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**维亚生物科技控股集团**  
**VIVA BIOTECH HOLDINGS**

*(Incorporated in the Cayman Islands as an exempted company with limited liability)*

**(Stock code: 1873)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Viva Biotech Holdings (the “**Company**” and, together with its subsidiaries, collectively the “**Group**” or “**Viva**”) is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended June 30, 2024 (the “**Reporting Period**”).

**FINANCIAL HIGHLIGHTS**

	<b>Six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB million</b>	<b>RMB million</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Revenue	<b>981.8</b>	1,142.2
Gross Profit	<b>339.1</b>	406.0
Gross Profit Margin	<b>34.5%</b>	35.5%
Net Profit	<b>144.2</b>	13.7
Adjusted Non-IFRS Net Profit	<b>168.2</b>	146.1
Adjusted Non-IFRS Net Profit Margin	<b>17.1%</b>	12.8%
	<b>RMB</b>	<b>RMB</b>
Earnings per share attributable to ordinary equity holders of the parent		
– Basic	<b>0.05</b>	0.001
– Diluted	<b>0.05</b>	0.001
Adjusted Non-IFRS Earnings per share attributable to ordinary equity holders of the parent		
– Basic	<b>0.06</b>	0.07
– Diluted	<b>0.06</b>	0.07

## NON-IFRS MEASURE

To supplement the Group's unaudited condensed consolidated financial statements which are presented in accordance with the International Financial Reporting Standards ("IFRS"), the Company has provided adjusted non-IFRS net profit, adjusted non-IFRS net profit margin, and adjusted non-IFRS earnings per share as additional financial measures, which are not required by, or presented in accordance with, the IFRS.

The Company believes that the adjusted non-IFRS financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company'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 business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. You should not view the adjusted results on a stand-alone basis or as a substitute for results under IFRS.

Additional information is provided below to reconcile adjusted non-IFRS net profit.

### Adjusted Non-IFRS net profit

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Net Profit</b>	<b>144,237</b>	13,659
Add: interest expenses of the debt components of the Convertible Bonds	–	63,182
Add: loss on repurchase of the Convertible Bonds	–	5,133
Add: amortization of acquired assets	<b>23,990</b>	24,085
Add: foreign exchange loss	–	40,047
<b>Adjusted Non-IFRS Net Profit (Note i)</b>	<b>168,227</b>	146,106
Adjusted Non-IFRS Net Profit Margin	<b>17.1%</b>	12.80%

*Note:*

- i. In order to better reflect the key performance of the Group's current business and operations, the adjusted Non-IFRS net profit is calculated on the basis of net profit, excluding:
  - a) Amortization of fair value increment in acquired assets, which the management believes is non-cash item;
  - b) Interest expenses of the debt components of the Convertible Bonds and foreign exchange loss which mainly arise from the convertible bonds issued by members of the Group (the "Convertible Bonds") and intercompany transactions, which the management believes are not related to the operation of the Group's business; and
  - c) Loss on repurchase of the Convertible Bonds, which the management believes is non-recurring items.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the first half of 2024, as investment and financing data of the global biopharmaceutical industry gradually stabilized, pipeline advancement and R&D investments of companies engaged in novel drug development were also improving, though it would still take some time for ushering in a full recovery in the CRO industry. In the short to medium term, uncertainties in external macro environment will inevitably contribute to business performance fluctuations for most of CRO companies. Nevertheless, in the medium and long term, original biopharmaceutical development still maintains robust growth across the world, with a sustained upward trend in the proportion of R&D and production outsourcing. With a focus on innovation and deep integration of resources, the Group's CRO and CDMO business, based on the research and development of innovative drugs, continued to provide clients with one-stop integrated services from early-stage structure-based drug research and development to commercial drug production.

During the Reporting Period, the cumulative number of clients served by the Group increased to 2,350; the Group's revenue during the Reporting Period decreased by approximately 14.0% from RMB1,142.2 million for the corresponding period of last year to RMB981.8 million; and our gross profit decreased by approximately 16.5% from RMB406.0 million for the corresponding period of last year to RMB339.1 million. In the first half of 2024, the Group's net profit amounted to RMB144.2 million, a significant improvement from the net profit of RMB13.7 million for the corresponding period of last year, mainly benefiting from the elimination of relevant financial adjustments due to the full repayment of convertible bonds; adjusted non-IFRS net profit improved from RMB146.1 million for the corresponding period of last year to an adjusted non-IFRS net profit of RMB168.2 million, representing a year-on-year increase of nearly 15.1%. This was mainly attributable to the investment income from our successful exit of certain portfolio companies as well as the positive contribution from our initiatives to reduce costs and increase efficiency.

In addition, since the Group completed the introduction of strategic investors such as Temasek, HighLight Capital, True Light Capital and Investment Corporation of Dubai in 2023, the strategic investors have brought synergies in corporate governance, business operations, investment and financing plans as well as strategic development of the Group.

### **CRO Growth to Gradually Recover in the Future Despite Fluctuations in the Short to Medium Term**

In the first half of 2024, the Company's revenue from CRO business decreased by approximately 12.5% from RMB441.3 million for the corresponding period of last year to RMB385.9 million, and the adjusted gross profit from such business decreased by approximately 15.5% from RMB198.0 million for the corresponding period of last year to RMB167.2 million. The revenue for the first half of 2024 decreased compared to last year, primarily due to the short-term impact from challenges in global biopharmaceutical investment and financing on the R&D of innovative drugs, as well as the strategic contraction of the Company's EFS business last year. Nevertheless, the Company effectively implemented measures such as cost reduction and efficiency enhancement to maintain a solid profitability for the CRO business. The gradual recovery of new CRO orders since the second quarter of 2024 will provide a strong support for our business results in the second half of the year.

As at June 30, 2024, the Company has cumulatively delivered more than 74,109 protein structures to our clients, approximately 9,074 of which were newly delivered in the first half of 2024. Our R&D has accumulated over 2,065 independent drug targets, 79 of which were newly delivered in the first half of 2024. Currently, the Company maintains a leading global position in the industry in the field of protein structure analysis. The Company has two key strategies on market promotion and business development. Firstly, it aims to maximize the value from existing customers by fostering synergistic development of biological and chemical segments. Secondly, it is actively enhancing the integration of online digital marketing and offline business development (BD), while expanding its overseas BD team in order to stimulate the recovery and growth of orders. During the Reporting Period, the Company also stepped up the promotion of new molecular modality, thereby expanding the number of clients served and the scope of relevant services. In addition, the Company also drew upon abundant capital and industrial resources within the Viva ecosystem that are accessible to VBI to successfully expand and channel in new CRO customers.

During the Reporting Period, regarding the deployment and expansion of technology platform, we further introduced artificial intelligence technology on the basis of Viva SBDD technology. With a focus on new targets, novel mechanisms of action (MOA) and new modality, a unique AI-enabled SBDD one-stop R&D service platform for innovative novel drugs has been developed. The cumulative number of CRO clients served had increased to 1,465, including the global top 10 pharmaceutical companies (by reported total revenue for the first half of 2024), and revenue from the top 10 customers accounted for 25.7% of our total revenue. Clients of our CRO business are geographically diverse, overseas clients contributed approximately 88.8% of our total revenue, representing a year-on-year decrease of approximately 10.2%, and those from Chinese Mainland contributed approximately 11.2% of our total revenue, representing a year-on-year decrease of approximately 27.6%.

During the Reporting Period, our utilization of synchrotron radiation source reached 873 hours. The Company established long-term cooperation with 13 synchrotron radiation source centers around the world, which are distributed in ten countries/regions, i.e., Shanghai, China, the United States, Canada, Japan, Australia, the United Kingdom, France, Germany, Switzerland and Taiwan, China, thus guaranteeing uninterrupted data collection all year round.

### **Continuing to Expand CDMO Capacity and Increase CMC Projects**

The Group is committed to building a one-stop service platform for global innovative drugs from research and development to production, and improved the production layout through acquisition of the entire equity interests in Zhejiang Langhua Pharmaceutical Co., Ltd. (“**Langhua Pharmaceutical**”). In particular, we continued to expand CDMO capacity to prepare for commercial production of new molecules in the future. In addition, constant efforts were made to optimize and channel resources towards the CMC business during the Reporting Period.

In the first half of 2024, Langhua Pharmaceutical’s revenue amounted to RMB595.9 million, representing a year-on-year decrease of approximately 15.0%; and its adjusted gross profit amounted to RMB179.0 million, representing a year-on-year decrease of approximately 16.8%, primarily attributable to the impact from the delivery schedule of certain CDMO orders, most of which are expected to be delivered in the second half of 2024.

As at June 30, 2024, Langhua Pharmaceutical had served a total of 885 clients, with the top ten clients accounting for 63.2% of its total revenue and a 100% retention rate of top ten clients. In addition, Langhua Pharmaceutical provided CMC and CDMO services to 12 incubator companies of the Group as well as companies channeled from CRO business. During the Reporting Period, in respect of production capacity, our current available total capacity reaches 860 cubic meters. Furthermore, Langhua Pharmaceutical plans to establish a new production capacity of 400 cubic meters between 2024 and 2025 to cater to commercial production of new molecules. The civil engineering project is largely completed while internal fire control facilities are under installation, and the next phase will involve procurement and installation of equipment. This endeavor will provide sufficient guarantee for the Company's revenue growth with the launch of new products and release of reserved capacity.

The number of CMC projects continued to grow, but the new business is still in the profit ramp-up phase. Since its establishment, CMC has completed and is currently progressing with a total of 218 new drug projects. During the Reporting Period, the CMC R&D team consisted of 117 members, and CMC generated revenue of nearly RMB21.0 million. In addition, the projects channeled by the Group progressed smoothly, and one pipeline has rapidly advanced to Phase III clinical trials, showcasing the success of the Group's integrated strategy. In the future, the Group plans to strengthen BD and channeling efforts for acquiring high-quality CMC projects. By fully utilizing internal project resources and implementing cost reduction and efficiency enhancement measures, the Group aims to achieve a balanced financial outcome for its CMC business. During the Reporting Period, in terms of the number of customer orders, external BD accounted for nearly 75.0%, while channeled accounts from Viva represented approximately 25.0%. In terms of order amount, external BD contributed 49.0%, while channeled accounts from Viva contributed 51.0%. Based on these figures, it is evident that both our internal channeling and external BD capabilities have played an important role in growing the CMC business.

### **Successful Exits of Certain Incubation Portfolio Companies Continued to Realize Investment Returns, Accretive to the Group's Profits**

During the Reporting Period, the Company achieved partial investment exits from a number of portfolio companies (Focus-X, Saverna, Dogma and Riparian), realizing corresponding investment returns and generating total proceeds of nearly RMB144.1 million. In addition, the Company also achieved investment exit from one portfolio company (Nerio) subsequent to the Reporting Period in the end of July 2024, but the investment income therefrom will not be recognized in the interim report for the Reporting Period. As at June 30, 2024, the Group had invested in a total of 92 portfolio companies. The portfolio companies are mainly from the United States, Canada, Europe and China. 67.0% of the portfolio companies are from North America and 26.0% are from China.

In the first half of 2024, five of our portfolio companies completed or were close to completing a new round of financing, raising approximately US\$117.0 million in total. The R&D efforts of the portfolio companies were advancing smoothly, with the total number of pipeline projects reaching close to 222, of which 185 pipelines are in the preclinical stage and 37 pipelines in the clinical stage. So far, the Group has successfully realized 13 investment exits or partial exits. Furthermore, Group may have several potential exits of our portfolio companies, and it also can be foreseen that a peak season of investment exits will arrive in the next three years.

As at the end of the Reporting Period, Viva has strategically invested in a series of high-quality assets, including portfolio companies such as Dogma, ArthroSi, Basking, Triumvira, Deka, Mediar, Cybrexa, VivaVision, Haya and Nerio. In the future, as these portfolio companies continue to develop successfully, secure ongoing financing, and realize exits, the initial investments will gradually enter the harvesting phase, providing sustained cash returns and investment income for the Group.

## **TECHNOLOGICAL HIGHLIGHTS AND R&D BREAKTHROUGHS**

SBDD (structure-based drug discovery) is a mainstream technology of modern drug discovery and the core principle of modern rational drug design strategies. The basis of this technology is to understand the interaction between drugs and targets at the molecular level, i.e. observing the interaction between drug molecules and target proteins by analyzing their complex structure, so as to carry out rational drug design, followed by compound synthesis and various biological tests and evaluations and to finally find out clinical candidate drug molecules. SBDD technology provides theoretical guidance for drug design, which greatly reduces the number of synthetic compounds and greatly accelerates R&D efficiency of innovative drugs. Its application in the drug R&D process has successfully contributed to the launch and marketing of many drugs. Riding on the rapid development of artificial intelligence (AI) technology recently, Viva has further introduced AI technology on the basis of SBDD technology, focusing on new targets, novel mechanisms of action (MOA) and new modality to develop a unique AI-enabled SBDD one-stop R&D service platform for innovative novel drugs.

Firstly, from the perspective of current research on new targets, new targets are the most important source of original innovation. During the Reporting Period, our R&D has accumulated over 2,065 independent drug targets, 79 of which were newly delivered in the first half of 2024. So far, the Company has delivered to clients a series of target protein structures that have not been reported in the PDB Protein Structure Database, and clarified the structural principles of these proteins in functioning, laying a solid foundation for subsequent drug molecular design. For example, in the cancer therapeutic area, industry players are still searching for new targets as breakthroughs, in addition to traditional target proteins such as kinases, proto-oncogenes/tumor suppressor genes, immune checkpoints, etc. In the fields of new tumor target proteins related to cell division control and mRNA stability, we successfully analyzed many previously unreported protein structures and complex structures of proteins and drug candidate molecules, and explained structural details of the interaction between target proteins and compounds, which provide clear guidance for designing more effective compounds and lead to the emergence of a range of new drug candidate molecules. Besides, the Company contributed a number of new structures in the molecular glue protein complex structural field, which further provide effective clues for rational design and improvement of molecular glue drugs.

Secondly, regarding novel MOA research progress, our CRO business has successfully established a one-stop platform for novel MOA-based drug discovery and research, and set up relevant technical platforms covering protein production, preparation and structure research, Cryo-EM technology, membrane protein research technology, drug screening technology, bioassay and so on. Moreover, based on the validation and tests of hit compounds, the Company can rely on its strong pharmaceutical chemistry team and computing team to help clients further optimize the structure of hit compounds until they reach the PCC milestone. Meanwhile, the Company's pharmacology and pharmacokinetics platform can also provide clients with systematic compound druggability evaluation services for the development of novel MOA-based compounds.

In terms of protein production, preparation and structural research as well as membrane protein research technology, the Company has established various mature recombinant protein expression systems, including prokaryotic expression system, insect baculovirus expression system, mammalian cell expression system and yeast expression system, which can meet customer needs for customized production and expression of various recombinant proteins. Regarding special membrane proteins that are difficult to prepare, such as GPCR, ion channel proteins, transport proteins, etc., the Company has established its patented membrane protein expression technology and nano-phospholipid disc packaging technology, which can successfully prepare a large number of target proteins of difficult-to-prepare membrane proteins.

In terms of our Cryo-EM Single Particle Analysis (SPA) technology, Cryo-EM (Micro-ED) can readily analyze structures that are too large or complicated, such as protein complexes and membrane proteins, which are challenging or even impossible to analyze using conventional approaches such as X-ray crystallography (XRD) or Nuclear Magnetic Resonance (NMR), and it can analyze the structures of protein complexes, membrane proteins and other drug target proteins in their close-to-nature state instead of crystallization with near-atomic resolution, so as to efficiently identify targets and shorten the time required for drug discovery.

Drug screening technology is one of the core technologies for exploring novel MOA-based molecules. In terms of drug screening technology, the Company has successfully established an affinity-prioritized, highly differentiated and highly competitive early drug screening platform. In particular, the V-DEL technology platform has introduced novel library construction strategies and innovative DNA-compatible reactions. Leveraging Viva's extensive experience in non-commercial building block molecules, it has launched various 100-billion grade DNA encoded libraries covering cyclic peptides, molecular glues, covalent fragment compounds and fragment compounds. In addition, the Company continued to optimize and expand its compound libraries for high-throughput screening of structural diversity, GPCR specific selection, covalent fragments, non-covalent fragments, etc. Our self-built screening technology platforms for ASMS, SPR, crystal immersion and Intact mass spectrometry can fully utilize these characteristic compound libraries to screen various target types such as proteins or nucleic acids. The hit compounds obtained from these screening technologies can be further analyzed through Viva's computational chemistry and artificial intelligence platform, selected and optimized through modeling, and verified on Viva's biological testing platforms such as bioassay platform, ASMS platform, SPR platform, electron microscopy platform, HDX-MS platform, and X-ray crystallography platform. These modern novel drug screening and validation technologies complement and validate each other, which jointly provide clients with the optimal solutions for discovering novel MOA-based compounds, and have greatly improved innovation and success rate of projects.



Thirdly, regarding current progress of new modality related technology platforms, during the Reporting Period, Viva Biotech drew upon a wealth of projects completed over the years to gradually integrate its macromolecular drug/antibody platform, peptide platform and micromolecule drug platform into a cross-field XDC platform. Deeply integrating computational chemistry and artificial intelligence technology with XDC technology, the Company explored in a wide range of innovative fields such as coupling site screening design, linker-drug payload design, overall hydrophobicity and stability modification of XDC drugs, and development of novel coupling reactions, expanding new directions for XDC drug R&D. On this basis, the Company further integrated the XDC platform with DNA encoded library (DEL) technology, leveraging strong screening capabilities of the Viva DEL platform to help screen special micromolecule linkers and drugs, and relying on its team's unique experience in nucleic acid conjugation to establish an antibody-oligonucleotide conjugate (AOC) platform. So far, based on full integration of our existing technology platforms across multiple fields, we have established a powerful, comprehensive and one-stop XDC technology service platform.

Besides, regarding construction progress in the peptide technology platform, the Company has achieved the capability to synthesize a wide range of peptides, particularly the challenging and technologically advanced peptide chains. Extensive research and technical expertise have been accumulated in peptide coupling, PDC, RDC, monocyclic peptides, stapled peptides and other complex multi-cyclic peptides (involving peptide folding and selective cyclization), biotin-labeled peptides and fluorescent-labeled peptides. In terms of peptide coupling, our peptide platform works with antibody department to expand the peptide platform to the field of peptide antibody coupled APC, and has delivered relevant products. Viva's peptide technology platform envisions a collaborative approach with Viva's phage display platform and V-DEL platform, aiming to provide customers with one-stop comprehensive services encompassing the entire process from the discovery and validation of hit peptide chains to the identification and optimization of lead compounds, and ultimately the determination of candidate compounds.

In addition, Viva also provides services relevant to PROTAC/molecular glue drug R&D, and revenue generated in this regard accounted for almost 10.87% of total revenue from the CRO business. Our services primarily include studies on protein preparation and structure, screening of PROTAC/molecular glue, kinetics, drug metabolism, pharmaceutical chemistry, Bioassay, CADD/AIDD, etc. As at June 30, 2024, the Company has studied more than 50 E3 ligase complexes and delivered 140 PROTAC ternary complex structures. The PROTAC business also became a revenue contributor to the growth of our CRO business.



Last but not least, regarding our AI-enabled SBDD one-stop R&D service platform for innovative novel drugs, our computer-aided drug discovery (CADD) and artificial intelligence in drug discovery (AIDD) platforms employ physical chemistry models and artificial intelligence algorithms to advance drug R&D projects, based on deep understanding of structures and mechanisms of action to truly practice computation-driven drug R&D. Our computing platform has developed a series of project-specific advanced algorithms to solve practical problems in drug design such as covalent and non-covalent free energy perturbations, resulting in higher computational accuracy and larger adjustable parameter range. Addressing gaps in the traditional computational chemistry methodology, the computing platform introduced generative artificial intelligence algorithms, which break through the limitation of chemical space with ab initio generation, enabling drug design to achieve the breakthrough from zero to one with the aid of computation. Furthermore, ADME/PK prediction models were developed under the platform, enabling comprehensive coverage of various drug R&D stages and systematic integration of computing tools. The methods developed under the computational chemistry and artificial intelligence platform have been applied in the R&D of various drug modalities, such as micromolecule, antibody, peptide and targeted RNA micromolecule drugs. In the process of algorithm development, our platforms maintain the linkage of dry and wet experiments and the computational results are verified through experimental validation, during which computational models are iteratively optimized to ultimately achieve breakthroughs. Generally, Viva's CADD and AIDD platforms have the capability to develop proprietary algorithms and enhance platforms and the experience in exploring various drug modalities, and fully leverage our advantages in structure-based drug discovery, which can comprehensively empower various early drug R&D aspects with the computing power supported by the Shanghai Supercomputing Cluster.

Overall, based on the existing technology platforms, the Company aims to serve the increasing demands of additional customers, and consistently invest in establishing, expanding, optimizing and deeply integrating emerging technology platforms. With an aim to establish “new targets, novel MOA and new modality and the AI-enabled SBDD one-stop R&D service platform for innovative novel drugs”, the Company is committed to achieving channeling and synergy among different technology platforms, driving continuous growth in CRO revenue.

## STAFF AND FACILITIES

As at June 30, 2024, the Group had a total of 2,043 employees, of whom the number of CRO R&D personnel reached 1,117, and the headcount of Langhua Pharmaceutical was 704. Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses, employee benefits, employee share option scheme and restricted share unit scheme. During the Reporting Period, the relationship between the Group and our employees had been stable, and we had not experienced any strikes or other labor disputes that materially affected our business activities. We provide training programs to employees, including new hire orientation and continuous on-the-job training, in order to accelerate the learning progress and improve the knowledge and skill levels of our employees. The Company has well-established office and laboratory facilities in line with its workforce expansion plans, and is expanding production capacity to meet the fast-growing business needs, including:

- The Group's new headquarters in Zhoupu, Shanghai with a total area of approximately 40,000 square meters had been put into full operation.
- The incubation center located in Faladi Road, Shanghai has an actual usable area of approximately 7,576 square meters, including 5,552 square meters of laboratory area.
- The park in Chengdu has a GFA of approximately 64,564 square meters, of which 12,210 square meters of properties had been put into use as at June 30, 2024, including 10,800 square meters of laboratory area.
- A park in Suzhou with a total GFA of approximately 7,545 square meters, including nearly 5,305 square meters of laboratory area.
- A park in Jiaxing with a GFA of approximately 6,362 square meters, including nearly 5,335 square meters of laboratory area.
- Shanghai Supercomputing Center has been officially put into operation. At present, it can support computer-aided drug discovery (CADD) computation, artificial intelligence in drug discovery (AIDD) related computation, and crystal structure and Cryo-EM (Micro-ED) computation.
- The factory of Langhua Pharmaceutical in Taizhou, Zhejiang has a GFA of approximately 35,168 square meters, including the Taizhou R&D center with an area of approximately 2,500 square meters. The R&D center of Ningbo Nuobai has an area of approximately 1,300 square meters and the office building of Ningbo Nuobai has an area of approximately 1,500 square meters.

## FUTURE STRATEGIES AND OUTLOOK

With unique advantages in structure-based drug discovery (SBDD), the Company will increase the cross-sell between biological and chemical businesses, continue to strengthen the construction of its one-stop innovative novel drug R&D platform and manufacturing service platform, deepen the synergy between CRO and CDMO business, improve the capacity building for front-end services and drive business to back-end services to further enhance the business funnel effect. The Company is committing effort to establish an open eco-system for global biopharma innovators.

### Discussion of Result of Operation

#### Revenue

The Group's revenue in the Reporting Period was approximately RMB981.8 million, representing a decrease of approximately 14.0% as compared to approximately RMB1,142.2 million in the corresponding period last year. The decrease was mainly due to the downturn in global biopharmaceutical investment and financing on the R&D of innovation drugs last year as well as the delivery of certain CDMO business which are expected to be delivered in the second half of 2024.

The following table sets forth a breakdown of the Group's revenue by respective types of goods or services during the Reporting Period and the corresponding period last year.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of goods or services		
Drug discovery services		
– Full-time-equivalent (“FTE”)	309,018	353,341
– Fee-for-service (“FFS”)	73,602	79,434
– Service-for-equity (“SFE”)	3,315	8,519
CDMO and commercialization services		
– Sale of products	577,229	700,890
– Fee-for-service (“FFS”)	18,660	–
	<u>981,824</u>	<u>1,142,184</u>

While the Group's operations are located in China, it has a global customer base with a majority of our customers located in the USA and Europe. An analysis of the Group's revenue from customers, analyzed by their respective country/region of operation, is detailed below:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
USA	<b>375,734</b>	476,122
Europe	<b>337,059</b>	300,500
Chinese Mainland	<b>111,946</b>	151,441
Other Asia countries and regions out of Chinese Mainland	<b>109,464</b>	136,484
Africa	<b>19,015</b>	20,117
Others	<b>28,606</b>	57,520
	<b>981,824</b>	1,142,184

The decrease in revenue in the Reporting Period as compared to the corresponding period last year was primarily due to a decrease in the revenue of the Group's customers headquartered in the USA, Chinese Mainland and the other regions.

#### ***Cost of Sales***

Cost of Sales primarily consists of direct labor costs, cost of materials and overhead. Direct labor costs primarily consist of salaries, bonus, welfare, social security costs and share-based compensation for our R&D talents, excluding the costs allocated to research and development expenses, as well as those capitalized in contract costs. Cost of Sales in the Reporting Period was approximately RMB642.7 million, representing a decrease of approximately 12.7% as compared to approximately RMB736.2 million in the corresponding period last year. The decrease was in line with the revenue trend.

#### ***Gross Profit and Gross Profit Margin***

During the Reporting Period, the Group's gross profit was approximately RMB339.1 million, representing a decrease of approximately 16.5% as compared to approximately RMB406.0 million in the corresponding period last year. Gross margin was approximately 34.5% for the Reporting Period, as compared to approximately 35.5% for the corresponding period last year.

#### ***Other Income and Gains***

Other income and gains consist primarily of interest income, government grants and subsidies, net foreign exchange gain, gain on derivative financial instruments. During the Reporting Period, the Group recorded a gain of approximately RMB44.3 million, representing a decrease of approximately 1.8% as compared to approximately RMB45.1 million in the corresponding period last year. The decrease was primarily due to an increase in foreign exchange gain and offset with a decrease in government grants and subsidies.

### ***Selling and Distribution Expenses***

Selling and distribution expenses primarily consist of staff cost, amortisation of customer relationship, travelling expenses and others. During the Reporting Period, the Group's selling and distribution expenses were approximately RMB57.6 million, representing a decrease of approximately 20.4% as compared to approximately RMB72.4 million in the corresponding period last year. The decrease was in line with the revenue trend.

### ***Administrative Expenses***

Administrative expenses primarily consist of administrative staff costs, audit and consultancy fees, office administration expense, rental, depreciation, travelling and transportation expenses and others. During the Reporting Period, the Group's administrative expenses were approximately RMB117.2 million, representing a decrease of approximately 10.8% as compared to approximately RMB131.4 million in the corresponding period last year. The decrease was mainly attributed to the Group's optimization of personnel and implementation of effective cost control measures.

### ***Research and Development Expenses***

R&D expenses mainly consist of labor costs, cost of materials, depreciation and others. During the Reporting Period, the Group's R&D expenses were approximately RMB42.8 million, representing a decrease of approximately 44.2% as compared to approximately RMB76.7 million in the corresponding period last year. The decrease reflected the effective cost control measures.

### ***Fair Value Gains on Financial Assets at Fair Value through Profit or Loss ("FVTPL")***

Fair value gains on FVTPL mainly consists of fair value gains from the fair value change of the interests in the Group's incubation portfolio companies.

The Group's EFS model features sharing of the changes in our customers' intellectual property values, which is primarily reflected by the gains/losses from the fair value change of the interest in the Group's incubation portfolio companies. Such fair value gains/losses are recorded as fair value gains/losses on financial assets at FVTPL in the Group's financial statements. As at 30 June, 2024, no individual interests in the Group's incubation portfolio companies accounted for more than 5% of the Group's total assets.

The Group recorded gains arising from fair value change of the interests in the Group's incubation portfolio companies designated at FVTPL of a gain of approximately RMB64.4 million for the Reporting Period, primarily reflecting the increase in the fair value of the Group's interests in certain incubation portfolio companies, as compared to a gain of approximately RMB14.2 million for the corresponding period last year.

### ***Impairment Losses on Financial Assets, Net***

Impairment losses under the expected credit model, net of reversal, reflects impairment loss on trade receivables and other receivables. The Group recorded impairment losses of approximately RMB4.7 million for the Reporting Period, as compared to approximately RMB0.6 million of impairment losses for the corresponding period last year.

### ***Other Expenses***

For the Reporting Period, the Group recorded other expenses of approximately RMB8.7 million, representing a decrease of approximately 85.4%, as compared to approximately RMB59.5 million for the corresponding period last year. The decrease is primarily due to the Group recording a foreign exchange gain as compared to a foreign exchange loss for the corresponding period.

### ***Finance Costs***

Finance costs primarily consist of interest on Convertible Bonds, interest on lease liabilities and interest expenses on loans from banks. For the Reporting Period, the Group's finance costs were approximately RMB31.4 million, representing a decrease of approximately 64.3%, as compared to approximately RMB88.0 million for the corresponding period last year. The decrease was primarily due to the repayment of the Convertible Bonds.

### ***Income Tax Expense***

The Group's income tax expense was approximately RMB41.3 million, representing an increase of approximately 78.8% from approximately RMB23.1 million for the corresponding period last year. The increase was primarily due to the reversal of deferred tax.

### ***Net Profit***

As a result of the foregoing, the Group's net profit for the Reporting Period was approximately RMB144.2 million, as compared to a profit of approximately RMB13.7 million for the corresponding period last year.

The adjusted non-IFRS net profit of the Group was approximately RMB168.2 million for the Reporting Period, as compared to an adjusted non-IFRS net profit of approximately RMB146.1 million for the corresponding period last year.

Such an increase in net profit and the increase in adjusted non-IFRS net profit of the Group for the Reporting Period were primarily due to (i) investment income from successful exits from certain incubation portfolio companies; and (ii) the implementation of effective cost control measures.

### ***Liquidity and Financial Resources***

As at June 30, 2024, the Group's total cash and cash equivalents amounted to approximately RMB1,035.8 million, representing a decrease of approximately 0.05% as compared to approximately RMB1,036.3 million as at December 31, 2023. Such minor decrease was primarily due to the net repayment of bank borrowings of approximately RMB360.3 million and offset with the proceeds from disposal of financial assets at FVTPL of approximately RMB144.1 million during the Reporting Period.

As at June 30, 2024, current assets of the Group amounted to approximately RMB1,930.1 million, including cash and cash equivalents of approximately RMB1,035.8 million. Current liabilities of the Group amounted to approximately RMB1,167.1 million, including bank borrowings of approximately RMB650.1 million.

As at June 30, 2024, the gearing ratio, calculated as total liabilities over total assets, was approximately 47.1%, as compared with approximately 50.5% as at December 31, 2023. As at June 30, 2024, the Group had approximately RMB1,151.5 million of secured bank borrowings and RMB359.7 million of unsecured bank borrowings. Secured bank borrowings decreased by approximately RMB380.5 million as compared to approximately RMB1,532.0 million as at December 31, 2023.

### ***Pledge of Assets***

As at June 30, 2024, the building, the right-of-use assets, construction in progress and certain time deposits with a carrying amount of approximately RMB204.2 million, RMB193.1 million, RMB0.4 million and RMB44.2 million, respectively, were pledged to secure certain bank borrowings, letters of credit and notes payable of the Group.

### ***Capital Expenditure***

For the Reporting Period, the Group's capital expenditure amounted to approximately RMB82.7 million, which was mainly used for construction of facilities and equipment purchases, as compared to approximately RMB60.3 million for the corresponding period last year. The Group funded its capital expenditure by using cash flow generated from its operations and financing.

### ***Contingent Liabilities***

The Group had no material contingent liabilities as at June 30, 2024.

### ***Material Acquisition and Disposal, Future Plan for Material Investment and Capital Assets***

Save as disclosed in this announcement and other announcements and circulars published by the Company up to the date of this announcement, the Group does not have other plans for material investments and capital assets for Reporting Period and up to the date of this announcement.

The Group did not have material acquisitions or disposals of subsidiaries, associates and joint ventures or other significant investments with a value of 5% or more of the Group's total assets during the Reporting Period.

### ***Currency Risk***

Certain entities in our Group have foreign currency sales and purchases, which exposes us to foreign currency risk. In addition, certain entities in our Group also have other payables and receivables which are denominated in currencies other than their respective functional currencies. We recorded a net foreign exchange gain of approximately RMB10.1 million and a net foreign exchange loss of approximately RMB40.0 million for the Reporting Period and the corresponding period last year, respectively. We are exposed to the foreign currency of U.S. dollars as part of our revenue was generated from sales denominated in U.S. dollars. We purchased various bank foreign exchange wealth management products to hedge against our exposure to currency risk during the Reporting Period. Our management will continue to evaluate the Group's foreign exchange risk and take actions as appropriate to minimize the Group's exposure whenever necessary.



## FINANCIAL INFORMATION

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2024

	Notes	2024 <b>RMB'000</b> (Unaudited)	2023 <b>RMB'000</b> (Unaudited)
<b>REVENUE</b>	4	<b>981,824</b>	1,142,184
Cost of sales		<u>(642,679)</u>	<u>(736,216)</u>
<b>Gross profit</b>		<b>339,145</b>	405,968
Other income and gains	5	<b>44,260</b>	45,105
Selling and distribution expenses		<b>(57,559)</b>	(72,440)
Administrative expenses		<b>(117,208)</b>	(131,396)
Research and development expenses		<b>(42,826)</b>	(76,700)
Fair value gain on financial assets at fair value through profit or loss (“FVTPL”)	12	<b>64,431</b>	14,218
Impairment losses on financial assets, net		<b>(4,691)</b>	(556)
Other expenses		<b>(8,685)</b>	(59,463)
Finance costs	6	<u><b>(31,351)</b></u>	<u>(87,984)</u>
<b>PROFIT BEFORE TAX</b>	7	<b>185,516</b>	36,752
Income tax expense	8	<u><b>(41,279)</b></u>	<u>(23,093)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>144,237</b></u>	<u>13,659</u>
Attributable to:			
Owners of the parent		<b>116,808</b>	1,013
Non-controlling interests		<u><b>27,429</b></u>	<u>12,646</u>
		<b>144,237</b>	13,659
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY EQUITY</b>			
<b>HOLDERS OF THE PARENT</b>	9	<b>RMB</b>	<b>RMB</b>
Basic		<u><b>0.05</b></u>	<u>0.001</u>
Diluted		<u><b>0.05</b></u>	<u>0.001</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended June 30, 2024*

	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 <i>RMB'000</i> (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b><u>144,237</u></b>	<u>13,659</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>4,954</u>	<u>23,759</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>4,954</u></b>	<u>23,759</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>149,191</u></b>	<u>37,418</u>
Attributable to:		
Owners of the parent	<u>121,917</u>	24,684
Non-controlling interests	<u>27,274</u>	<u>12,734</u>
	<b><u>149,191</u></b>	<u>37,418</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2024

		June 30, 2024	December 31, 2023
	<i>Notes</i>	<b>RMB'000</b> <b>(Unaudited)</b>	<b>RMB'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	1,362,326	1,350,917
Investment property		–	115,500
Right-of-use assets		298,238	303,614
Goodwill		2,156,419	2,156,419
Other intangible assets		393,299	420,669
Equity investments designated at fair value through other comprehensive income		500	500
Investments in an associate		46,903	42,403
Financial assets at FVTPL	12	930,010	995,281
Contract assets		6,114	5,248
Rental deposits, other receivables and prepayments		6,978	7,257
Deferred tax assets		21,845	21,186
Amounts due from related parties		27,331	–
<b>Total non-current assets</b>		<b>5,249,963</b>	<b>5,418,994</b>
<b>CURRENT ASSETS</b>			
Inventories		225,505	259,707
Trade and bills receivables	13	446,715	407,405
Contract costs		9,998	8,719
Prepayments, other receivables and other assets		44,477	76,540
Amounts due from a related party		–	80,530
Pledged deposits		44,158	161,695
Cash and cash equivalents		1,035,834	1,036,322
		1,806,687	2,030,918
Assets classified as held for sale		123,452	–
<b>Total current assets</b>		<b>1,930,139</b>	<b>2,030,918</b>

		<b>June 30, 2024</b>	December 31, 2023
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CURRENT LIABILITIES</b>			
Derivative financial instruments		–	805
Trade and bills payables	14	247,480	245,756
Other payables and accruals	15	195,295	259,818
Contract liabilities		55,272	36,423
Interest-bearing bank borrowings	16	650,070	949,512
Lease liabilities		3,009	2,929
Income tax payable		14,334	32,021
Amounts due to a related party		–	6,914
		<b>1,165,460</b>	1,534,178
Liabilities directly associated with the assets classified as held for sale		<b>1,669</b>	–
<b>Total current liabilities</b>		<b>1,167,129</b>	1,534,178
<b>NET CURRENT ASSETS</b>		<b>763,010</b>	496,740
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,012,973</b>	5,915,734
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	16	861,202	922,012
Deferred income		33,454	40,858
Contract liabilities		–	14,165
Lease liabilities		26,730	28,764
Deferred tax liabilities		80,432	69,192
Other non-current liabilities		1,209,464	1,152,831
<b>Total non-current liabilities</b>		<b>2,211,282</b>	2,227,822
<b>Net assets</b>		<b>3,801,691</b>	3,687,912
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	367	367
Treasury shares	17	(134,651)	(134,651)
Reserves		3,922,975	3,822,196
		<b>3,788,691</b>	3,687,912
Non-controlling interests		<b>13,000</b>	–
<b>Total equity</b>		<b>3,801,691</b>	3,687,912

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

	Attributable to owners of the parent									Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Exchange fluctuation reserve	Share option reserve	Other reserve	Statutory reserve	Accumulated loss	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At January 1, 2024 (audited)	367	(134,651)	3,874,168	(50,783)	107,270	186,049	124,013	(418,521)	3,687,912	-	3,687,912
Profit for the period	-	-	-	-	-	-	-	116,808	116,808	27,429	144,237
Other comprehensive income for the period											
Exchange differences related to foreign operations	-	-	-	5,109	-	-	-	-	5,109	(155)	4,954
Total comprehensive income for the period	-	-	-	5,109	-	-	-	116,808	121,917	27,274	149,191
Put option over non-controlling interests	-	-	-	-	-	(26,611)	-	-	(26,611)	(29,897)	(56,508)
Capital injection from non-controlling shareholders of subsidiaries*	-	-	-	-	-	12,642	-	-	12,642	17,374	30,016
Recognition of equity-settled share-based payment	-	-	-	-	(7,169)	-	-	-	(7,169)	(1,751)	(8,920)
At June 30, 2024 (unaudited)	<u>367</u>	<u>(134,651)</u>	<u>3,874,168</u>	<u>(45,674)</u>	<u>100,101</u>	<u>172,080</u>	<u>124,013</u>	<u>(301,713)</u>	<u>3,788,691</u>	<u>13,000</u>	<u>3,801,691</u>

\* On December 15, 2023, Viva Biotech (Shanghai) Ltd. (“**Viva Biotech Shanghai**”), the subsidiary of the Group, and certain employees entered into the capital injection agreement, pursuant to which such employees will inject RMB30,016,000 to Viva Biotech Shanghai (the “**Capital Injection**”). The details of the Capital Injection are set out in the Company’s announcement published on December 15, 2023. The Capital Injection was completed in May 2024. Accordingly, the Group’s equity interest in Viva Biotech Shanghai was diluted from approximately 73.46% to 72.91%.

For the six months ended June 30, 2024

	Attributable to owners of the parent											
	Share capital	Treasury shares	Share premium	Exchange fluctuation reserve	Equity component of convertible bonds	Share option reserve	Other reserve	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023 (audited)	326	(134,651)	3,636,950	(27,427)	426,198	88,263	(206,550)	95,384	(273,779)	3,604,714	-	3,604,714
Profit for the period	-	-	-	-	-	-	-	-	1,013	1,013	12,646	13,659
Other comprehensive income for the period												
Exchange differences related to foreign operations	-	-	-	23,671	-	-	-	-	-	23,671	88	23,759
Total comprehensive income for the period	-	-	-	23,671	-	-	-	-	1,013	24,684	12,734	37,418
Put option over non-controlling interests	-	-	-	-	-	-	(468)	-	-	(468)	(12,734)	(13,202)
Recognition of equity-settled share-based payment	-	-	-	-	-	11,903	-	-	-	11,903	-	11,903
Repurchase of convertible bonds	-	-	-	-	(7,688)	-	7,207	-	-	(481)	-	(481)
At June 30, 2023 (unaudited)	<u>326</u>	<u>(134,651)</u>	<u>3,636,950</u>	<u>(3,756)</u>	<u>418,510</u>	<u>100,166</u>	<u>(199,811)</u>	<u>95,384</u>	<u>(272,766)</u>	<u>3,640,352</u>	<u>-</u>	<u>3,640,352</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the six months ended June 30, 2024*

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 <b>RMB'000</b> <b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>185,516</b>	36,752
<b>Adjustments for:</b>			
Finance costs	6	<b>31,351</b>	87,984
Interest income	5	<b>(9,005)</b>	(13,344)
Loss on disposal of items of property, plant and equipment	7	<b>241</b>	19
Fair value gains, net:			
Derivative financial instruments	7	<b>(4,239)</b>	9,908
Financial assets at FVTPL	13	<b>(64,431)</b>	(14,218)
Foreign exchange loss		<b>3,626</b>	29,915
Income from government grants and subsidies related to assets		<b>(10,558)</b>	(5,136)
Revenue from service-for-equity (“SFE”)	4	<b>(3,315)</b>	(8,519)
Equity-settled share-based payment expense	7	<b>(8,920)</b>	11,903
Loss on repurchase of convertible bonds	7	–	5,133
Depreciation of property, plant and equipment	7	<b>70,794</b>	75,473
Amortization of other intangible assets	7	<b>27,807</b>	27,782
Depreciation of right-of-use assets	7	<b>5,376</b>	7,007
Impairment losses under expected credit model, net of reversal	7	<b>4,691</b>	556
Impairment losses on non-financial assets	7	<b>2,741</b>	–
		<b>231,675</b>	251,215
Decrease in inventories		<b>33,021</b>	48,525
(Increase)/decrease in contract costs		<b>(2,838)</b>	771
(Increase)/decrease in trade and bills receivables		<b>(44,001)</b>	83,476
Decrease in other receivables		<b>21,425</b>	13,587
(Increase)/decrease in pledged time deposits for notes payable		<b>(12,463)</b>	1,918
Increase/(decrease) in trade and bills payables		<b>1,724</b>	(44,732)
(Decrease)/increase in other payables		<b>(26,286)</b>	20,333
Decrease in deferred revenue		–	(175)
Increase in other non-current liabilities		<b>125</b>	1,563
Increase in contract liabilities		<b>4,684</b>	3,365
Cash generated from operations		<b>207,066</b>	379,846
Income tax paid		<b>(54,736)</b>	(62,397)
Net cash flows from operating activities		<b>152,330</b>	317,449



	Notes	2024 <b>RMB'000</b> (Unaudited)	2023 <b>RMB'000</b> (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		8,976	6,663
Purchases of items of property, plant and equipment		(128,352)	(101,607)
Purchase of intangible asset		(437)	(159)
Proceeds from disposal of items of property, plant and equipment		125	270
Receipt of government grants and subsidies related to assets		3,154	6,298
Withdraw in pledged deposits		130,000	–
Advance of intention payment on potential disposal of a subsidiary		12,000	–
Advances of loans to an employee		(2,000)	–
Repayment from related parties		78,113	–
Advances of loans to related parties		(34,216)	–
Capital injection in an associate		(4,500)	–
Purchase of financial assets at FVTPL		(8,769)	(21,821)
Proceeds from disposal of financial assets at FVTPL		144,062	36,129
Settlement/(payment) of derivative financial instruments		3,434	(17,198)
Net cash flows from/(used in) investing activities		<u>201,590</u>	<u>(91,425)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of bank borrowings		(1,332,678)	(137,257)
Interest paid		(31,246)	(34,689)
Proceeds from bank borrowings		972,426	143,390
Repayment of lease liabilities		(2,640)	(1,460)
Payments of rental deposits		–	(277)
Capital injection from non-controlling shareholders of a subsidiary		39,526	–
Advance from the issue of convertible bonds		–	217,488
Payment for repurchase of convertible bonds		–	(46,541)
Net cash flows (used in)/from financing activities		<u>(354,612)</u>	<u>140,654</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		(692)	366,678
Cash and cash equivalents at beginning of period		1,036,322	678,569
Effect of foreign exchange rate changes, net		611	28,366
Cash and cash equivalents reclassified as assets held for sale		(407)	–
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<u><u>1,035,834</u></u>	<u><u>1,073,613</u></u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

June 30, 2024

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

### 1.1 Corporate information

Viva Biotech Holdings (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on August 27, 2008, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since May 9, 2019. The address of the registered office and the principal place of business of the Company are PO Box 309, Uglan House, Grand Cayman, KYI-1104, Cayman Islands and Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the following activities:

- providing the structure-based drug discovery services to biotechnology and pharmaceutical customers worldwide for their pre-clinical stage innovative drug development;
- contract development and manufacturing services for small molecule active pharmaceutical ingredients (“**APIs**”) and intermediates and trading of APIs, intermediates and formulations;
- making strategic investments in biotechnology startup companies.

### 1.2 Basis of preparation

The interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2023.

The functional currency of the Company is Renminbi (“**RMB**”), which is the same as the presentation currency of the condensed consolidated financial statements, and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2020 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

During prior years, the Group had two reportable segments, being (i) drug discovery services and (ii) contract development manufacture organisation (“**CDMO**”) and commercialisation services. In 2023, for the purpose of clearly delineating its business segments and streamlining its business operations, the Group has resolved to conduct certain internal corporate restructuring. The details of the internal corporate restructuring were set out in the announcements published on June 11, 2023, August 8, 2023 and November 20, 2023. Following the completion of the internal corporate restructuring, the Group conducted its drug discovery services, contract development manufacture organization (“**CDMO**”) and commercialisation services, and made its strategic investments in the biotechnology startup companies (“**Viva BioInnovator**”) through separate groups of subsidiaries. And the key management, being the chief operating decision maker, monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group reorganised its internal reporting structure to reflect the above changes of its reportable segments from January 1, 2024. Prior year segment disclosures have been represented to confirm with the current year’s presentation.

	Drug discovery Services <i>RMB’000</i> (Unaudited)	CDMO and commercialisation services <i>RMB’000</i> (Unaudited)	Viva BioInnovator <i>RMB’000</i> (Unaudited)	Elimination <i>RMB’000</i> (Unaudited)	Total <i>RMB’000</i> (Unaudited)
<b>Six months ended June 30, 2024</b>					
Segment revenue					
Sales to external customers	375,632	595,889	10,303	–	981,824
Intersegment sales	15,817	1,077	–	(16,894)	–
Total revenue	<u>391,449</u>	<u>596,966</u>	<u>10,303</u>	<u>(16,894)</u>	<u>981,824</u>
Segment results	<u>169,174</u>	<u>172,020</u>	<u>(1,158)</u>	<u>(891)</u>	<u>339,145</u>
<i>Reconciliation:</i>					
Other income and gains					44,260
Selling and distribution expenses					(57,559)
Administrative expenses					(117,208)
Research and development expenses					(42,826)
Fair value gain on financial assets at FVTPL					64,431
Impairment losses on financial assets, net					(4,691)
Other expenses					(8,685)
Finance costs					<u>(31,351)</u>
Group’s profit before tax					<u><u>185,516</u></u>

	Drug discovery Services <i>RMB'000</i> (Unaudited)	CDMO and commercialisation services <i>RMB'000</i> (Unaudited)	Viva BioInnovator <i>RMB'000</i> (Unaudited)	Elimination <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Six months ended June 30, 2023</b>					
Segment revenue					
Sales to external customers	426,926	700,890	14,368	–	1,142,184
Intersegment sales	<u>29,312</u>	<u>523</u>	<u>4,939</u>	<u>(34,774)</u>	<u>–</u>
Total revenue	<u>456,238</u>	<u>701,413</u>	<u>19,307</u>	<u>(34,774)</u>	<u>1,142,184</u>
Segment results	<u>200,511</u>	<u>208,126</u>	<u>1,181</u>	<u>(3,850)</u>	<u>405,968</u>
<i>Reconciliation:</i>					
Other income and gains					45,105
Selling and distribution expenses					(72,440)
Administrative expenses					(131,396)
Research and development expenses					(76,700)
Fair value gain on financial assets at FVTPL					14,218
Impairment losses on financial assets, net					(556)
Other expenses					(59,463)
Finance costs					<u>(87,984)</u>
Group's profit before tax					<u><u>36,752</u></u>

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>For six months ended June 30,</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers	<u><b>981,824</b></u>	<u>1,142,184</u>

#### 4. REVENUE (Continued)

##### (a) Disaggregated revenue information

For the six months ended June 30, 2024

Segments	Drug discovery services <i>RMB'000</i> (Unaudited)	CDMO and commercialisation services <i>RMB'000</i> (Unaudited)	Viva BioInnovator <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Types of goods or services</b>				
Revenue from non-investees:				
Full-time-equivalent (“FTE”) services	286,886	–	–	286,886
Fee-for-service (“FFS”) services	69,383	7,032	–	76,415
Sale of products	–	577,229	–	577,229
Subtotal	<u>356,269</u>	<u>584,261</u>	<u>–</u>	<u>940,530</u>
Revenue from investees:				
FTE services	15,234	–	6,898	22,132
FFS services	4,129	11,628	90	15,847
SFE services	–	–	3,315	3,315
Subtotal	<u>19,363</u>	<u>11,628</u>	<u>10,303</u>	<u>41,294</u>
Total revenue from contracts with customers	<u><u>375,632</u></u>	<u><u>595,889</u></u>	<u><u>10,303</u></u>	<u><u>981,824</u></u>
<b>Geographical markets</b>				
United States of America (“USA”)	298,920	69,543	7,271	375,734
European Union	18,706	318,353	–	337,059
Chinese Mainland	43,164	68,782	–	111,946
Other Asian countries and regions out of Chinese Mainland	5,263	104,201	–	109,464
Africa	–	19,015	–	19,015
Other countries/regions	9,579	15,995	3,032	28,606
Total revenue from contracts with customers	<u><u>375,632</u></u>	<u><u>595,889</u></u>	<u><u>10,303</u></u>	<u><u>981,824</u></u>
<b>Timing of revenue recognition</b>				
Goods/services transferred at a point in time	73,512	595,889	90	669,491
Services transferred over time	302,120	–	10,213	312,333
Total revenue from contracts with customers	<u><u>375,632</u></u>	<u><u>595,889</u></u>	<u><u>10,303</u></u>	<u><u>981,824</u></u>

#### 4. REVENUE (Continued)

##### (a) Disaggregated revenue information (Continued)

For the six months ended June 30, 2023

Segments	Drug discovery services <i>RMB'000</i> (Unaudited)	CDMO and commercialisation services <i>RMB'000</i> (Unaudited)	Viva BioInnovator <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Types of goods or services</b>				
Revenue from non-investees:				
FTE services	350,177	–	–	350,177
FFS services	72,088	–	–	72,088
Sale of products	–	686,537	–	686,537
Subtotal	422,265	686,537	–	1,108,802
Revenue from investees:				
FTE services	–	–	3,164	3,164
FFS services	4,661	–	2,685	7,346
SFE services	–	–	8,519	8,519
Sale of products	–	14,353	–	14,353
Subtotal	4,661	14,353	14,368	33,382
Total revenue from contracts with customers	426,926	700,890	14,368	1,142,184
<b>Geographical markets</b>				
USA	322,112	144,144	9,866	476,122
European Union	17,386	282,990	124	300,500
Chinese Mainland	59,558	91,853	30	151,441
Other Asian countries and regions out of Chinese Mainland	4,744	131,740	–	136,484
Africa	–	20,117	–	20,117
Other countries/regions	23,126	30,046	4,348	57,520
Total revenue from contracts with customers	426,926	700,890	14,368	1,142,184
<b>Timing of revenue recognition</b>				
Goods/services transferred				
at a point in time	76,749	700,890	2,685	780,324
Services transferred over time	350,177	–	11,683	361,860
Total revenue from contracts with customers	426,926	700,890	14,368	1,142,184

##### (b) Information about a major customer

Revenue of approximately RMB243,659,000 during the reporting period was derived from sales by the CDMO and commercialisation services segment to a single customer, including sales to a group of entities which are known to be under common control with that customer (six months ended June 30, 2023: RMB268,410,000).



5. OTHER INCOME AND GAINS

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Other income</b>		
Interest income		
– banks	8,976	13,343
– imputed interest income on rental deposits	1	1
– deemed interest income from loans to an employee	9	–
– deemed interest income from the loans to related parties	19	–
Government grants and subsidies	18,751	30,330
Total other income	27,756	43,674
<b>Gains</b>		
Net foreign exchange gain	10,060	–
Gain on derivative financial instruments	4,239	–
Others	2,205	1,431
Total gains	16,504	1,431
Total other income and gains	44,260	45,105

6. FINANCE COSTS

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on convertible bonds	–	63,182
Interest on lease liabilities	686	701
Interest expenses on bank loans	31,721	25,875
Total interest expense	32,407	89,758
Less: interest capitalized	1,056	1,774
Total	31,351	87,984

## 7. PROFIT BEFORE TAX

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

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of inventories sold	<b>390,220</b>	459,869
Cost of services provided	<b>45,034</b>	61,394
Depreciation of property, plant and equipment	<b>70,794</b>	75,473
Depreciation of right-of-use assets	<b>5,376</b>	7,270
Amortisation of other intangible assets	<b>27,807</b>	27,782
Less: capitalised in contract costs	<b>(1,576)</b>	(1,409)
Less: capitalised in inventories	<b>(800)</b>	(3,085)
Less: capitalised in property, plant and equipment	<b>–</b>	(263)
	<b>101,601</b>	105,768
Staff cost (including directors' emoluments):		
– Salaries and other benefits	<b>265,166</b>	305,511
– Retirement benefit scheme contributions	<b>25,711</b>	27,202
– Share-based payment expenses	<b>(8,920)</b>	11,903
	<b>281,957</b>	344,616
Less: capitalised in contract costs	<b>(5,061)</b>	(5,001)
Less: capitalised in inventories	<b>(1,289)</b>	(3,325)
	<b>275,607</b>	336,290
Foreign exchange (gain)/loss, net	<b>(10,060)</b>	40,047
Fair value (gain)/loss on derivative financial instruments	<b>(4,239)</b>	9,908
Impairment losses on financial assets, net	<b>4,691</b>	556
Write-down of inventories to net realisable value	<b>2,741</b>	–
Loss on disposal of items of property, plant and equipment	<b>241</b>	19
Loss on repurchase of convertible bonds	<b>–</b>	5,133
Auditors' remuneration	<b>1,200</b>	1,200

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The income tax expense of the Group for the period is analysed as follows:

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax	37,049	29,674
Deferred tax	4,230	(6,581)
Total	<u>41,279</u>	<u>23,093</u>

### Cayman Islands/British Virgin Islands (“BVI”)

Pursuant to the relevant rules and regulations of the Cayman Islands and the BVI, the Company and the subsidiaries of the Group incorporated therein are not subject to any income tax in the Cayman Islands and the BVI.

### Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first Hong Kong Dollars (“HK\$”) 2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

### Chinese Mainland

The provision for Chinese Mainland corporate income tax is based on the statutory rate of 25% of the assessable profits of certain Chinese Mainland subsidiaries of the Group as determined in accordance with the Chinese Mainland Corporate Income Tax Law which was approved and became effective on January 1, 2008, except for certain subsidiaries of the Group in Chinese Mainland which are granted tax concession and are taxed at preferential tax rates.

Viva Biotech Shanghai renewed its “High and New Technology Enterprise” qualification in 2022 and is entitled to the preferential tax rate of 15% from 2022 to 2024.

Zhejiang Langhua Pharmaceutical Co., Ltd. (“Langhua Pharmaceutical”) renewed its “High and New Technology Enterprise” qualification in December 2021 and is entitled to the preferential tax rate of 15% from 2021 to 2023. As of the date of the issuance of these interim condensed consolidated financial statements, the renewal of the accreditation is in process and management of the Group expects the renewal will be completed before December 31, 2024. As such, the estimated corporate income tax rate of Langhua Pharmaceutical for the six-month period ended June 30, 2024 is 15%.

Xinshi Bio Medicine (Shanghai) Co., Ltd. (“Synthesis Shanghai”) and Suzhou Xiangshi Medical Development Co., Ltd. (“Synthesis Suzhou”) renewed their “Advanced Technology Enterprise” qualifications in 2022 and are entitled to the preferential tax rate of 15% from 2022 to 2024.

Sichuan Viva Benyuan Biotech Limited obtained its “High and New Technology Enterprise” qualification in 2022 and is entitled to the preferential tax rate of 15% from 2022 to 2024.

Pursuant to Caishui [2023] No.12 “Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Tax Policies for Further Support the Development of Small Low-profit Enterprises and Self-employed Businesses” (財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告), Shanghai Dancheng Entrepreneurship Incubator Management Limited (“Shanghai Dancheng”), whose annual taxable income is less than RMB1,000,000 will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%. This policy has taken effect on January 1, 2023 and will expire on December 31, 2027.

## 8. INCOME TAX (Continued)

### Chinese Mainland (Continued)

In addition, pursuant to Caishui [2022] No.13 “Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Further Implementation of Preferential Tax Policies for Small Low-profit Enterprises” (財政部、國家稅務總局關於進一步實施小微企業普惠性稅收減免政策的通知), as for the small low-profit enterprises, the portion of taxable income more than RMB1,000,000 but less than RMB3,000,000, will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20% from 2022 to 2024.

### Australia

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entitles) Bill 2017 of Australia, corporate entity who qualified as a small business entity is eligible for the lower corporate tax rate at 25% from January 1, 2023 to June 30, 2024. The subsidiaries incorporated in Australia are qualified as small business entities and are subject to the lower company income tax rate on the estimated assessable profits.

### USA

The subsidiary, incorporated in California, the United States, is subject to statutory United States federal corporate income tax at a rate of 21%. It is also subject to the state income tax in California at a rate of 8.84%.

### United Kingdom

The subsidiary incorporated in the United Kingdom is subject to income tax at a rate of 19% on the estimated assessable profits.

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,141,766,000 (2023: 1,915,437,000) in issue during the period.

No adjustment has been made in the calculation of the diluted earnings per share amounts to the basic earnings per share amounts presented for the period ended June 30, 2024 in respect of a dilution as the impact of share options and restricted share units had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the diluted earnings per share amounts is based on the profit for the period ended June 30, 2023 attributable to ordinary equity holders of the parent, as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period ended June 30, 2023, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to be in issue after taking into account the effect of certain share option issued by the Company. The diluted earnings per share for the period ended June 30, 2023 did not assume the conversion of the convertible bonds nor exercise of certain batch of share options and restricted share units as their inclusion would be anti-dilutive.

**9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)**

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

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit attributable to equity holders of the parent, used in the basic and diluted profit per share	<u>116,808</u>	<u>1,013</u>
	<b>Number of shares ('000)</b>	
	<b>For the six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,141,766	1,915,437
Effect of dilutive potential ordinary shares:		
Share options	<u>–</u>	<u>1,459</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>2,141,766</u>	<u>1,916,896</u>

**10. DIVIDENDS**

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended June 30, 2024, nor has any dividend been proposed since the end of the reporting period (during the six months ended June 30, 2023: Nil).

**11. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended June 30, 2024, the Group acquired property, plant and equipment at a cost of approximately RMB82,654,000 (June 30, 2023: RMB53,902,000).

Assets with a net book value of RMB366,000 were disposed by the Group during the six months ended June 30, 2024 (June 30, 2023: RMB289,000), resulting in a net loss on disposal of RMB241,000 (June 30, 2023: RMB19,000).

Assets with a net book value of RMB85,000 (June 30, 2023: nil) were classified as held for sale.

12 FINANCIAL ASSETS AT FVTPL

	June 30, 2024 <i>RMB'000</i> (Unaudited)	December 31, 2023 <i>RMB'000</i> (Audited)
Listed equity securities	2,111	2,861
Unlisted investments at FVTPL	<u>927,899</u>	<u>992,420</u>
Total	<u><u>930,010</u></u>	<u><u>995,281</u></u>
Analysed for reporting purposes as:		
Non-current assets	<u><u>930,010</u></u>	<u><u>995,281</u></u>

(a) Investments at FVTPL

The movements in the carrying value of investments at FVTPL for the reporting period are as follows:

	<i>RMB'000</i>
At January 1, 2024 (audited)	995,281
Acquired	8,769
Recognized from SFE revenue	2,533
Gain on fair value change	64,431
Disposal	(144,062)
Exchange adjustment	<u>3,058</u>
At June 30, 2024 (unaudited)	<u><u>930,010</u></u>
At January 1, 2023 (audited)	1,046,616
Acquired	21,821
Recognized from SFE revenue	10,339
Gain on fair value change	14,218
Disposal	(19,129)
Exchange adjustment	<u>21,439</u>
At June 30, 2023 (unaudited)	<u><u>1,095,304</u></u>

**13. TRADE AND BILLS RECEIVABLES**

	<b>June 30, 2024</b>	December 31, 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Trade receivables		
– third parties	<b>465,124</b>	415,362
Bills receivables	<b>6,580</b>	12,856
Impairment	<b>(24,989)</b>	(20,813)
	<hr/>	<hr/>
Total	<b>446,715</b>	407,405
	<hr/> <hr/>	<hr/> <hr/>

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:

	<b>June 30, 2024</b>	December 31, 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Within 6 months	<b>429,582</b>	388,912
6 months to 1 year	<b>11,125</b>	12,918
1 to 2 years	<b>5,310</b>	4,843
Over 2 years	<b>698</b>	732
	<hr/>	<hr/>
Total	<b>446,715</b>	407,405
	<hr/> <hr/>	<hr/> <hr/>

**14. TRADE AND BILLS PAYABLES**

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

	<b>June 30, 2024</b>	December 31, 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Within 3 months	<b>168,657</b>	129,454
3 months to 1 year	<b>72,564</b>	108,466
Over 1 year	<b>6,259</b>	7,836
	<hr/>	<hr/>
Total	<b>247,480</b>	245,756
	<hr/> <hr/>	<hr/> <hr/>

**15. OTHER PAYABLES AND ACCRUALS**

	<b>June 30, 2024 RMB'000 (Unaudited)</b>	December 31, 2023 RMB'000 (Audited)
Other payables		
– Payable for construction in progress	52,479	101,522
– Advances of intention payment	12,000	–
– Others	24,448	24,950
	<hr/>	<hr/>
Subtotal	88,927	126,472
	<hr/>	<hr/>
Salary and bonus payables	92,084	123,681
Other taxes payable	11,755	7,611
Interest payable	2,529	2,054
	<hr/>	<hr/>
Total	195,295	259,818
	<hr/> <hr/>	<hr/> <hr/>



16. INTEREST-BEARING BANK BORROWINGS

	June 30, 2024			December 31, 2023		
	Effective interest rate (%)	Maturity	RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	RMB'000 (Audited)
<b>Current</b>						
Bank loans – unsecured	One-year 1.34-3.70	2025	309,730	One-year 1.2-3.60	2024	239,529
	One-year Loan prime rate ("LPR")-50 Basepoints ("bps")	2025	50,000	One-year LPR-50bps	2024	50,000
	-	-	-	One-year LPR-20bps	2024	50,000
Bank loans – secured	-	-	-	One-year LPR-45bps	2024	50,000
Current portion of long term bank loans – secured (c)	One-year LPR-40bps	2025	45,600	-	-	-
Bank loans – secured (a)	One-year 3.80	2025	18,500	One-year 3.80	2024	148,500
Current portion of long term bank loans – secured and guaranteed	-	-	-	One-year LPR+55bps	2024	192,000
Current portion of long term bank loans – secured and guaranteed (b)	One-year LPR-45bps	2025	162,500	One-year LPR-45bps	2024	100,000
Current portion of long term bank loans – secured and guaranteed	-	-	-	One-year LPR-10bps	2024	84,843
Current portion of long term bank loans – secured (c)	Five-year LPR+10bps	2025	63,740	Five-year LPR+10bps	2024	34,640
Subtotal			<u>650,070</u>			<u>949,512</u>

16. INTEREST-BEARING BANK BORROWINGS (Continued)

	June 30, 2024			December 31, 2023		
	Effective interest rate (%)	Maturity	RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	RMB'000 (Audited)
<b>Non-current</b>						
Bank loans – secured and guaranteed (b)	One-year LPR-45 bps	2026-2028	312,500	One-year LPR-45 bps	2025-2028	156,000
Bank loans – secured and guaranteed (b)	One-year LPR-45 bps	2025-2026	225,000	–	–	–
Bank loans – secured and guaranteed	–	–	–	One-year LPR+55 bps	2025-2026	448,000
Bank loans – secured (c)	Five-year LPR+10 bps	2025-2026	69,700	Five-year LPR+10 bps	2025	34,640
Bank loans – secured (c)	Five-year LPR+10 bps	2026-2027	89,492	Five-year LPR+10 bps	2026-2027	115,684
Bank loans – secured and guaranteed	–	–	–	One-year LPR-10 bps	2026	167,688
Bank loans – secured and guaranteed (c)	One-year LPR-40 bps	2025-2026	45,600	–	–	–
Bank loans – secured and guaranteed (c)	One-year LPR-40 bps	2026-2029	118,910	–	–	–
Subtotal			<u>861,202</u>			<u>922,012</u>
Total			<u><u>1,511,272</u></u>			<u><u>1,871,524</u></u>

**16. INTEREST-BEARING BANK BORROWINGS (Continued)**

	<b>June 30, 2024 RMB'000 (Unaudited)</b>	December 31, 2023 RMB'000 (Audited)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	650,070	949,512
In the second year	340,300	493,777
In the third to sixth years, inclusive	520,902	428,235
	<u>1,511,272</u>	<u>1,871,524</u>
Total	<u>1,511,272</u>	<u>1,871,524</u>

*Notes:*

- (a) The bank loans incurred are pledged with deposits of RMB20,000,000 (December 31, 2023: RMB150,000,000) of the Group as collateral.
- (b) At June 30, 2024, to finance the acquisition of the 20% equity interest in Langhua Pharmaceutical, the bank loans incurred are pledged with the 100% equity interest in Langhua Pharmaceutical as collateral and guaranteed by the Company.
- (c) At June 30, 2024, the property, plant and equipment and right-of-use assets with a carrying amount of approximately RMB204,639,000 (December 31, 2023: RMB210,172,000) and RMB193,074,000 (December 31, 2023: RMB196,026,000), respectively, were pledged to secure the bank borrowings of the Group.

**17. SHARE CAPITAL/TREASURY SHARES**

**Shares**

	<b>June 30, 2024 RMB'000 (Unaudited)</b>	December 31, 2023 RMB'000 (Audited)
Issued and fully paid:		
2,161,366,305 shares of US\$0.000025 each (December 31, 2023: 2,161,366,305 shares of US\$0.000025 each) ordinary shares	<u>367</u>	<u>367</u>

**Treasury shares**

	<b>Numbers of shares repurchased</b>	<b>Treasury shares RMB'000</b>
At December 31, 2023 (audited) and June 30, 2024 (unaudited)	<u>19,600,000</u>	<u>134,651</u>

## **OTHER INFORMATION**

### **Interim dividend**

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: NIL).

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the six months ended June 30, 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

As of June 30, 2024, there are no treasury shares held by the Company. Treasury shares presented notes to the interim condensed consolidated financial information includes shares acquired by trustees of trusts set up in connection with share incentive schemes of the Group, and does not fall within the meaning of "treasury shares" under the Listing Rules.

### **Subsequent Event**

As at the date of this announcement, the Group has no material subsequent events after June 30, 2024 which are required to be disclosed.

### **Employee Remuneration and Relations**

As at June 30, 2024, the Group had a total of 2,043 employees and the total staff costs for the Reporting Period (including directors' emoluments) were RMB275.6 million. Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses, employee benefits, employee share option scheme and restricted share unit scheme. During the Reporting Period, the relationship between the Group and our employees has been stable. We had not experienced any strikes or other labor disputes that materially affected our business activities. We provide training programs to employees, including new hire orientation and continuous on-the-job training, in order to accelerate the learning progress and improve the knowledge and skill levels of our employees.

### **Share Incentive Schemes**

The Group has adopted certain pre-IPO share incentive schemes (the "**Pre-IPO Share Incentive Schemes**") in 2009 and 2018 to provide incentives to eligible employees of the Group. During the Reporting Period, no share options were exercised by directors or employees of the Group. As at June 30, 2024, an aggregate of 3,665,141 outstanding share options were exercisable under the Pre-IPO Share Incentive Schemes. As at June 30, 2024, outstanding options granted under the Pre-IPO Share Incentive Schemes and shares issued pursuant to the exercise of pre-IPO share options were held by trustees of relevant trusts set up for administering the Group's employee incentive schemes.

The Group also adopted a post-IPO share option scheme (the "**Post-IPO Share Option Scheme**") on April 14, 2019. During the Reporting Period, no options were granted pursuant to the Post-IPO Share Option Scheme.

The Group further adopted a restricted share unit scheme (the “**Restricted Share Unit Scheme**”) on June 5, 2020. The Company has appointed Tricor Trust (Hong Kong) Limited as trustee to assist with the administration and vesting of awards pursuant to the Restricted Share Unit Scheme. During the Reporting Period, 5,600,000 restricted share units were awarded under the Restricted Share Unit Scheme.

On May 31, 2024, Viva Biotech (Shanghai) Ltd. (維亞生物科技(上海)有限公司) further adopted a phase I share option scheme and phase II share option scheme as further detailed in the Company’s circulated dated December 28, 2023. During the Reporting Period, 7,320,000 phase I share options and 7,320,000 phase II share options were awarded under the two share option schemes, respectively.

### **Corporate Governance Practices**

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules, as its own code to govern its corporate governance practices.

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

Save as disclosed above, during the six months ended June 30, 2024, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

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

### **Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

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

## **REVIEW OF FINANCIAL INFORMATION**

### **Audit Committee**

The audit committee of the Company, comprising Ms. Li Xiangrong, Mr. Wang Haiguang and Mr. Fu Lei, has discussed with the management and reviewed the unaudited interim financial information of the Group for the Reporting Period.

In addition, the Company's external auditor, Ernst & Young, has performed an independent review of the Group's interim financial information for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Based on their review, Ernst & Young confirmed that nothing has come to their attention that causes them to believe that the condensed consolidated interim financial information for the Reporting Period is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.vivabiotech.com](http://www.vivabiotech.com). The interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be dispatched to shareholders of the Company, if necessary and published on the above websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

By order of the Board  
**Viva Biotech Holdings**  
**Mao Chen Cheney**  
*Chairman and Chief Executive Officer*

Hong Kong, August 29, 2024

*As at the date of this announcement, the Board comprises Mr. Mao Chen Cheney, Mr. Wu Ying and Mr. Ren Delin as executive directors; Mr. Wu Yuting and Mr. Wang Stephen Hui as non-executive directors; and Mr. Fu Lei, Ms. Li Xiangrong and Mr. Wang Haiguang as independent non-executive directors.*