilities	**117,292**	89,195	31.50%	Mainly recorded in respect of taxable temporary differences existing in the accelerated depreciation of fixed assets.

(XIII) Investment Analysis & Income Analysis of Long-term Equity Investment Under Equity Method

Financial Assets at Fair Value through Profit or Loss (Current Portion and Non-current Portion)

Financial assets at fair value through profit or loss mainly consisted of short-term and low-risk wealth management products purchased from banks, investment in Sany Zhongzhi (Tianjin) Venture Capital Center (L.P.) and Sany Zhongzhi Phase II (Tianjin) Venture Capital Center (L.P.), and the purchase of convertible bonds of the joint venture, Yugen Medtech. The Group's financial assets at fair value through profit or loss among current and non-current assets decreased from RMB2,264.14 million as of 31 December 2022 to RMB2,036.26 million as of 31 December 2023. This decrease was primarily due to the decline in the purchase of short-term and low-risk wealth management products from banks.

Income from Long-term Equity Investment under Equity Method

As of 31 December 2023, the loss from long-term equity investment under equity method amounted to RMB2.17 million, compared with an income of RMB33.05 million as at 31 December 2022. This decrease was mainly driven by the changes in net assets of Tianjin Haihe Asymchem Fund and Yugen Medtech, companies in which the Group has invested, multiplied by the Group's shareholding ratio during the Reporting Period.

The Group's major joint venture, Tianjin Haihe Asymchem Fund, primarily invests in the commercialization project of the innovative field of biological medicine in the clinical stage. It is accounted for using the equity method and strategically important to the Group's operations. The Group's other joint venture, Yugen Medtech, serves as a platform for scientific research CRO technology services, integrating innovative drug druggability research, pre-clinical and clinical stage systematic evaluation and registration services. It is also accounted for using the equity method and is strategically significant to the Group's operations.

(XIV) Goodwill

Goodwill with net carrying amount of approximately RMB146.18 million as at 31 December 2023, (as at 31 December 2022: approximately RMB146.18 million) is acquired through the Group's acquisition of GoalGen Biotechnology and Improve Quality. Management of the Group performed impairment reviews of goodwill annually or more frequently if events or changes in circumstances indicated a potential impairment. The recoverable amounts of the cash-generating units to which the goodwill relates were determined based on the value in use. These calculations required the use of estimates and professional judgements, and management of the Group involved an external valuer in these calculations. The Group has conducted impairment assessment on goodwill and no signs of impairment have been found.

(XV) Cash and Bank Balances

As of 31 December 2023, the Group's cash and bank balances increased by RMB1,820.39 million or 34.41% compared to December 31, 2022. This increase was mainly attributed to a net cash inflow of RMB353 million generated by the Group's operating activities and an additional cash inflow of RMB1,465 million resulting from the maturity of time deposits.

(XVI) Pledge of Assets

As at 31 December 2023, the net book value of buildings, land and equipment pledged by the Group amounted to approximately RMB0.00 million (as at 31 December 2022: approximately RMB31.85 million), and the pledged deposits amounted to approximately RMB8.96 million (as at 31 December 2022: approximately RMB17.84 million) mainly including performance bonds and letter of credit deposit.

(XVII) Capital Expenditure

During the Reporting Period, the Group's capital expenditure on property, plant and equipment, land use rights and other intangible assets amounted to approximately RMB1,241.61 million (2022: approximately RMB2,150.64 million).

(XVIII) Capital Commitments

As at 31 December 2023, the Group had capital commitments of approximately RMB552.01 million (as at 31 December 2022: approximately RMB472.47 million), all of which were used for the purchase of property, plant and equipment.

(XIX) Contingent Liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities or guarantees that would have a material impact on the financial position or operations of the Group.

(XX) Subsequent Events

Please refer to the paragraph "Corporate Governance and Other Information – Events After the Reporting Period" of this announcement for the details.

(XXI) Gearing Ratio

As at 31 December 2023, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 11.42% (as at 31 December 2022: 13.95%).

(XXII) Adjusted Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Group has provided adjusted net profit attributable to shareholders of the parent and other data as additional financial measures, which are not required by or presented in accordance with IFRS. The Group believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends. The Group's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's core business.

These non-IFRS financial measures, which the Group's management considers widely accepted and adopted in the industry, are provided to supplement the financial information prepared in accordance with IFRS. It is important to note that the presentation of these non-IFRS financial measures is not intended to be viewed in isolation or as a replacement for the IFRS-compliant financial information. Shareholders of the Group and potential investors should not solely rely on the adjusted results but should consider them in conjunction with the results reported under IFRS. Furthermore, these non-IFRS financial measures may not be directly comparable to similar measures used by other companies in the industry.

Additional data is provided below to reconcile adjusted net profit attributable to shareholders of the parent and adjusted net profit margin attributable to shareholders of the parent.

	2023	2022
	RMB'000	*RMB'000*
	(except percentage)	*(except percentage)*
Net profit attributable to shareholders of the parent:	**2,268,811**	3,301,635
Add:		
equity incentive amortization expense	**53,912**	52,870
gain or loss on exchange rate fluctuations	**(14,762)**	(409,139)
income tax effect	**(5,873)**	53,440
Adjusted net profit attributable to shareholders of the parent	**2,302,089**	2,998,806
Adjusted net profit margin attributable to shareholders of the parent	**29.6%**	29.3%

Notes:

In order to better reflect the key results of the Group's current business and operations, the adjusted net profit is based on the net profit attributable to shareholders of the parent, and adjusted for the following matters:

(1) share-based compensation expense.

(2) foreign exchange gains or losses, primarily generated from revaluation of the assets and liabilities denominated in foreign currencies and the fair value change of foreign currency forward contracts, which the management believes is irrelevant to the Group's core business.

(3) the calculation of the adjusted net profit margin attributable to shareholders of the parent is based on the above net profit attributable to shareholders of the parent.

(XXIII) Foreign Exchange Risk

The majority of our revenues are derived from sales denominated in U.S. dollar, while most of our service and operating costs and expenses are denominated in Renminbi, and our financial data is presented in Renminbi. Consequently, when the Renminbi strengthens against the U.S. dollar, our margins come under pressure, potentially limiting our ability to price our service contracts, especially those with our U.S. customers, in currencies other than the U.S. dollar. During the Reporting Period, we engaged in foreign exchange transactions, including long-term or short-term forward and swap contracts, to mitigate the impact of foreign exchange risk.

(XXIV) Cash Flows

During the year ended 31 December 2023, the Group's net cash flows from operating activities amounted to RMB3,549.73 million, representing an increase of RMB262.82 million as compared with the year ended 31 December 2022, primarily attributed to the large-scale purchase of raw materials for large orders in the previous year.

During the year ended 31 December 2023, the Group's net cash flows used in investing activities amounted to RMB2,691.23 million, representing an decrease of RMB1980.19 million as compared to the year ended 31 December 2022. During the Reporting Period, we optimized capital structure to enhance preservation and appreciation capabilities and purchased low-risk financial products from banks more frequently.

During the year ended 31 December 2023, the Group's net cash flows used in financing activities amounted to RMB542.03 million. During the year ended 31 December 2022, the Group's net cash flows used in financing activities amounted to RMB742.53 million, mainly attributed to share repurchase payment and bank loans repayment in the previous year.

(XXV) Capital Structure

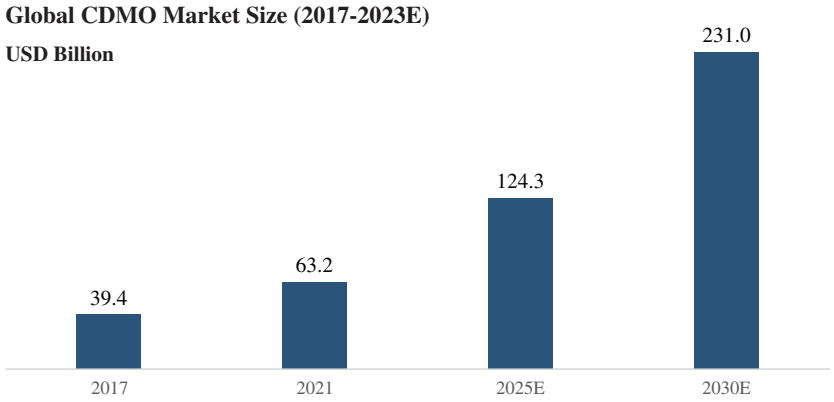
Total equity attributable to shareholders of the Group amounted to approximately RMB17,509.98 million as at 31 December 2023, as compared to approximately RMB15,695.00 million as at 31 December 2022.

III. OUTLOOK AND PROSPECT

(I) Industry Dynamics and Emerging Trends

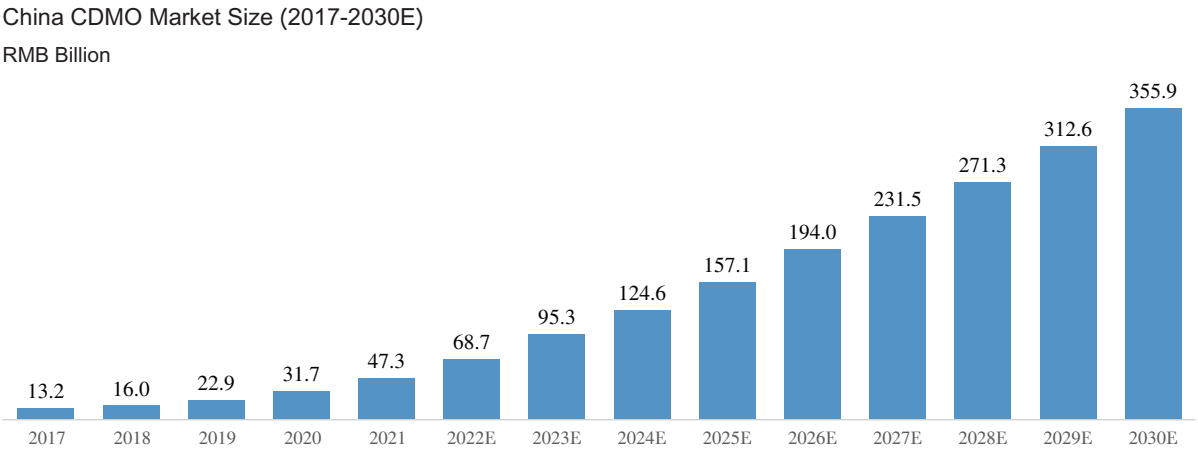
Global CDMO Industry Dynamics

CDMOs play a crucial role and provide the core value in balancing the increasing demand for new drugs with the escalating R&D costs. The global CDMO industry is experiencing sustained and robust growth, maintaining a high market momentum. Sourced from *Current Perspective and Future Development on CDMO Market Report* authored by Frost & Sullivan Analysis dated April 2023, from 2017 to 2021, the global CDMO market size accelerated from US$39.4 billion to US$63.2 billion, with a compound annual growth rate of 12.5%. It is projected to reach US$124.3 billion by 2025 and US$231.0 billion by 2030. The compound annual growth rates for the periods 2021 to 2025 and 2025 to 2030 are estimated to be 18.5% and 13.2%, respectively.



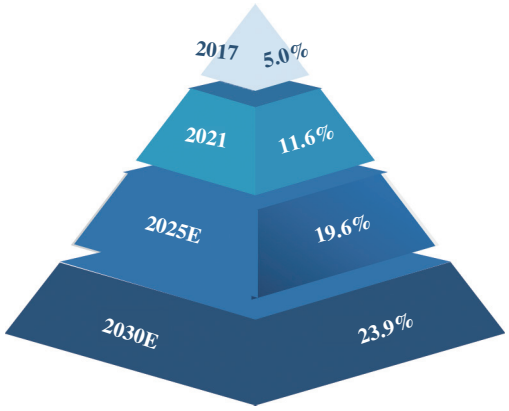
China CDMO Industry Dynamics

CDMO plays an important role in the pharmaceutical innovation industry chain, and with the continuous development of China's innovative drug industry, the CDMO industry has experienced strong momentum and rapid growth in recent years. Sourced from *Current Perspective and Future Development on CDMO Market Report* authored by Frost & Sullivan Analysis dated April 2023, from 2017 to 2021, the size of the CDMO market in China increased from RMB13.2 billion to RMB47.3 billion, with a compound annual growth rate of 37.7%. It is expected to reach RMB157.1 billion by 2025 and RMB355.9 billion by 2030.



China's CDMO industry has shown a growth rate higher than the global average, and the proportion of the Chinese CDMO market in the global market has been increasing year by year. Sourced from *Current Perspective and Future Development on CDMO Market Report* authored by Frost & Sullivan Analysis dated April 2023, in 2017, China's CDMO market accounted for only 5.0% of the total global CDMO market size. By 2021, it had expanded to 11.6%. It is expected that after 2025, it will account for more than one-fifth of the global market share.

China' CDMO in the Global Share (2017-2030E)



Driving Forces in the Global CDMO Market

The stable growth rate of the global pharmaceutical market will drive the continuous development of the CDMO industry

Under the combined influence of factors such as the enhancement of medical and health awareness, increases in disposable income per capita, and the intensification of population aging, the global pharmaceutical market demand continues to grow. From 2017 to 2021, the overall size of the global pharmaceutical market expanded from US$1,208.4 billion to US$1,401.2 billion, with the market size declining slightly in 2020 due to the impact of the pandemic, reaching US$1,298.8 billion compared to 2019. According to the *Current Perspective and Future Development on CDMO Market Report* authored by Frost & Sullivan Analysis dated April 2023, the global pharmaceutical market is expected to maintain a stable growth trend in the future, with an estimated size of US$1,718.8 billion in 2025 and US$2,114.8 billion in 2030, with compound annual growth rates of 5.2% and 4.2%, respectively.

Globally, the market size of innovative drugs far exceeds that of generic and biosimilar drugs, with the market size of innovative drugs reaching approximately US$967.0 billion in 2021, accounting for 69.0% of the total global pharmaceutical market, while generic and biosimilar drugs accounted for 31.0%. In the future, with the continuous breakthroughs in global medical technology, more products will emerge in the field of innovative drugs as research progresses in drug targets and treatment methods. It is expected that the market size for innovative drugs will reach US$1,222.7 billion and US$1,545.5 billion in 2025 and 2030, respectively.

R&D investment in the pharmaceutical market, as a core driving force for drug innovation, is showing an upward trend in overall size, and the wave of innovation is accelerating the development of the CDMO industry

Per the *Current Perspective and Future Development on CDMO Market Report* authored by Frost & Sullivan Analysis dated April 2023, from 2017 to 2021, the global pharmaceutical market's R&D investment scale increased from US$165.1 billion to US$224.1 billion, with a compound annual growth rate of 7.9%. It is projected to reach US$306.8 billion in 2025 and US$417.7 billion in 2030.

With the continued expansion of the global pharmaceutical market, particularly the steady growth of innovative drug sector and the increasing prevalence of pharmaceutical outsourcing, the CDMO market has outpaced pharmaceutical sales in terms of growth rate. According to the *Current Perspective and Future Development on CDMO Market Report* authored by Frost & Sullivan Analysis dated April 2023, the global CDMO market for intermediates and APIs reached approximately US$83.0 billion in 2020, with around one third of this amount originating from the Asia-Pacific region. In comparison, the market size for CDMO drug products is approximately US$26.0 billion, with a smaller market size and penetration rate compared to intermediates and APIs.

Driving Forces in the Chinese CDMO Market

The continuous infusion of pharmaceutical research and development expenses will drive the enthusiasm for new drug R&D and contribute to the rapid development of the CDMO industry

The investment in pharmaceutical research and development and the continuously growing pharmaceutical market are the basis for the overall development of the CDMO industry, and sustained research and development investment is also the core of CDMO companies building technological barriers. In recent years, China's investment in pharmaceutical research and development has shown a steady growth trend, increasing from US$14.3 billion in 2017 to US$29 billion. Sourced from *Current Perspective and Future Development on CDMO Market Report* authored by Frost & Sullivan Analysis dated April 2023, it is expected to continue expanding at a rate higher than global research and development investment, with China's pharmaceutical market research and development investment expected to reach US$47.6 billion in 2025 and US$76.6 billion in 2030. The increasing R&D spending provides more active and abundant funding resources for innovative drug R&D and benefiting from the overall prosperity of the pharmaceutical market and the heat of innovative drug R&D, the CDMO market will further expand.

The promulgation of a series of pharmaceutical industry policies and the implementation of systems have created opportunities for the development of the CDMO industry

The implementation of policies such as the Marketing Authorization Holder ("**MAH**") system, new drug evaluation and approval system reform, quantity-based procurement, and medical insurance negotiations have created a favorable environment for the development of China's CDMO industry. In 2016, the regulatory authority agreed and issued the *Pilot Scheme for the Marketing Authorization Holder System for Drugs.* The implementation of the Drug Administration Law in 2019 marked the formal establishment of the MAH system. The management model of separating marketing authorization and production license is conducive to promoting cooperation between R&D enterprises and CDMO institutions, and the MAH system has laid a systemic foundation for the comprehensive development of CDMO companies. Since 2015, the national drug regulatory authorities have introduced measures for drug review reform, prioritizing new drug evaluation and approval systems to accelerate the listing of innovative drugs and promoting the continued growth of IND numbers in China. In addition, quantity-based procurement and medical insurance negotiations promote the release of innovative drugs, which in turn promotes the growth of CDMO business orders, while price pressure stimulates cost control and flexible production demand, making pharmaceutical companies more inclined to turn to domestic CDMO companies for outsourcing.

With the rise of domestic innovative drugs, pharmaceutical companies in China are increasing their investments in innovative R&D programs. Since China joined the ICH in 2017, interactions between Chinese pharmaceutical enterprises and the FDA have become more frequent. The number of certifications for orphan drugs, fast track status, breakthrough therapies, and others has significantly increased. In particular, after the FDA confirmed in 2019 that Chinese clinical data could be accepted in the marketing approval process, the pipelines of domestic pharmaceutical companies began to enter the FDA's clinical filing and reached the peak of market potential, contributing to greater opportunities for China's CDMO industry.

Abundant human resources and significant cost advantages enhance the competitive ability of China's CDMO enterprises

The domestic CDMO industry has both human resources and cost advantages, which can meet the cost control requirements of pharmaceutical companies when choosing to outsource production services, to some extent guaranteeing the growth space of China's CDMO industry. Drug development and production process optimization require a large number of professional technical personnel. Therefore, CDMO is a technology-intensive industry. Every year, China's biopharmaceutical-related professional graduates provide abundant talent sources for the CDMO industry. Compared with earlier-started European and American companies, the average salary of CDMO employees in China is generally lower than that of overseas companies. In addition, China has obvious cost advantages in logistics, raw materials, and energy, which will promote the transfer of overseas production capacity to China.

Continuous innovation and iteration of technological platforms empower CDMO enterprises to provide diversified R&D and production services

The CDMO industry provides integrated services from preclinical research to commercial production, undertaking the process development and production functions of pharmaceutical companies. Compared with CMO companies that mainly focus on single-capacity output, CDMO companies pay more attention to the innovative ability of production processes during research and development. In recent years, more and more "technology transfer + customized production" CMO companies have gradually participated in the drug development process and transformed into CDMO companies. Industry participants are constantly upgrading their technology platforms and R&D capabilities to achieve industrial upgrading. With the service model combining scale production capacity and high-tech added value R&D production processes, CDMO relies on its own technological advantages to help pharmaceutical companies improve their R&D and production success rates, further expanding the scope of services and opening broader market space.

Emerging Trend

Looking ahead, the evolution of the CDMO industry in China will entail increasing specialization, driving market expansion. After years of accumulation, the industry landscape will continue to differentiate, giving rise to the following dominant trends: i) CDMO will possess a scalable production function, with enterprises continuously enhancing production capacity to ensure flexibility; ii) Academic research in emerging technology fields will spur the development of corresponding technological platforms. For instance, there is a substantial unmet demand for clinical-level research and development of ADC drugs, cell, and gene therapy products, leading to the establishment of specialized technical platforms within the CDMO industry; and iii) Chinese innovative pharmaceutical companies have actively pursued overseas clinical trials in recent years. CDMO will establish overseas production capacity to facilitate the entry of domestic innovative drugs into foreign markets, thereby expanding broader market opportunities in conjunction with these companies.

(II) Core Advantages

Asymchem is a leading, technology driven CDMO providing comprehensive solutions and services throughout the drug development and manufacturing process. Our Company's industry experience covers more than two decades in small molecule drugs development and manufacturing and has become an integral part of the global value chain for innovative drugs. With extensive know-how and advanced technologies, the Company has collaborated with diversified largest global pharmaceutical companies and has become the leading small molecule CDMO in China.

Drawing on our extensive industry knowledge, well-established R&D platforms, manufacturing capabilities, and stellar reputation with customers, we have enhanced our CDMO offerings to encompass cutting-edge drug modalities. These include peptides, oligonucleotides, monoclonal antibodies ("**mAbs**"), antibody-drug conjugates ("**ADCs**"), and messenger RNA ("**mRNA**"). Furthermore, we have expanded our service portfolio to encompass chemical macromolecule CDMO solutions, drug product solutions, biosynthesis solutions, and clinical CRO solutions, collectively referred to as our Emerging Services. Our vision is to become a reliable partner for the global pharmaceutical industry providing superior one-stop CDMO services and solutions throughout the full lifecycle of drugs from their development to commercialization.

Leveraging our management team's global vision, intensive strategy, and local expertise, Asymchem is well positioned to capture the growing trend of global CDMO outsourcing to China, with its technological leadership and extensive know-how, established long-term relationships with global leading biopharma/biotech companies, as well as service capability expansion into new modalities and service types. During the past three years for the outbreak of public healthcare emergency, the recent commercial contracts with a leading global pharma company were further validating our leading services and delivery capabilities in the result of bringing the Company up to the next level.

- **We have continued to develop as a technology driven CDMO providing comprehensive solutions with strong revenue growth performance of the flagship services under the dual-engine strategy through small molecule and emerging business services.** Asymchem has amassed over decades of experience and solidified its position in the small molecule business. Our collaborations with international multinational pharmaceutical companies have grown stronger. The gradual resumption of international business travel enables more clients to witness our capabilities firsthand, while an increasing number of advanced projects, including Active pharmaceutical ingredient ("**API**") verification initiatives, are successfully being implemented. We have effectively addressed external apprehensions regarding the partnerships between multinational pharmaceutical firms and Asymchem through tangible outcomes. Moreover, the enhancement of research and development production efficiency for small molecules, driven by collective efforts, coupled with ongoing cost reductions, ensures our sustained competitiveness. Serving as the foundational business of Asymchem, the prospects for small molecule CDMO remain promising with ample space for further growth.

  We strive to further advance our market leadership in the small molecule CDMO market through the established reputation, advanced R&D platforms, robust manufacturing capabilities and high-quality customer services to diversified multinational pharmaceutical companies and leading biotechnology companies across different jurisdictions. Derived from six business lines of the emerging services segment, we spotted on peptide and oligonucleotide in chemical macromolecules, captured the blooming of biological macromolecules through integration service of ADC, various conjugated drugs, and payload linkers, and promoted export continuous flow technology and synthetic biology Technology. The two flagship technologies have evolved from individual components into full-fledged technological platforms. We can now offer external technology output, enabling partners from diverse fields to leverage our cutting-edge technological achievements to address their own pain points, leading to notable enhancements in efficiency and safety while significantly reducing costs. By leveraging the deep industry insights, we will continue to push forward the three business lines as the priorities among emerging services, which we believe will drive the diauxic growth curve of the Company through the number of blockbuster drugs and several drug candidates of our other innovative projects which hold great promise to become blockbuster drugs in the future.

- **We have laid the groundwork for revenue growth and a broad project funnel through strong customer retention and expanding customer base.** Our Company has been able to retain its top global pharma companies' client base, which are favorable diversified multinational pharmaceutical companies, through a cooperative relationship of more than ten consecutive years which demonstrate very strong customer loyalty. We have established partnerships with 16 out of the Top 20 global pharmaceutical companies and have been providing continuous service to 8 of these companies for over a decade. Besides large pharmacies clients, our Company is also gaining traction in small to midsize pharmaceutical companies and leading biotechnology companies by upholding a customer-centric business philosophy. The robust customer base with

expansion allows us to have an extensive pipeline of projects at various stages creating a broad funnel to maintain a steady stream of small molecules business segments and increment of emerging services. As of the year ended 2023, we have over 1,100 active clients worldwide with 40 commercialization projects. Our commercial stage projects and late-stage clinical project continue to increase, which substantially improved the stability and predictability of our revenue growth.

- **We have continued to focus on advancing and evolving eight R&D platforms for technology leadership based on our customer-focused innovation root.** With a strategic emphasis on the "development" component of CDMO, our Company has been focusing on developing a top-tier technology platform and is among the CDMO companies that contribute the most to R&D per Frost & Sullivan Analysis. Our Company was one of the earliest CDMOs to apply continuous flow technology in drug production and is also one of the few that can apply the technology at the ton-level instead of gram-level, leading to simplified procedures, reduced processing duration and raw material cost, enhancement of yield and safety, and eventually turning out to be a cost efficiency to clients. As of the year end of 2023, more than 40% of the middle and late-stage clinical projects and commercial stage projects of the Company applied key technologies for green pharmaceuticals, generating favorable economic benefits and efficiency including but not limited to continuous flow technology and synthetic biology technology, etc. In May 2023, Center of Biological Technology and Innovation ("**CBTI**") was officially launched to enhance internal R&D, strengthen forward-looking capabilities, and streamline process development. This continued focus on R&D has enabled Asymchem to maintain its competitive edge and technology leadership in small molecule CDMO space and further development of emerging businesses. Meanwhile, promoting the export of green technologies i.e. continuous flow technology and synthetic biology technology to external clients allows Asymchem to enhance the industrial image, drive the industrial trend, and elevate to a higher level of source of revenue through technologies rather than customized manufacturing.

- **We have enriched the first-class operational and quality management capabilities meeting the stringent requirements from clients and global industry standards and have built a decent industry reputation.** Our extensive technical know-how in process development makes us a preferred choice for large customers. We can expediently solve a variety of complex process challenges in the scale-up production of innovative drugs, accelerating clinical development process and providing high-quality enhancement of yield and stable production during the commercial stage. Based on years of large-scale manufacturing experience, we have established a comprehensive, rigorous Current Good Manufacture Practices ("**cGMP**") quality system and a first-class environmental, health, and safety ("**EHS**") and quality assurance ("**QA**") system. In the past, we have an outstanding track record of ESH and EA system compliance and further extensive improvement and development on the rapid upgrading of supplier requirements from several clients i.e. multiple pharmaceutical companies through their individual environmental, social and governance ("**ESG**") standards.

- **We have further enhanced our fully integrated platform from different aspects including talent introduction and capacities expansion.** In 2023, while keeping our cost-effective and cost-efficient as one of our core principles, we continuously strengthened talent recruitment and cultivation, and constantly improved the employment mechanisms, accelerating the embracing talents including key technical personnels in emerging business segments and senior executive talents with professional working backgrounds and extensive experience in overseas pharmaceutical companies. In addition, we accelerated construction of multiple production capacity expansion including but not limited to the peptide commercial production aiming for a commercialized solid-phase synthesis capacity exceeding 10,000L as the first phase of construction meeting the demand for unmet clinical needs of peptide production, prioritized the development of the exclusive production workshop for 10 pilot-to-commercialization production lines for oligonucleotide, initiated commercial production capacity renovation and expansion in biological macromolecules CDMO business. As of the year ended 31 December 2023, we had eight manufacturing sites in China in a total of 13 production facilities and multiple branches/offices across China, the United States, the United Kingdom, and Japan.

- **We have maintained a stable, visionary, experienced senior executive management team who have long-term industry and operation experience with a sophisticated corporate governance sense, supported by talented and dedicated employees.** Our Company is led by the founder, Chairperson, and CEO Dr. Hao Hong and a group of senior executives with an average of more than 20 years of profound experience in their respective fields. The management team is also very stable with multiple members joined during the early days of the Company and several others who have been at the Company for over 10 years. Combined with the diversified talent pool and employees with a global vision, advanced technical knowledge, sturdy execution capabilities, and a strong sense of ownership, it is likely to continue driving the Company's growth.

- **We have maintained a healthy financial position with a long-term cash runway which provides flexibility for further development and overseas expansion.** Our free cash flow had turned to positive in the first half of 2023 compared with the same period in 2022. After the global offering of the Company, having been successfully dual listed on the Main Board of the Hong Kong Stock Exchange ("**SEHK**" or the "**Stock Exchange**"), we have more than RMB7.00 billion cash and bank balances. The healthy financial positions and consistently efficient capital allocation provide us with flexibility on the long-term strategy i.e. roll out our global footprint through overseas capacities, dual stock markets employees share schemes, and share buyback, etc.

(III) Long Term Development Strategy

We aim to build and solidify Asymchem as a premium global CDMO brand and establish an advanced manufacturing technology platform by executing the following long-term strategies:

Continue to Invest in R&D and Reinforce the "Technology-driven" Efforts

As a current global provider of CDMO solutions integrated within an innovative technological framework, our Company is dedicated to driving technological innovation and global pharmaceutical process commercialization. We have embraced a business development philosophy centered on "international standards, industrial advantages, technology driven, and environmental sustainability." Technological innovation has always been the cornerstone of our operations, and we have successfully developed several internationally recognized patented technologies applied in commercial manufacturing, establishing ourselves as a respected leader in outsourced integrated pharmaceutical services. Ultimately, we aim to accumulate advanced technologies and establish an advanced manufacturing technology platform.

Continue to Strengthen Our Service Capabilities and Advance Our Leadership Position for Small Molecule CDMO Solutions

We will continue to optimize and upgrade our backbone – small molecule CDMO solutions to maintain and advance our leadership position. Pressing demand from pharmaceutical and biotechnology companies to improve R&D efficiency, accelerate commercial launch and enhance product competitiveness continue to increase their reliance on outsourcing to comprehensive CDMO platforms. In the highly fragmented small molecule CDMO industry, we believe that companies that possess competitive strengths in technology, operational and cost efficiency and can seamlessly meet customer demand will set themselves apart from competitors and acquire a larger market share. To capture the massive opportunity for consolidation, we will continue to strengthen our process development capabilities and to develop leading technical expertise and industry know-how.

Deepen Our Relationship with Existing Customers and Broaden Our Customer Base Globally

We firmly believe in proactive preparation, calculated risk-taking, and leveraging our accumulated strength for rapid growth. Our ongoing efforts are focused not only on exploring cutting-edge technologies, effectively implementing them in large-scale production, improving target management approaches for research and production, but also continually enhancing customer cooperation. We are actively expanding our market presence among small and medium-sized innovative drug companies through various channels and optimizing our operational management system to better align with their unique characteristics, aiming to broaden the scope of our services.

Accelerate Our Expansion into New Drug Modalities and Service Types

Drawing on the competitive strengths of our small molecule CDMO business, consisted with our dual-engine business strategy, we are proactively diversifying into fields such as chemical macromolecules, drug product service, exporting continuous flow technology, synthetic biology, clinical research services and biological macromolecules CDMO. These strategic imperatives not only cultivate fresh avenues for growth but also play a pivotal role in shaping a fully integrated closed-loop industrial chain.

Enrich Our Services Offerings & Capacities and Expand Our Global Footprint

To grow our customer base and broaden our service capabilities, we intend to actively pursue investments that can enrich our service offerings and expand our global footprint. We have set strategic overseas capacity expansion as a key strategy in our next stage of development. This involves enhancing collaboration with customers, particularly in the commercial production of APIs for multinational corporations and addressing potential risks and concerns through self-construction and acquisitions to drive the development and expansion of overseas production capacity.

Continue to Attract, Retain and Incentivize Talent

Our dedicated talent base is crucial to our ability to provide consistent high-quality services to customers. We will continue to attract, retain, and incentivize qualified employees to fulfill our vision and capture the growth opportunities in the global pharmaceutical industry. We have implemented a tailored talent strategy for each of our key business segments. We have established internal training programs to equip our employees with the latest technology advancements, industry know-how and regulatory developments. We will continue to implement a "hire well, manage little" code and inspire our employees to develop a strong sense of ownership. In addition, we will motivate and retain our high-quality talent base by offering them opportunities to work on industry-defining and landmark projects, and by offering competitive compensation and compelling career development opportunities.

(IV) 2024 Strategy Highlights

The key words of Asymchem in 2024 is global footprint positioning and expansion.

Accelerating Overseas Expansion: Expanding Global Footprint in Production Capacities

As a leading Chinese CDMO company that was originally established in the United States early on and later built its own production capacities upon returning to China, Asymchem has been seeking suitable production capacities or bases outside of China in previous years to maintain robust production support. We aim to acquire commercial production capacity of chemical small molecules and large molecules' APIs in Europe, or by investing in building our own for self-construction, to establish overseas laboratories and pilot production bases. This will expand our advantageous business areas, extend our service radius, deepen cooperation with overseas customers, especially multinational pharmaceutical companies. Meanwhile, we will expedite the Boston R&D center to drive the expansion of American biotech clients. We anticipate utilizing this as a lever to broaden our service areas and customer base, further attract domestic and international orders, continuously penetrate into the international market, accelerate our global footprint, and thereby further ensure future growth certainty and increase order visibility.

Optimizing Profitability: Reinforcing Backbone Business and Overall Operation

Adhering to years of leading professional accumulation and profound experience in the small molecule CDMO industry, Asymchem will i) consistently prioritize to steadily increase the gross profit margin of small molecule CDMO business, strictly control production costs by improving efficiency and management optimization, further reduce raw material costs through technological research and development; ii) under the premise of prioritizing development, reasonably control the various costs of emerging businesses, especially the growth of fixed costs; iii) rigorously control unnecessary administrative expenses to optimize the overall profitability of the Company.

Building Capability: Advancing Emerging Services Offerings

Aligned with our dual-engine driven Business Strategy, we will vigorously accelerate the development of Emerging Services, striving to significantly enhance delivery capability and swiftly expand overseas markets. We will i) enhance management and operational systems, allocate resources synergistically, focus on delivering emerging business projects and capability building; ii) expedite the rapid establishment of commercial production capacity for small nucleic acids, peptides, and ADCs, and achieve further breakthroughs in commercial project undertakings; iii) leverage recent technological accumulation and performance records, synergize with the Company's accumulated customer resources and reputation, accelerate the exploration of overseas markets for emerging businesses; iv) further enhance the design and manufacturing of continuous flow reaction equipment, vigorously promote the application of continuous flow technology in multiple fields and strengthen the cooperation model with clients for the output of continuous flow reaction technology.

Technology Driven: Strengthen R&D Platform Capabilities

We will i) maintain a substantial commitment to research and development investment, establish an iteratively evolving research and development platform, create cross-department collaboration models for processes, engineering, and equipment, fortify process synthesis route design and optimization using state-of-the-art research and development methodologies to facilitate order fulfillment; ii) continually bolster the development of synthetic biology technology platforms, advocate for the integration of these platforms across different sectors, and cultivate manufacturing capabilities for synthetic biology products; iii) prioritize research and application in intelligent technology, digital platform construction, etc., leveraging advanced control methods to drive the advancement of intelligent manufacturing technology and the implementation of intelligent production in factories.

Operational Excellence: Enhancing Efficiency and Cost-effectiveness through System Upgrades

Looking back over the past decade, Asymchem has been able to seize opportunities every few years, undertaking and seamlessly completing high-quality orders with substantial amounts. Benefiting from the support of epic-scale orders in the past nearly three years, the CAGR from 2021 to 2023 reached 29.61%, with Asymchem advancing step by step and remaining grounded, striving to maintain a strong position in revenue. Facing the elimination of epic-scale large orders in 2024 presents a new challenge and opportunity for the Company. We will consistently enhance the organizational and procedural development of operational management systems to drive continuous improvements in management efficiency; reinforce the cultivation of corporate culture, emphasizing a people-centric approach to recruitment, ongoing enhancement of management talent, refinement of incentive structures, productivity enhancement, fostering unity, and boosting overall staff effectiveness. Additionally, we will retain a focus on excelling in the implementation of management digitization and digital transformation.

(V) Potential Risk Factors and Solutions

The Company is a global industry leading CDMO enterprise, specializing in the technological innovation and commercialization of global pharmaceutical processes. It also serves as a one-stop provider of drug development and manufacturing services for large and medium-sized pharmaceutical and biotechnology companies both domestically and internationally. Potential risks that the Company may encounter include issues related to the withdrawal or large-scale recall of major innovative drugs, operational challenges during clinical project stages, life cycle turnover, lower than anticipated market sales of key innovative drugs, failure to pass ongoing review by international drug regulatory authorities, loss of essential technical personnel, environmental protection and safety in production, as well as international trade disputes and exchange rate fluctuations.

ANNUAL GENERAL MEETING

The forthcoming AGM of the Company will be held on 6 June 2024. A notice convening the AGM will be published on the Company's website and website of the Hong Kong Stock Exchange or dispatched to the Shareholders (if requested) in accordance with the requirements of the Listing Rules in due course.

Corporate communications will be published electronically on both the Company's website at www.asymchem.com and the HKEXnews website at www.hkexnews.hk. Shareholders will receive Actionable Corporate Communications either by email via the email address they provided or in printed form.

If a shareholder prefers to receive printed communications, he/she/it may send an email to asymchem.ecom@computershare.com.hk, specifying his/her/its name, address, and language preference (English or Chinese) for receiving printed copies. Any instructions to receive future communications in printed form will remain valid for one year from the date of the shareholder's initial request.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the rights of H Shareholders to attend and vote at the AGM of the Company to be held on Thursday, 6 June 2024, the register of members of H shares of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Members whose names appear on the register of members of the Company on Thursday, 6 June 2024 will be entitled to attend and vote at the AGM. In order to be eligible for attending the AGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Room 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, 31 May 2024.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

In view of (i) the changes of the registered capital of the Company as a result of the repurchase and cancellation of restricted A shares of the Company, details of which were set out in the announcements of the Company dated 18 July 2023, 13 September 2023 and 22 December 2023; (ii) the updates on requirements and interpretation of applicable PRC laws, administrative regulations and normative documents (including Guidelines on the Bylaws of Listed Companies (2022 Revision) (《上市公司章程指引(2022 年修訂)》), the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Guidance No. 1 of Shenzhen Stock Exchange on Self-regulation by Listed Companies – the Standardized Operation of Listed Companies on the Main Board (2023 Revision) (《深圳證券交易所上市公司自律監管指引第 1 號－主板上市公司規範運作(2023 年修訂)》) and the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (August 2023 Revision) (《深圳證券交易所股票上市規則(2023 年 8 月修訂)》)) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Regulation Updates**"), and for the purpose of improving the corporate governance of the Company, the Board proposed to amend the Articles of Association (the "**Proposed Amendments to the Articles of Association**") on 22 December 2023. The Proposed Amendments to the Articles of Association were approved at the first extraordinary general meeting of 2024, the first A Shares class meeting of 2024 and the first H Shares class meeting of 2024 held on 22 January 2024 with immediate effect. As a result, the amended and restated memorandum and articles of association of the Company became effective on 22 January 2024. For details, please refer to the Company's circular dated 2 January 2024 and announcements dated 22 December 2023 and 22 January 2024, respectively.

I. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules. During the Reporting Period, the Board is of the opinion that the Company has complied with all the code provisions in the CG Code except for code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of Chairperson and Chief Executive Officer of the Group are held by Dr. Hao Hong who is the founder of the Group. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) a decision to be made by the Board requires approval by at least a majority of the Board members and that the Board comprises three independent non-executive Directors out of nine Directors, thus the Board believes that the checks and balances on the Board are sufficient; (ii) Dr. Hao Hong and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require them (among others) to act in the best interests of the Group and make decisions for the Group accordingly; and (iii) the balance of power and authority in the operation of the Board is ensured by the experienced and high caliber individuals and professionals making up the Board, who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategy and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. The Board believes that the combined role of the Chairperson and Chief Executive Officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Furthermore, in view of Dr. Hao Hong's industry experience, professional background, personal profile, and his crucial roles in the Company as mentioned above, and due to his deep understanding of the Group for over 20 years, Dr. Hao Hong is the best person to identify strategic opportunities and act as the key figure of the Board. Finally, as Dr. Hao Hong is the founder of the Company, the Board believes that vesting the roles of both Chairperson and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning and communication with the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether the separation of the roles of Chairperson and Chief Executive Officer is necessary.

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain a high standard of the best practices.

II. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for the Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific inquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the year ended 31 December 2023. The Company's relevant employees, who are likely to be in possession of unpublished inside information of the Company, are also required to comply with the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the year ended 31 December 2023.

III. CHANGES IN INFORMATION OF DIRECTORS AND BOARD COMMITTEE MEMBERS

During the Reporting Period and up to the date of this announcement, the composition of the Board of Directors and Board committee members changed as follows:

Ms. Zhang Kun (張昆)	–	tendered her resignation as (i) an independent non-executive Director, (ii) the chairperson of the Audit Committee, and (iii) a member of the Remuneration and Examination Committee on 16 January 2023, which became effective on 18 October 2023.
Mr. Wang Qingsong (王青松)	–	tendered his resignation as (i) an independent non-executive Director, (ii) the chairperson of the Remuneration and Examination Committee, (iii) a member of the Audit Committee, and (iv) a member of the Nomination Committee, which became effective on 29 February 2024.
Dr. Sun Xuejiao (孫雪嬌)	–	was appointed as an independent non-executive Director and took the position as (i) the chairperson of the Audit Committee, and (ii) a member of the Remuneration and Examination Committee with effect from 18 October 2023.
Mr. Hou Xinyi (侯欣一)	–	was appointed as an independent non-executive Director and took the position as (i) the chairperson of the Remuneration and Examination Committee, (ii) a member of the Audit Committee, and (iii) a member of the Nomination Committee with effect from 29 February 2024.
Mr. Zhang Da (張達)	–	as the incumbent Chief Financial Officer of the Company, was appointed as the Chief Operating Officer concurrently on 8 March 2024, taking responsibility for the operation management and business strategy.

IV. EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2023, the Group had 9,788 employees, whose salaries and allowances were determined based on their performance, experience and the then prevailing market remuneration. We have also invested in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, packages and stock incentive plans to our employees, especially key employees.

Our employees' remuneration comprises salaries, bonuses, 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.

The Company also has adopted the A Share Incentive Schemes and Employee Share Ownership Plan. For further details, please refer to the section headed "A Share Incentive Schemes" in Appendix VI to the Prospectus and the announcement dated 17 November 2022 published on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Group did not experience any significant labor disputes or any difficulty in recruiting employees.

V. CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

On 11 April 2023, Yugen Medtech (as the issuer), Dr. SI Duanyun (a founder of the issuer), the Company, Tianjin Haihe Asymchem Biopharmaceutical Industry Innovation Investment Fund (Limited Partnership) (天津海河凱萊英生物醫藥產業創新投資基金(有限合夥)) ("**Haihe Asymchem Fund**"), Jihang (Tianjin) Enterprise Management Consulting Partnership (Limited Partnership) (濟航(天津)企業管理諮詢合夥企業(有限合夥)) ("**Jihang Tianjin**"), and Tianjin Tianhao Management Consulting Partnership (Limited Partnership) (天津天浩管理諮詢合夥企業(有限合夥)) ("**Tianjin Tianhao**") entered into the Subscription Agreement in relation to the subscription for convertible bonds in a principal amount of RMB50,000,000. For details, please refer to the announcement of the Company dated 11 April 2023.

Save as disclosed above, the Group had no connected transactions or continuing connected transactions which are required to be disclosed under the Listing Rules during the Reporting Period.

VI. RELATED PARTY TRANSACTIONS

During the Reporting Period, the Supervisory Committee reviewed and supervised the related party transactions of the Company and concluded that the related party transactions of the Company in 2023 were conducted on a fair and mutually beneficial basis, and all relevant consideration and decision-making procedures were performed, which met the actual needs of the production and operation of both parties of the related party transactions. The pricing method of the transactions was fair, and there was no prejudice to the interests of the Company and minority Shareholders.

VII. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

(I) Repurchase and Cancellation of Certain Restricted A Shares Granted Under the 2020 A Share Incentive Scheme and 2021 A Share Incentive Scheme

As incentive recipients of the A Share Incentive Scheme resigned, on 26 September 2022, the Board considered and approved the repurchase and cancellation of 6,720 restricted A Shares granted under the 2020 Restricted A Share Incentive Scheme at a repurchase price of RMB82.26 per A Share and the repurchase and cancellation of 60,900 restricted A Shares granted under the 2021 A Share Incentive Scheme at a repurchase price of RMB131.94 per A Share (taking into account the capitalization issue in July 2022), respectively. On 28 October 2022, the fourth extraordinary general meeting of 2022, the fourth A Shares class meeting of 2022 and the fourth H Shares class meeting of 2022 approved the repurchase and cancellation of such restricted A Shares. The repurchase and cancellation of such restricted A Shares will not have any material impact on the operating results or financial conditions of the Company. For further details, please refer to the relevant announcements and circulars of the Company dated 26 September 2022, 10 October 2022, and 28 October 2022. The above repurchase and cancellation of restricted A Shares had been completed as of 8 February 2023. For further details, please refer to the relevant announcement of the Company dated 8 February 2023.

As incentive recipients of the A Share Incentive Scheme resigned, on 17 July 2023 and 13 September 2023, the Board considered and approved the repurchase and cancellation of a total of 13,440 restricted A Shares initially granted under the 2020 Restricted A Share Incentive Scheme at a repurchase price of RMB80.46 per A Share, the repurchase and cancellation of a total of 26,880 restricted A Shares reserved under the 2020 Restricted A Share Incentive Scheme at a repurchase price of RMB104.26 per A Share and the repurchase and cancellation of a total of 41,748 restricted A Shares initially granted under the 2021 Restricted A Share Incentive Scheme at a repurchase price of RMB130.14 per A Share (taking into account the capitalization issue in July 2022), respectively. On 18 October 2023, the first extraordinary general meeting of 2023, the first A Shares class meeting of 2023 and the first H Shares class meeting of 2023 approved the repurchase and cancellation of such restricted A Shares. For details, please refer to the relevant announcements and circulars of the Company on 18 July 2023, 13 September 2023, 26 September 2023, and 18 October 2023.

As incentive recipients of the A Share Incentive Scheme resigned, on 22 December 2023, the Board considered and approved the repurchase and cancellation of a total of 1,260 restricted A Shares reserved under the 2020 Restricted A Share Incentive Scheme at a repurchase price of RMB104.26 per A Share and the repurchase and cancellation of a total of 100,520 restricted A Shares initially granted under the 2021 Restricted A Share Incentive Scheme at a repurchase price of RMB130.14 per A Share (taking into account the Capitalization Issue), respectively. On 22 January 2024, the first extraordinary general meeting of 2024, the first A Shares class meeting of 2024 and the first H Shares class meeting of 2024 approved the repurchase and cancellation of such restricted A Shares. For details, please refer to the relevant announcements and circulars of the Company on 22 December 2023, 2 January 2024, and 22 January 2024.

(II) Cancellation of the Repurchased A Shares Pursuant to the Employee Share Ownership Plan

With the actual progress of the Employee Share Ownership Plan taken into account, on 1 June 2023, a total number of 261,464 A Shares of the repurchased A Shares were cancelled after approval and confirmation of Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. For further details, please refer to the relevant announcement of the Company dated 2 June 2023.

VIII. MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration for the year ended 31 December 2023. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group for the year ended 31 December 2023.

IX. PROFIT DISTRIBUTION PLAN/FINAL DIVIDENDS

The Board proposed the following profit distribution plan for the year ended 31 December 2023 (the "**2023 Profit Distribution Plan**"): distribute a dividend of RMB18.00 per 10 ordinary shares to the Shareholders as at the record date for determining Shareholders' entitlements to the 2023 Profit Distribution Plan (2022: RMB18.00 per 10 ordinary shares). Based on a total of 369,471,533 shares of the Company in issue as at 28 March 2024 and excluding 538,002 shares of the Company repurchased by means of centralized price bidding, the total amount of the proposed final dividend is approximately RMB664,080,355.80 (tax inclusive) (2022: RMB656,437,642.20 (tax inclusive)).

The 2023 Profit Distribution Plan is subject to the approval of the Shareholders at the forthcoming AGM and the above profit distribution is expected to be paid to the eligible Shareholders no later than two months after the AGM.

Information on the closure period of the register of members of the Company in relation to propose the 2023 Profit Distribution Plan and the record date for determining entitlements to the 2023 Profit Distribution Plan will be announced in due course.

X. SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Company and its wholly-owned subsidiary, Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司) ("**Asymchem Life Science**"), had subscribed for several wealth management products offered by Shanghai Pudong Development Bank ("**SPD Bank**") respectively in the second half of 2022 (the "**2022 Subscriptions**") and the first half of 2023 (the "**2023 Subscriptions**", and together with the 2022 Subscriptions, the "**Subscriptions**"), using its idle self-owned funds and, to the extent permitted by applicable laws and regulations, idle funds raised from the non-public offering of A shares to certain institutional investors in 2020. Both the 2022 Subscriptions and the 2023 Subscriptions, calculated cumulatively based on the outstanding principal amounts, constituted disclosable transactions of the Company for the purpose of the Listing Rules. For more details, please refer to the relevant announcement of the Company dated 9 May 2023.

As at 31 December 2023, all the Subscriptions had been fully redeemed. Save as disclosed in this announcement, the Group did not have any significant investments (including any investment in an investee company with a value of 5 percent or more of the Group's total assets as of 31 December 2023), acquisitions or disposals.

XI. USES OF NET PROCEEDS

(I) Use of Net Proceeds from the Global Offering

The net proceeds from the global offering by the Company (after deducting the underwriting fees and related Listing expenses) amounted to approximately RMB5,979.09 million[(1)], and the balance of unutilized net proceeds was approximately RMB2,092.67 million as at 31 December 2023.

The net proceeds have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage as at 31 December 2023:

Use of proceeds		Allocation of Net Proceeds (HKD million)	Allocation of Net Proceeds (RMB million)	Utilized amount (as at 31 December 2023) (RMB million)	Unutilized amount (as at 31 December 2023) (RMB million)
To further enhance the manufacturing capacity and capabilities of our small molecule CDMO solutions	**20%**	1,463.61	1,195.82	298.96	896.86
– To construct phase II of the comprehensive small molecule R&D and manufacturing site in Zhenjiang, and purchase relevant equipment and machinery (the "**Zhenjiang Project**")	**15%**	1,097.71	896.86	–	896.86
– To upgrade the equipment and machinery and expand the capacity of our existing manufacturing sites in Tianjin and Dunhua	**5%**	365.90	298.96	298.96	–
To strengthen our Emerging Services and expand our service offerings	**35%**	2,561.32	2,092.68	1,793.73	298.95
– To construct a R&D and manufacturing facility for oligonucleotides and polypeptides in Tianjin and invest in R&D and manufacturing facilities for recombinant DNA products (including mAb) and ADC	**20%**	1,463.61	1,195.82	1,195.82	–
– To improve our capabilities related to our biosynthesis solutions and drug products solutions	**10%**	731.81	597.91	597.91	–
– To build up our capabilities related to advanced therapy medicinal products (ATMPs), including cell therapy and gene therapy (the "**ATMP Project**")	**5%**	365.90	298.95	–	298.95

Use of proceeds		Allocation of Net Proceeds (HKD million)	Allocation of Net Proceeds (RMB million)	Utilized amount (as at 31 December 2023) (RMB million)	Unutilized amount (as at 31 December 2023) (RMB million)
To invest in R&D initiatives and maintain our technology leadership	20%	1,463.61	1,195.82	1,195.82	–
– To upgrade our continuous flow technology platform	10%	731.81	597.91	597.91	–
– To fund the R&D initiatives led by our Center of Synthetic Biology Technology	10%	731.80	597.91	597.91	–
To selectively pursue strategic investments and acquisitions (the "Strategic Investments and Acquisitions Project")	15%	1,097.71	896.86	–	896.86
For working capital and general corporate purposes	10%	731.81	597.91	597.91	–
	100%	7,318.06	5,979.09	3,886.42	2,092.67

Note:

(1) The total proceeds included approximately RMB5,591.36 million from the Global Offering in December 2021 and RMB387.73 million from the partial exercise of over-allotment option in January 2022 as disclosed in the announcement of the Company dated 2 January 2022.

(II) Changes in Part of the Uses of Net Proceeds

In light of market conditions and the Company's business needs, the board of Directors of the Company proposed and obtained approval on 22 January 2024 the below changes in part of the use of the proceeds.

Proposed main purposes	Proposed main purposes after the Proposed Changes	Proportion	Amount of the allocated Proceeds (RMB million)
The Zhenjiang Project	To construct comprehensive small molecule R&D and manufacturing site and to purchase relevant equipment and machinery.	15%	896.86
The ATMP Project	To improve our capabilities related to our biosynthesis solutions and drug products solutions and construct a R&D and manufacturing facility in Tianjin for oligonucleotides and polypeptides.	5%	298.95

Proposed main purposes	Proposed main purposes after the Proposed Changes	Proportion	Amount of the allocated Proceeds (RMB million)
The Strategic Investments and Acquisitions Project	To strategically set up foreign subsidiaries, engage in overseas investments to further expand production capacities, enhance overseas sales centers, and acquire equity interests in target companies.	15%	896.86

Reasons For Changes

The Change to the Zhenjiang Project

During the early stage of implementing the Zhenjiang Project, the Company came to note that the geological conditions of the potential site could not meet the construction requirements of this project. After a comprehensive assessment of our overall development strategy, the Company proposed to redirect the proceeds initially allocated to the Zhenjiang Project to the construction of a comprehensive small molecule R&D and manufacturing site and the purchase of relevant equipment and machinery. The aforesaid proposed change will significantly enhance the R&D capabilities of our small molecule CDMO business, solidify our market share and provide a robust foundation for the Company's long-term and stable growth.

The Change to the ATMP Project

Our biomacromolecule business segment introduced several external investors in March 2022, aiming to leverage a high-level, one-stop specialized R&D service to tap into the rapidly growing domestic and international CDMO market for advanced therapy medicinal products ("**ATMP**s"). This has supplemented our funding source for the biomacromolecule business segment. To efficiently utilize the proceeds, the Company proposed to redirect the proceeds initially allocated to the ATMP Project to the improvement of our capabilities related to our biosynthesis solutions and drug products solutions and the construction of an R&D and manufacturing facility in Tianjin for oligonucleotides and polypeptides. The aforesaid proposed change will further elevate our existing integrated R&D and production service capabilities to a higher level and a larger scale.

The Change to the Strategic Investments and Acquisitions Project

The Company proposed to redirect the proceeds initially allocated to the Strategic Investments and Acquisitions Project to strategically set up foreign subsidiaries, engaging in overseas investments to further expand production capacities, enhancing overseas sales centers, and acquiring equity interests in target companies. The aforesaid proposed change is rooted in the Company's existing overseas framework, aiming to continuously deepen the expansion into international markets and generate effective synergy with the existing platform.

XII. EVENTS AFTER THE REPORTING PERIOD

A Share Repurchase Pursuant to the Employee Share Ownership Plan

The Company intends to repurchase part of the A Shares with self-owned funds through centralized price bidding which will be used to implement the employee share ownership plan of the Company or the share incentive scheme of the Company and cancellation and reduction of the registered capital. The number of repurchased A Shares used to implement the employee share ownership plan or the share incentive scheme is no more than 60% of the total number of repurchased A Shares, and the number of repurchased A Shares used for cancellation and reduction of the registered capital is not less than 40% of the total number of repurchased A Shares. For further details, please refer to the relevant announcement of the Company dated 31 January 2024 and more follow up announcements.

On 7 March 2024, the Company successfully executed its first share repurchase, acquiring 517,246 of its own shares through the centralized competitive bidding process on the Shenzhen Stock Exchange. This transaction represented 0.1512% of the Company's total A Share capital. The repurchase prices ranged from a minimum of RMB95.67 to a maximum of RMB97.07 per share, utilizing a total of RMB49,996,539.36 in funds (excluding commissions and additional fees). This repurchase was financed entirely with the Company's self-owned funds, ensuring that the transaction price did not surpass the stipulated maximum limit of RMB157 per share (inclusive) as outlined in the repurchase plan. The operation was conducted in full compliance with applicable laws and regulations, aligning with the predetermined repurchase strategy. For further details, please refer to the relevant announcement of the Company dated 7 March 2024.

On 15 March 2024, the Company approved the proposal to repurchase and cancel 420 restricted A Shares granted but not yet unlocked under A Share Incentive Schemes held by one eligible participants who have resigned. Upon completion of the Repurchase and Cancellation, the A Share capital of the Company would be adjusted from 341,918,273 A Shares to 341,917,853 A Shares.

On 26 March 2024, the Company successfully completed the repurchase and cancellation of 183,848 restricted A Shares under the A Share Incentive Schemes. For further details on the repurchase and cancellation, please refer to the relevant announcements of the Company dated 18 July 2023, 13 September 2023, 22 December 2023 and 26 March 2024.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's listed securities.

Subsequent to 31 December 2023 and up to the date of this announcement, the Group did not have any other significant events.

XIII. AUDIT COMMITTEE AND OTHER BOARD COMMITTEES

(I) Audit Committee

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code and published on the HKEx website accordingly. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments to the Board. As of the date of this announcement, the Audit Committee comprises two independent non-executive Directors and one non-executive Director, namely Dr. Sun Xuejiao, Ms. Zhang Ting, and Mr. Hou Xinyi, with Dr. Sun Xuejiao, who holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules with decent experience in the capital markets specialized in the field of healthcare, serving as the chairperson of the Audit Committee.

During the year ended 31 December 2023, the Audit Committee held in the total of five meetings. The Audit Committee has considered and reviewed the audited consolidated annual results of the Group for the year ended 31 December 2023 and the accounting principles and practices adopted by the Group and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the audited consolidated annual results of the Group for the year ended 31 December 2023 are in compliance with the relevant accounting standards, laws and regulations and appropriate disclosure has been made.

In addition to the Audit Committee, the Company has also established a Nomination Committee, a Remuneration and Examination Committee and a Strategy Committee. Save as disclosed above, there is no movement of members of the said committees during the Reporting Period.

(II) Nomination Committee

The Company has established a nomination committee with written terms of reference in compliance with B.3.1 of the CG Code and the relevant laws and regulations of the PRC. The Nomination Committee is mainly responsible for identifying, screening, and recommending to the Board qualified candidates to serve as the Directors and monitoring the procedures for evaluating the performance of the Board. The Nomination Committee consists of three members, namely executive Director Mr. Hong Liang, independent non-executive Directors Mr. Hou Xinyi and Mr. Lee, Kar Chung Felix, with Mr. Lee, Kar Chung Felix serving as the chairman of the Nomination Committee.

When performing relevant duties, the Nomination Committee considers the diversity policy of the Board specified in these terms of reference. It is responsible for monitoring the implementation of the policy as well as reviewing and revising the policy to ensure its effectiveness.

Particularly, in reviewing the size and composition of the Board, identifying and nominating candidates for directors, the Nomination Committee shall consider relevant factors to achieve the diversity of the Board members according to the business model and specific demand of the Company. The Nomination Committee may consider the diversity of the Board members from various aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service. After considering the aforesaid relevant factors, the Nomination Committee shall make final recommendation on the appointment to the Board based on the merits of the candidates and contribution they may bring to the Board.

During the year ended 31 December 2023, the Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and Board diversity, as well as to nominate the Company's senior management for appointment.

(III) Remuneration and Examination Committee

The Company has established a remuneration and examination committee with written terms of reference in compliance with E.1.2 of the CG Code and the relevant laws and regulations of the PRC. The Remuneration and Examination Committee is mainly responsible for evaluating the remuneration polices for Directors and senior management of the Group and making recommendations thereon to the Board.

The Remuneration and Examination Committee consists of three members, executive Director Mr. Zhang Da, independent non-executive Directors Dr. Sun Xuejiao and Mr. Hou Xinyi with Mr. Hou Xinyi serving as the chairman of the Remuneration and Examination Committee.

During the year ended 31 December 2023, the Remuneration and Examination Committee held 2 meetings to review the remuneration polices and structure of the Company, make recommendations to the Board on the remuneration packages of the Directors and senior management, etc.

(IV) Strategy Committee

The Company has established a strategy committee. The Strategy Committee is mainly responsible for reviewing and advising on long-term strategies and major investment plan of the Company. The Strategy Committee consists of three members, namely executive Directors Dr. Hao Hong and Ms. Yang Rui and an independent non-executive Director Mr. Lee, Kar Chung Felix. Dr. Hao Hong serves as the chairman of the Strategy Committee. The Strategy Committee is mainly responsible for reviewing and advising on long-term strategies and major investment plan of the Company.

During the year ended 31 December 2023, the Strategy Committee held one meetings to deliberate on and formulate the "High-level Framework and Plan for Group-wide Strategy and Development," with committee members engaging in discussions regarding the Group's overall development strategy and design planning for 2023. In addition, we have published our Terms of Reference of the Strategy Committee Under the Board of Directors via HKEx in the aspects of covering general provision, composition, duties and authorities, procedure of meetings, and other supplementary provisions, in the purpose of being transparent to Shareholders and stakeholders of our corporate level actions on governance.

XIV. SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures above in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes to thereto for the year ended 31 December 2023 as set out in this announcement have been agreed with the Company's auditor, Ernst & Young, certified public accountants, to be consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors in this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 ***RMB'000***	2022 *RMB'000*
REVENUE	*4*	**7,781,436**	10,230,186
Cost of sales		**(3,821,800)**	(5,397,598)
Gross profit		**3,959,636**	4,832,588
Other income and gains	*4*	**409,854**	653,942
Selling and distribution expenses		**(196,424)**	(150,190)
Administrative expenses		**(819,580)**	(837,687)
Research and development expenses		**(707,863)**	(708,891)
Losses on impairment of financial and contract assets, net		**(9,904)**	(25,789)
Other expenses		**(70,508)**	(61,551)
Finance costs	*6*	**(5,912)**	(10,529)
Share of profits/(losses) of associates		**(2,169)**	33,052
PROFIT BEFORE TAX	*5*	**2,557,130**	3,724,945
Income tax expense	*7*	**(306,310)**	(430,314)
PROFIT FOR THE YEAR		**2,250,820**	3,294,631
Attributable to:			
Owners of the parent		**2,268,811**	3,301,635
Non-controlling interests		**(17,991)**	(7,004)
		2,250,820	3,294,631
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (expressed in RMB per share)	*9*	**6.26**	9.02
Diluted (expressed in RMB per share)	*9*	**6.26**	9.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,250,820**	3,294,631
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**5,908**	25,690
Equity investments at fair value through other comprehensive income:		
Changes in fair value Income tax effect	**415**	–
OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR, NET OF TAX	**6,323**	25,690
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,257,143**	3,320,321
Attributable to:		
Owners of the parent	**2,275,134**	3,327,325
Non-controlling interests	**(17,991)**	(7,004)
	2,257,143	3,320,321

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,366,081**	4,829,924
Right-of-use assets		**526,467**	539,716
Goodwill		**146,183**	146,183
Other intangible assets		**53,568**	57,679
Deferred tax assets		**213,215**	177,858
Investments in associates		**260,144**	277,256
Prepayments, other receivables and other assets		**688,479**	237,124
Financial assets at fair value through profit or loss		**130,476**	113,076
Equity investments at fair value through other comprehensive income		**30,488**	–
Total non-current assets		**7,415,101**	6,378,816
CURRENT ASSETS			
Inventories		**945,347**	1,510,413
Trade and bills receivables	*10*	**2,010,989**	2,451,148
Contract assets		**80,829**	63,976
Prepayments, other receivables and other assets		**296,573**	376,398
Tax recoverable		**2,554**	17,866
Financial assets at fair value through profit or loss		**1,905,779**	2,151,062
Cash and bank balances		**7,109,987**	5,289,594
Total current assets		**12,352,058**	11,860,457
CURRENT LIABILITIES			
Trade payables	*11*	**452,365**	568,892
Other payables and accruals		**1,275,184**	1,511,198
Interest-bearing bank borrowings		**12,228**	–
Lease liabilities		**28,535**	28,487
Tax payable		**31,235**	67,422
Amounts due to related party		**1,256**	1,096
Total current liabilities		**1,800,803**	2,177,095
NET CURRENT ASSETS		**10,551,255**	9,683,362
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,966,356**	16,062,178

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

31 December 2023

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
NON-CURRENT LIABILITIES			
Deferred income		**232,599**	168,121
Lease liabilities		**106,486**	109,859
Deferred tax liabilities		**117,292**	89,195
Total non-current liabilities		**456,377**	367,175
Net assets		**17,509,979**	15,695,003
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**369,472**	369,917
Treasury shares		**(494,010)**	(1,246,560)
Other reserves		**17,604,255**	16,524,071
		17,479,717	15,647,428
Non-controlling interests		**30,262**	47,575
Total equity		**17,509,979**	15,695,003

1. CORPORATE AND GROUP INFORMATION

Asymchem Laboratories (Tianjin) Co., Ltd. is a limited liability company incorporated in Tianjin, the People's Republic of China (the "PRC"). The registered office of the Company is located at No. 6 Dongting 3rd Street, Economic-Technological Development Area, Tianjin, the PRC.

The Group is a world-leading, technology-driven provider of one-stop Contract Development Manufacture Organization (hereinafter referred to as "CDMO") solutions throughout the drug development and manufacturing process. The Group provides clinical stage CDMO solutions, commercial stage CDMO solutions and emerging services.

The Company's H-shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 December 2021.

The directors of the Company consider the controlling shareholders of the Company are Asymchem Laboratories, Incorporated ("ALAB") and Dr. Hao Hong and Dr. Ye Song, who are spouses and also control ALAB. Through ALAB and their direct holdings, they held and controlled 35.02% of the equity shares of the Company.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, wealth management products and equity investments which have been measured at fair value. These consolidated 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 31 December 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, directly or indirectly, 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.

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

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The 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.

(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. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 35 to the financial statements. 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 HKAS 12.

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

3. OPERATING SEGMENT INFORMATION

Operating segments are identified on the basis of internal reporting about components of the Group that are regularly reviewed by the Group's executive committee and the Company's board of directors for the purpose of resource allocation and performance assessment.

Operating segment

During the year, there is only one operating segment as the Group's operations relate to contract development and manufacturing which focuses on innovation and commercial application of global pharmaceutical technology.

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**1,437,274**	1,560,199
Overseas	**6,344,162**	8,669,987
	7,781,436	10,230,186

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

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**6,986,387**	6,055,433
United States	**54,535**	32,449
	7,040,922	6,087,882

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

Information about a major customer

In 2023, revenue of approximately RMB3,255,341,000 was derived from a single customer, including a group of entities which are known to be under common control with that customer.

In 2022, revenue of approximately RMB6,359,922,000 was derived from a single customer, including a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Transfer of goods and services	**7,775,344**	10,223,928
Others	**6,092**	6,258
Total	**7,781,436**	10,230,186

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Commercial stage CDMO solutions	**5,107,487**	7,568,209
Clinical stage CDMO solutions	**1,497,658**	1,662,241
Emerging services	**1,170,199**	993,478
Others	**6,092**	6,258
Total revenue from contracts with customers	**7,781,436**	10,230,186
Geographical markets		
Mainland China	**1,437,274**	1,560,199
Overseas	**6,344,162**	8,669,987
Total revenue from contracts with customers	**7,781,436**	10,230,186
Timing of revenue recognition		
Goods and services transferred at a point in time	**7,457,986**	9,783,333
– Commercial stage CDMO solutions	**5,107,487**	7,568,209
– Clinical stage CDMO solutions	**1,411,641**	1,479,073
– Emerging services	**932,766**	729,793
– Others	**6,092**	6,258
Services transferred over time	**323,450**	446,853
– Clinical stage CDMO solutions	**86,017**	183,168
– Emerging services	**237,433**	263,685
Total revenue from contracts with customers	**7,781,436**	10,230,186

4. REVENUE, OTHER INCOME AND GAINS *(CONTINUED)*

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

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:	**277,330**	131,046
	277,330	131,046

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants*	**59,286**	35,638
Bank interest income	**160,138**	76,625
Foreign exchange gain	**21,122**	433,605
Others	**146**	1,179
	240,692	547,047

	2023	2022
	RMB'000	*RMB'000*
Other gains		
Gain on wealth management products	**107,208**	97,585
Gain on disposal of a associate	**32,556**	-
Gains on financial assets at fair value through profit or loss	**29,398**	9,310
	169,162	106,895
Total	**409,854**	653,942

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2023	2022
	RMB'000	*RMB'000*
Cost of sales	**3,821,800**	5,397,598
Depreciation of property, plant and equipment*	**431,998**	319,573
Depreciation of right-of-use assets*	**45,512**	31,100
Amortisation of other intangible assets*	**9,349**	11,304
Research and development costs:		
Current year expenditure	**707,863**	708,891
Lease payments not included in the measurement of lease liabilities	**37,013**	8,138
Auditor's remuneration	**5,730**	5,770
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**1,655,459**	1,661,640
Share-based payment expense	**54,590**	52,758
Pension scheme contributions	**190,701**	143,514
Bank interest income	**(160,138)**	(76,625)
Fair value gain on financial assets at fair value through profit or loss	**(29,398)**	(83,206)
Fair value loss on financial assets at fair value through profit or loss	**12,092**	–
Loss on disposal of items of property, plant and equipment and other intangible assets	**12,056**	5,315
Loss on disposal of right-of-use assets	**–**	210
Gain on disposal of right-of-use assets	**(14)**	–
Impairment losses on fix assets and inventories	**18,057**	-
Impairment losses on financial and contract assets, net	**9,904**	25,789
Foreign exchange differences, net	**5,414**	(432,735)

6. FINANCE COSTS

An analysis of finance costs as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest expenses on bank borrowings	**94**	6,568
Interest on lease liabilities	**5,818**	3,961
	5,912	10,529

7. INCOME TAX EXPENSE

The provision for Mainland China current income tax is based on a statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, that were accredited as "High and New Technology Enterprises" and entitled to a preferential rate is 15% in 2023.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. The group entities incorporated in U.S. were subject to the federal corporate tax at a rate of 21% for the years ended December 31, 2022 and 2023. The group entities incorporated in U.K. were subject to tax at a rate of 19% for the years ended December 31, 2022 and 2023.

	2023	2022
	RMB'000	*RMB'000*
Current	**313,643**	448,600
Deferred	**(7,333)**	(18,286)
Total tax charge for the year	**306,310**	430,314

8. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Proposed final – RMB1.80 (2022: RMB1.80) per ordinary share	**663,897**	211,273

The board of directors proposed the 2024 profit distribution Plan ("**2023 Profit Distribution Plan**") as follows: distribution of a cash dividend of RMB1.80 per ordinary share (2022: RMB1.80 per ordinary share). Based on a total of 369,471,533 Shares as at 28 March 2024 and excluding 538,002 Shares repurchased by means of centralized price bidding, the total amount of the proposed final dividend is approximately RMB664,080,355.80 (including tax) (2022: RMB656,437,642 (including tax)).

The proposed 2024 Profit Distribution Plan is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 362,026,000 (2022: 365,895,000) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of restricted ordinary shares with a contingent non-market performance condition assumed to have been released upon vesting of all dilutive potential ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2023	2022
	RMB'000	*RMB'000* (Restatement)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**2,268,810**	3,301,635
Less: Cash dividends attributable to the shareholders of restricted shares expected to be unlocked in the future	**(3,934)**	(2,314)
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**2,264,876**	3,299,321

	Number of shares	
	2023	2022 (Restatement)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**362,026**	365,895
Effect of dilution – weighted average number of ordinary shares: Restricted A shares	**202**	796
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**362,228**	366,691

The high cash dividend distribution plan for this year, the restricted A Shares have an anti-diluting effect and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share and basic earnings per share are the same.

10. TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**2,116,812**	2,553,958
Impairment	**(105,823)**	(102,810)
Total	**2,010,989**	2,451,148

The Group's trading terms with its customers are mainly on credit. The ordinary credit period is up to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise 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.

Details of the concentration of credit risk arising from the customers are set out in note 39 to the consolidated financial statements.

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	2022
	RMB'000	*RMB'000*
Within 1 year	**1,970,446**	2,420,627
1 to 2 years	**37,041**	26,089
2 to 3 years	**3,502**	4,432
	2,010,989	2,451,148

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**102,810**	81,804
Impairment losses recognised	**3,013**	21,006
At end of year	**105,823**	102,810

10. TRADE AND BILLS RECEIVABLES *(CONTINUED)*

	2023				2022			
	Carrying amount		**Impairment losses**		Carrying amount		Impairment losses	
	RMB'000	***Rate%***	***RMB'000***	***Rate%***	*RMB'000*	*Rate%*	*RMB'000*	*Rate%*
Provision on a separate basis	**10,143**	**0.48**	**10,143**	**100.00**	-	-	-	-
Provision according to credit risk characteristics	**2,106,669**	**99.52**	**95,680**	**4.54**	2,553,958	100.00	102,810	4.03
Total	**2,116,812**	**100.00**	**105,823**	**5.00**	2,553,958	100.00	102,810	4.03

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 (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). 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:

As at 31 December 2023

	Within 1 year	**Over 1 year but Within 2 year**	**Over 2 year but within 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**3.50%**	**20.00%**	**50.00%**	**100.00%**	**4.54%**
Gross carrying amount (RMB'000)	**2,041,837**	**46,301**	**7,004**	**11,527**	**2,106,669**
Expected credit losses (RMB'000)	**71,391**	**9,260**	**3,502**	**11,527**	**95,680**

As at 31 December 2022

	Within 1 year	Over 1 year but Within 2 year	Over 2 year but within 3 years	Over 3 years	Total
Expected credit loss rate	3.39%	20.00%	50.00%	100.00%	4.03%
Gross carrying amount (RMB'000)	2,505,668	32,611	8,864	6,815	2,553,958
Expected credit losses (RMB'000)	85,041	6,522	4,432	6,815	102,810

11. TRADE PAYABLES

An ageing analysis of the trade as at the end of the Reporting Period, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**354,539**	492,029
1 to 2 years	**86,523**	61,911
Over 2 years	**11,303**	14,952
Total	**452,365**	568,892

The trade payables are non-interest-bearing and have an average term of three months.

The trade payables are measured at amortised cost, and the carrying amounts are reasonably approximate to fair values.

12. SHARE CAPITAL

Shares

	2023	2022
	RMB'000	*RMB'000*
Issued and fully paid:		
369,471,533 (2022: 369,916,845) ordinary shares	**369,472**	369,917

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *RMB'000*
At 1 January 2023	369,916,845	369,917
Cancellation of restricted shares (Note (a))	(183,848)	(184)
Cancellation of A shares (Note (b))	(261,464)	(261)
At 31 December 2023	**369,471,533**	**369,472**

Notes:

(a) During the year ended 31 December 2023, the Company repurchased and cancelled the restricted shares due to the employee turnover, lead to a reduction in the registered share capital.

(b) On 28 April 2023, the company has completed the purchase and non transaction transfer of shares of employees participating in the employee stock ownership plan. Considering the actual progress of the company's employee stock ownership plan and the remaining repurchase of shares, the company cancelled 261,464 A shares.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the Company's website (**www.asymchem.com**) and website of the Hong Kong Stock Exchange (**www.hkexnews.hk**). The 2023 annual report of the Company containing all relevant information required under the Listing Rules will be dispatched to the Shareholders (if requested) and published on the afore-mentioned websites in due course.

DEFINITIONS AND GLOSSARIES

In this announcement, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"Actionable Corporate Communications"	any corporate communication that seeks instructions from the Company's shareholders on how they wish to exercise their rights or make an election as the Company's shareholders
"AGM"	the annual general meeting of the Company
"API"	active pharmaceutical ingredient
"Articles of Association"	the articles of association of the Company, as amended from time to time
"A Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 per share, which are listed for trading on the Shenzhen Stock Exchange and traded in Renminbi
"Asymchem Life Science"	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)
"ATMP"	advanced therapy medicinal products
"ATMP Projects"	projects to build up our capabilities related to advanced therapy medicinal products (ATMPs), including cell therapy and gene therapy
"Audit Committee"	the audit committee of the Board
"BLA"	Biologics License Applications, a request made to the USFDA for permission to introduce, or deliver for introduction, of a biological product into interstate commerce in the United States
"BRD4"	Bromodomain-containing protein 4
"BTK"	Bruton's Tyrosine Kinase

"CAGR"	compound annual growth rate
"CDE"	Center for Drug Evaluation
"CDK4"	Cyclin-Dependent Kinase 4
"CDK6"	Cyclin-Dependent Kinase 6
"CDMO"	Contract Development Manufacturing Organization, a company that mainly provides CMC, drug development and drug manufacturing services in the pharmaceutical industry
"CEO" or "Chief Executive Officer"	the chief executive officer of the Company
"CFO" or "Chief Financial Officer"	the chief financial officer of the Company
"CFTR"	Cystic Fibrosis Transmembrane Conductance Regulator
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman" or "Chairperson"	the Chairman of the Board or the Chairperson of the Board
"China" or the "PRC"	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, references herein to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CMC"	Chemistry, Manufacturing and Controls, an important and detailed section detailing the characteristics of a therapeutic and its manufacturing and quality testing process in a dossier used to support clinical studies and marketing applications
"Company", "our Company", "the Company" or "Asymchem", or "Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司)"	Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司) (Stock code: 6821), the Shares of which were dual listed on the Main Board of the Hong Kong Stock Exchange on 10 December 2021 and listed on the Main Board of the Shenzhen Stock Exchange on 9 November 2016
"Director(s)"	the director(s) of the Company
"EGFR/Her3"	epidermal Growth Factor Receptor/Human Epidermal Growth Factor Receptor 3
"Employee Share Ownership Plan"	the 2022 Employee Share Ownership Plan of the Company adopted at the fifth extraordinary general meeting of 2022

"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"GLP-1"	glucagon-like peptide-1 agonists are a class of medications utilized in the treatment of type 2 diabetes and obesity
"GMP"	good manufacturing practice
"Haihe Asymchem Fund"	Tianjin Haihe Asymchem Biopharmaceutical Industry Innovation Investment Fund (Limited Partnership) (天津海河凱萊英生物醫藥產業創新投資基金(有限合夥))
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange" or "SEHK" or "HKEx"	The Stock Exchange of Hong Kong Limited
"HTS"	high throughput screening
"ICH"	International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification
"IPSC"	induced pluripotent stem cells
"JAK"	Janus tyrosine kinase
"Jihang Tianjin"	Jihang (Tianjin) Enterprise Management Consulting Partnership (Limited Partnership) (濟航(天津)企業管理諮詢合夥企業(有限合夥))
"KRAS"	Kirsten rats arcomaviral oncogene homolog
"Listing Date"	10 December 2021, being the date on which the Shares of the Company were listed on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"LNP"	Lipid nanoparticles technology
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules

"NDA"	new drug application
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理局)
"Nomination Committee"	the nomination committee of the Board
"PCSK9"	proprotein Convertase Subtilisin/Kexin Type 9
"PD-1"	programmed cell death protein 1
"2023 Profit Distribution Plan"	profit distribution plan for the year ended 31 December 2023
"Prospectus"	the prospectus of the Company dated 30 November 2021 in relation of its Global Offering
"R&D"	research and development
"Remuneration and Examination Committee"	the remuneration and examination committee of the Board
"Reporting Period"	the year ended 31 December 2023
"RMB" or "Renminbi"	the lawful currency of the PRC
"RMB Share Issue"	the Company's initial issue of 2,821,590,000 RMB Shares which have been listed on the Shenzhen Stock Market Main Board since 9 November 2016
"Shares"	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of Shares(s)
"SPD Bank"	Shanghai Pudong Development Bank
"Strategic Investments and Acquisitions Projects"	to selectively pursue strategic investments and acquisitions
"Strategy Committee"	the strategy committee of the Board
"Subscriptions"	the Company's subscriptions for several wealth management products offered by Shanghai Pudong Development Bank in the first half of 2023, using its idle self-owned funds and, to the extent permitted by applicable laws and regulations, idle funds raised from the non-public offering of A shares to certain institutional investors in 2020
"SZSE"	the Shenzhen Stock Exchange

"Teda"	Tianjin Economic-Technological Development Area
"Tianjin Tianhao"	Tianjin Tianhao Management Consulting Partnership (Limited Partnership) (天津天浩管理諮詢合夥企業(有限合夥))
"TIGIT"	T cell immunoreceptor with Ig and ITIM domains
"TYK 2"	non-receptor tyrosine-protein kinase TYK2 is an enzyme that in humans is encoded by the TYK2 gene
"United Kingdom" or "U.K."	the United Kingdom of Great Britain and Northern Ireland, commonly known as the United Kingdom (UK) or Britain, its territories, its possessions, and all areas subject to its jurisdiction
"United States" or "U.S."	the United States of America, its territories, its possessions, and all areas subject to its jurisdiction
"US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. FDA" or "FDA"	U.S. Food and Drug Administration
"Zhenjiang Project"	project to construct phase II of the comprehensive small molecule R&D and manufacturing site in Zhenjiang, and purchase relevant equipment and machinery

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By order of the Board
Asymchem Laboratories (Tianjin) Co., Ltd.
Chairman of the Board, Executive Director and Chief Executive Officer
Dr. Hao Hong

Tianjin, 28 March 2024

As of the date of this announcement, the Board of Directors of the Company comprises Dr. Hao Hong as the Chairman of the Board of Directors and executive Director, Ms. Yang Rui, Mr. Zhang Da and Mr. Hong Liang as executive Directors, Dr. Ye Song and Ms. Zhang Ting as non-executive Directors, and Dr. Sun Xuejiao, Mr. Hou Xinyi and Mr. Lee, Kar Chung Felix as independent non-executive Directors.