Pharmaron Beijing Co., Ltd.

康龍化成(北京)新藥技術股份有限公司

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

(Stock Code: 3759)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL SUMMARY AND HIGHLIGHTS

	Year ended December 31,		
	2024	2023	Change
	RMB'000	*RMB'000*	*%*
Revenue	**12,275,775**	11,537,996	6.4
Gross profit	**4,149,255**	4,094,820	1.3
Profit attributable to owners of the parent	**1,793,351**	1,601,096	12.0
Non-IFRSs adjusted net profit attributable to owners of the parent	**1,606,852**	1,903,431	(15.6)
Net cash flows generated from operating activities	**2,576,656**	2,753,539	(6.4)

– During the Reporting Period, the Group recorded aggregate revenue of approximately RMB12,275.8 million, representing an increase of approximately RMB737.8 million, or 6.4%, as compared to the year ended December 31, 2023.

– During the Reporting Period, the profit attributable to owners of the parent was approximately RMB1,793.4 million, representing an increase of approximately 12.0% as compared to the year ended December 31, 2023.

– During the Reporting Period, the net cash flows generated from operating activities was approximately RMB2,576.7 million, representing a decrease of approximately 6.4% as compared to the year ended December 31, 2023.

– The Board proposed to declare a final dividend of RMB2.0 (inclusive of tax) per 10 shares or an aggregate of approximately RMB354.2 million for the year ended December 31, 2024.

The Board is pleased to announce the consolidated annual results of the Group for the year ended December 31, 2024 with the comparative figures for the year ended December 31, 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
REVENUE	*5*	**12,275,775**	11,537,996
Cost of sales		**(8,126,520)**	(7,443,176)
Gross profit		**4,149,255**	4,094,820
Other income and gains	*6*	**884,520**	374,011
Other expenses	*6*	**(67,763)**	(37,904)
Selling and distribution expenses		**(258,431)**	(252,778)
Administrative expenses		**(1,663,598)**	(1,671,883)
Research and development costs		**(469,260)**	(448,278)
Impairment losses on financial and contract assets, net of reversal		**(42,947)**	(35,825)
Impairment losses of goodwill		**(73,539)**	–
Finance costs	*7*	**(243,718)**	(182,192)
Share of losses of associates		**(123,256)**	(2,084)
Profit before tax	*8*	**2,091,263**	1,837,887
Income tax expense	*9*	**(377,104)**	(256,106)
Profit for the year		**1,714,159**	1,581,781
Attributable to:			
Owners of the parent		**1,793,351**	1,601,096
Non-controlling interests		**(79,192)**	(19,315)
		1,714,159	1,581,781
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		***RMB***	*RMB*
Basic			
For profit for the year	*11*	**1.0133**	0.9033
Diluted			
For profit for the year	*11*	**1.0113**	0.9019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**1,714,159**	1,581,781
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**37,123**	11,168
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**(170,311)**	(214,046)
Reclassification adjustments for losses included in the consolidated statement of profit or loss	**125,573**	199,585
Income tax effect	**6,711**	2,169
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(904)**	(1,124)
Other comprehensive loss for the year, net of tax	**(904)**	(1,124)
Total comprehensive income for the year	**1,713,255**	1,580,657
Attributable to:		
Owners of the parent	**1,790,423**	1,597,560
Non-controlling interests	**(77,168)**	(16,903)
	1,713,255	1,580,657

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**10,944,152**	9,851,705
Right-of-use assets		**922,592**	1,146,142
Goodwill		**2,760,736**	2,780,918
Other intangible assets		**225,319**	216,492
Investments in associates		**648,983**	722,946
Equity investments at fair value through profit or loss		**234,059**	282,032
Biological assets		**175,001**	157,633
Deferred tax assets		**192,684**	153,218
Other non-current assets		**215,693**	291,214
Total non-current assets		**16,319,219**	15,602,300
CURRENT ASSETS			
Inventories		**486,811**	365,479
Contract costs		**211,572**	155,877
Trade and bills receivable	*12*	**2,413,629**	2,242,153
Contract assets		**457,811**	394,265
Biological assets		**418,282**	491,724
Prepayments, other receivables, and other assets		**809,831**	684,017
Financial assets at fair value through profit or loss		**1,115,265**	594,333
Derivative financial instruments		**5,063**	27,650
Pledged deposits		**66,844**	127,750
Cash and cash equivalents		**1,623,072**	5,791,165
Total current assets		**7,608,180**	10,874,413
CURRENT LIABILITIES			
Interest-bearing bank borrowings		**1,047,309**	727,412
Trade payables	*13*	**477,089**	412,221
Other payables and accruals		**1,507,999**	1,377,183
Contract liabilities		**834,858**	740,866
Lease liabilities		**149,508**	185,316
Derivative financial instruments		**47,165**	26,931
Tax payable		**160,078**	184,547
Total current liabilities		**4,224,006**	3,654,476
NET CURRENT ASSETS		**3,384,174**	7,219,937
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,703,393**	22,822,237

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AS AT DECEMBER 31, 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**4,377,368**	4,308,165
Deferred tax liabilities		**291,867**	290,039
Financial liabilities at fair value through profit or loss		**–**	117,582
Deferred income		**409,978**	391,707
Convertible bonds-debt component		**–**	3,891,501
Lease liabilities		**401,307**	585,197
Total non-current liabilities		**5,480,520**	9,584,191
NET ASSETS		**14,222,873**	13,238,046
EQUITY			
Share capital		**1,778,196**	1,787,394
Treasury shares		**(416,271)**	(463,453)
Equity component of convertible bonds		**–**	198,554
Reserves		**12,257,410**	11,034,302
Equity attributable to owners of the parent		**13,619,335**	12,556,797
Non-controlling interests		**603,538**	681,249
Total equity		**14,222,873**	13,238,046

1. GENERAL INFORMATION

Pharmaron Beijing Co., Ltd. was incorporated and registered in the People's Republic of China ("PRC") on July 1, 2004. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Shenzhen Stock Exchange (stock code: 300759.SZ) on January 28, 2019. On November 28, 2019, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE") (stock code: 3759.HK). The address of the registered office is 8th Floor, Block 1, 6 Taihe Road, Beijing Economic Technological Development Area, Beijing, China.

The Company is a leading fully integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for our customers. The principal activity of the Company and its subsidiaries (together, the "Group") is to provide contract research, development, and manufacturing services for innovative pharmaceutical products throughout the research and development cycle and the services are organised in four major categories: laboratory services, chemistry, manufacturing and controls ("CMC") (small molecule CDMO) services, clinical development services and biologics and CGT services.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for biological assets which are measured at fair value less costs to sell, equity investments at fair value through profit or loss, derivative financial instruments, financial assets and financial liabilities at fair value through profit or loss which have been measured at fair value. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

3. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosure*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS *Accounting Standards – Volume 11*	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

[1] Effective for annual periods beginning on or after 1 January 2025

[2] Effective for annual periods beginning on or after 1 January 2026

[3] Effective for annual/reporting periods beginning on or after 1 January 2027

[4] No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that, these new and revised IFRSs are unlikely to have significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five reportable business segments as follows:

– The laboratory services segment includes laboratory chemistry and bioscience services, covering small molecule drugs, oligonucleotides, peptides, antibodies, antibody-drug conjugates (ADC) and CGT products, etc.

– The CMC (small molecule CDMO) services segment includes development and manufacturing, materials science/pre-formulation, formulation development and manufacturing, and analytical development services

– The clinical development services segment includes overseas clinical development services (including radiolabelled science services and early stage clinical trial services) and domestic clinical development services (including clinical research services and site management services)

– The Biologics and CGT services segment includes biologics discovery, development and manufacturing services (CDMO), CGT lab and Gene therapy CDMO services

– The "Others" segment

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

Year ended December 31, 2024	Laboratory services *RMB'000*	CMC services *RMB'000*	Clinical development services *RMB'000*	Biologics and CGT services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue	**7,046,875**	**2,988,773**	**1,826,208**	**407,519**	**6,400**	**12,275,775**
Segment results	**3,128,352**	**988,432**	**234,183**	**(204,322)**	**2,610**	**4,149,255**
Unallocated amounts:						
Other income and gains						**884,520**
Other expenses						**(67,763)**
Selling and distribution expenses						**(258,431)**
Administrative expenses						**(1,663,598)**
Research and development costs						**(469,260)**
Impairment losses on financial and contract assets, net of reversal						**(42,947)**
Impairment losses of goodwill						**(73,539)**
Finance costs						**(243,718)**
Share of losses of associates						**(123,256)**
Group's profit before tax						**2,091,263**
Year ended December 31, 2023						
Segment revenue	6,660,117	2,711,039	1,737,293	424,937	4,610	11,537,996
Segment results	2,928,549	904,269	296,248	(35,304)	1,058	4,094,820
Unallocated amounts:						
Other income and gains						374,011
Other expenses						(37,904)
Selling and distribution expenses						(252,778)
Administrative expenses						(1,671,883)
Research and development costs						(448,278)
Impairment losses on financial and contract assets, net of reversal						(35,825)
Finance costs						(182,192)
Share of losses of associates						(2,084)
Group's profit before tax						1,837,887

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purposes of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Geographical information

(a) Revenue

	2024	2023
	RMB'000	*RMB'000*
North America	**7,852,729**	7,400,776
Europe	**2,271,934**	1,844,397
Chinese Mainland	**1,847,332**	1,974,914
Asia (except Chinese Mainland)	**264,275**	269,036
Others	**39,505**	48,873
	12,275,775	11,537,996

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

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland	**11,237,927**	10,565,990
Europe	**2,599,672**	2,552,833
North America	**2,039,131**	2,026,668
Others	**15,746**	21,559
	15,892,476	15,167,050

The non-current asset information above is based on the locations of the assets and excludes equity investments at fair value through profit or loss and deferred tax assets.

Information about major customers

No revenue from sales to a single customer amounted to 10% or more of the Group's revenue during each Reporting Period.

5. REVENUE

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**12,275,775**	11,537,996
	12,275,775	11,537,996

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	**2024**	2023
	RMB'000	*RMB'000*
Types of services		
Laboratory services	**7,046,875**	6,660,117
CMC (small molecule CDMO) services	**2,988,773**	2,711,039
Clinical development services	**1,826,208**	1,737,293
Biologics and CGT services	**407,519**	424,937
Others	**6,400**	4,610
Total revenue from contracts with customers	**12,275,775**	11,537,996
Timing of revenue recognition		
Services transferred at a point of time	**6,599,158**	5,961,463
Services transferred over time	**5,676,617**	5,576,533
Total revenue from contracts with customers	**12,275,775**	11,537,996

(b) Performance obligations

The Group has different contractual arrangements with different customers under two different charge methods: Full-Time-Equivalent ("FTE") or Fee-For-Service ("FFS") model.

All services under the FTE model, revenue is recognised over time at the amount to which the Group has the right to invoice for services performed. Therefore, under practical expedients allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligations under the FTE model.

Similarly, for certain services under the FFS model, revenue is recognised over time and contracts are generally within an original expected length of one year or less. Therefore, the practical expedients are also applied.

6. OTHER INCOME AND GAINS AND OTHER EXPENSES

	2024	2023
	RMB'000	*RMB'000*
Other income		
Interest income	**73,631**	33,543
Government grants and subsidies related to		
– Assets	**22,160**	24,071
– Income	**62,082**	77,822
	157,873	135,436
Other gains		
Foreign exchange gains, net	**31,428**	146,997
Gains on fair value change of biological assets	**–**	48,035
Gains on equity investments at fair value through profit or loss	**572,388**	17,487
Gains on termination of lease contracts	**8,723**	1,151
Gains on financial assets at fair value through profit or loss	**23,108**	18,444
Gains on financial assets at amortised cost	**1,583**	4,231
Gains on repurchase of convertible bonds	**88,593**	–
Others	**824**	2,230
	726,647	238,575
	884,520	374,011
Other expenses		
Losses on disposal of property, plant and equipment	**(34,099)**	(1,092)
Losses on derivative financial instruments	**(14,211)**	(70)
Losses on fair value change of equity investments at fair value through profit or loss	**(1,576)**	(16,398)
Losses on fair value change of financial liabilities at fair value through profit or loss	**–**	(5,489)
Losses on fair value change of biological assets	**(3,020)**	–
Others	**(14,857)**	(14,855)
	(67,763)	(37,904)

7. FINANCE COSTS

	2024 *RMB'000*	2023 *RMB'000*
Interest expenses on bank borrowings	**199,164**	59,659
Interest expenses on convertible bond – debt component	**34,387**	117,404
Interest expenses on lease liabilities	**27,791**	36,439
Total interests	**261,342**	213,502
Less: Interest capitalised	**(17,624)**	(31,310)
	243,718	182,192

8. PROFIT BEFORE TAX

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

	2024 *RMB'000*	2023 *RMB'000*
Depreciation of property, plant and equipment	**926,184**	778,070
Depreciation of right-of-use assets	**179,432**	194,903
Amortisation of other intangible assets	**39,796**	35,615
Staff costs* (including directors' and chief executive's remuneration):		
Salaries and other benefits	**4,383,974**	4,143,179
Pension scheme contributions, social welfare and other welfare**	**1,386,825**	1,239,369
Share-based compensation expenses	**91,108**	202,222
Gains on financial assets at fair value through profit or loss	**(23,108)**	(18,444)
Losses on fair value change of equity investments at fair value through profit or loss	**1,576**	16,398
Losses/(Gains) on fair value change of biological assets	**3,020**	(48,035)
Gains on financial assets at amortised cost	**(1,583)**	(4,231)
Losses on fair value change of financial liabilities at fair value through profit or loss	**–**	5,489
Gains on repurchase of convertible bonds	**(88,593)**	–
Gains on equity investments at fair value through profit or loss	**(572,388)**	(17,487)
Impairment losses on inventories, net of reversal	**18,783**	8,566
Impairment losses on financial and contract assets, net of reversal	**42,947**	35,825
Impairment losses of goodwill	**73,539**	–
Foreign exchange gains, net	**(31,428)**	(146,997)
Losses on derivative financial instruments	**14,211**	70
Auditor's remuneration	**4,275**	4,750

* The staff costs for the year are included in "Cost of sales", "Administrative expenses", "Selling and distribution expenses" and "Research and development costs" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

9. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax	**410,448**	319,737
Deferred tax	**(33,344)**	(63,631)
	377,104	256,106

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless subject to tax exemption set out below.

The Company was accredited as a "High and New Technology Enterprise" in 2017 which was subsequently renewed in 2023 and as an "Advanced Technology Enterprise" in 2015 which was subsequently renewed in 2023, and therefore, the Company was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. These qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron Xi'an Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2018 and the qualification was subsequently renewed in 2023, and therefore Pharmaron Xi'an Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Beijing) TSP Service Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2015 and the qualification was renewed in 2023 and as an "High and New Technology Enterprise" in 2020 and the qualification was subsequently renewed in 2023, and therefore Pharmaron (Beijing) TSP Service Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. These qualifications are subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Ningbo) Technology Development Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2020 and the qualification was renewed in 2024, and therefore Pharmaron (Ningbo) Technology Development Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC annually.

Pharmaron (Tianjin) Process Development and Manufacturing Co., Ltd. was accredited as an "High and New Technology Enterprise" in 2020 and the qualification was subsequently renewed in 2023, and therefore Pharmaron (Tianjin) Process Development and Manufacturing Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Beijing LinkStart Biotechnology Co., Ltd. was accredited as an "High and New Technology Enterprise" in 2020 and the qualification was subsequently renewed in 2023, and therefore Beijing LinkStart Biotechnology Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

RAMED (Beijing) Medical Technology Co., Ltd. was accredited as an "High and New Technology Enterprise" in 2020 and the qualification was subsequently renewed in 2023, and therefore RAMED (Beijing) Medical Technology Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron Shanghai Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2023, and therefore Pharmaron Shanghai Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Beijing) Technology Development Co., Ltd. was accredited as an "Advanced Technology Enterprise" in 2023, and therefore Pharmaron (Beijing) Technology Development Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Nanjing) Clinical Services Co., Ltd. was accredited as an "High and New Technology Enterprise" in 2022, and therefore Pharmaron (Nanjing) Clinical Services Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron (Ningbo) Bioscience Services Co., Ltd. was accredited as an "High and New Technology Enterprise" in 2024, and therefore Pharmaron (Ningbo) Bioscience Services Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron CRI (Ningbo) Co., Ltd. was accredited as an "High and New Technology Enterprise" in 2024, and therefore Pharmaron CRI (Ningbo) Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Pharmaron Qingdao Co., Ltd. was applied for an "Advanced Technology Enterprise" in 2024. The processing result has been currently publicized and therefore Pharmaron Qingdao Co., Ltd. was entitled to a preferential EIT rate of 15% for the year ended December 31, 2024.

The group entities incorporated in U.S. were subject to the federal corporate tax at a rate of 21% as at December 31, 2023 and 2024.

The group entities incorporated in U.K. were subject to tax at a rate of 25% as at December 31, 2023 and 2024.

The group entities incorporated in Japan were subject to the national corporate tax at a rate of 23.2% and the local corporate tax at a rate of 2.4% as at December 31, 2023 and 2024.

The group entities incorporated in Hong Kong were subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended December 31, 2023 and 2024.

10. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposed final – RMB0.20 (2023: RMB0.20) per ordinary share	354,186	357,479

On June 6, 2024, the Company's shareholders approved the 2023 Profit Distribution at the annual general meeting, pursuant to which a final dividend of RMB0.20 (inclusive of tax) per share in respect of the year ended December 31, 2023 was declared to both holders of A Shares and H Shares and aggregate dividend amounted to RMB357,479,000 (inclusive of tax). As at December 31, 2024, all A Shares and H Shares dividends have been paid.

The Board proposed to declare a final cash dividend of RMB2.0 (inclusive of tax) per 10 shares or an aggregate of approximately RMB354,186,000 (inclusive of tax) for the year ended December 31, 2024.

The proposed final dividend for the year ended December 31, 2024 is subject to the approval of the Company's shareholders at the forthcoming AGM.

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,769,742,721 (2023: 1,772,422,967) in issue during the year, as adjusted to reflect the rights issue during the year.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is based on the number of ordinary shares used in the basic earnings per share calculation adjusted for the dilutive effect of share options and restricted A Shares issued by the Company. For the year ended December 31, 2024, the calculation of the diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the dilutive impact of the share options and restricted A Shares and the convertible bonds issued by the Company.

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

	2024	2023
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**1,793,351**	1,601,096
Less: Cash dividends attributable to the shareholders of restricted shares expected to be unlocked in the future	**–**	–
Earnings for the purpose of calculating basic earnings per share	**1,793,351**	1,601,096
Effect of diluted potential ordinary shares:		
Add: Cash dividends attributable to the shareholders of restricted shares expected to be unlocked in the future	**–**	–
Earnings for the purpose of calculating diluted earnings per share	**1,793,351**	1,601,096

	2024	2023
Number of shares ('000):		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**1,769,743**	1,772,423
Effect of diluted potential ordinary shares:		
Effect of restricted shares units and share awards issued by the Company	**3,613**	2,834
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	**1,773,356**	1,775,257

12. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**2,492,541**	2,316,486
Bills receivable	**4,603**	128
Allowance for impairment	**(83,515)**	(74,461)
	2,413,629	2,242,153

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. The balances of trade receivables are non-interest-bearing.

Included in the trade receivables were amounts due from related parties of RMB75,356,000 as at December 31, 2024 (2023: RMB58,960,000), which was repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of gross carrying amount of the trade and bills receivables as at the end of each Reporting Period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**2,371,741**	2,226,376
1 year to 2 years	**88,762**	62,489
More than 2 years	**36,641**	27,749
	2,497,144	2,316,614

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

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**74,461**	57,643
Impairment losses, net	**40,783**	31,837
Write-offs	**(31,890)**	(15,933)
Exchange realignment	**161**	914
	83,515	74,461

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade and bills receivables.

An impairment analysis is performed at the end of each Reporting Period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each Reporting Period about past events, current conditions, and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than two years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

	2024		
	Expected credit loss rate	**Gross carrying amount** *RMB'000*	**Expected credit losses** *RMB'000*
Within 1 year	**0.79%**	**2,371,741**	**18,816**
1 to 2 years	**31.61%**	**88,762**	**28,058**
Over 2 years	**100.00%**	**36,641**	**36,641**
		2,497,144	**83,515**

	2023		
	Expected credit loss rate	Gross carrying amount *RMB'000*	Expected credit losses *RMB'000*
Within 1 year	1.14%	2,226,376	25,276
1 to 2 years	34.30%	62,489	21,436
Over 2 years	100.00%	27,749	27,749
		2,316,614	74,461

13. TRADE PAYABLES

Trade payables are non-interest-bearing and normally settled on terms of one to three months.

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

	2024 *RMB'000*	2023 *RMB'000*
Within 1 year	**472,489**	401,034
Over 1 year	**4,600**	11,187
	477,089	412,221

The amount of trade payables due to a related party was nil as at December 31, 2024 (2023: RMB nil).

A. Business Review

1. Principal Business

The Company is a leading fully-integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for our customers, providing fully-integrated drug research, development and manufacturing services throughout the research and development cycle. The Company has 21 R&D centers and manufacturing facilities across China, the U.K. and the U.S., and keeps strengthening the integration of its service offerings both vertically and horizontally, continuously investing in building new service capabilities and improving management efficiency to meet the needs of the market and customers. Vertically, the Company is strengthening the seamless integration of the same discipline across different pharmaceutical R&D stages. Horizontally, the Company is strengthening the integration of different disciplines at the same pharmaceutical R&D stages, improving the science and technology of each discipline, expanding the service offerings, and promoting the interdisciplinary collaborations. The Company has built a fully-integrated service platform for small molecule drugs, biologics and CGT products, and is committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities. In addition, the Company will further develop the global footprints of its service platform to provide customers with interdisciplinary and global service solutions, making full use of the Company's global scientific research talent network and meet customers' regional strategic needs.

2. Operating Models

Our principal business is categorized into four business segments: laboratory services, CMC (small molecule CDMO) services, clinical development services, and Biologics and CGT services, mainly covering the following services:

(1) Laboratory services

Laboratory services of the Company include laboratory chemistry and bioscience services, covering small molecule drugs, oligonucleotides, peptides, antibodies, antibody-drug conjugates (ADC) and CGT products, etc.

Laboratory chemistry is the root of our business, making it the core in the development of the Company. Laboratory chemistry services include medicinal chemistry, synthetic chemistry, chemistry for new modalities, analytical and purification chemistry, and computer-aided drug design (CADD). Laboratory chemistry provides customers with chemistry services such as design and synthesis of compound library, discovery of hit and lead compounds, design and/or synthesis and optimization of lead compounds, synthesis of new modalities (nucleosides/nucleotides, lipids, saccharides, peptides, and conjugates), and chiral and non-chiral separation and purification.

Bioscience services include *in vitro* and *in vivo* DMPK/ADME, *in vitro* biology and *in vivo* pharmacology, safety assessment and other services. Bioscience services provide customers with drug discovery services such as target validation, structure activity relationship studies, candidate compound identification, and druggability studies.

(2) CMC (small molecule CDMO) services

Our experienced CMC (small molecule CDMO) services team offers customers process development and manufacturing, material science/pre-formulation, formulation development and manufacturing, and analytical development services, covering a broad range of products including small molecule drugs, oligonucleotides, peptides, linkers and payloads. The process development and manufacturing team provides such services as discovery and development of efficient and green synthetic routes, optimization of existing synthetic routes, and process scale-up to support preclinical and other stages of clinical development and commercial manufacturing needs; the material science/ pre-formulation team provides services for crystal screening, process development, and early formulation development; the formulation development team designs, modifies, and prepares oral formulations to satisfy preclinical, clinical, and commercial needs; and the analytical development team provides comprehensive analytical support for process development and manufacturing of APIs and pharmaceutical products.

The CMC (small molecule CDMO) services of the Company mainly provide pharmaceutical companies with chemical and formulation process development and manufacturing services with capabilities and capacities to cover the needs in all clinical and commercial stages. The cGMP API and drug product manufacturing facilities of the Company have had the qualification to manufacture products to support clinical trials in global markets, including U.S., China and EU. Our quality assurance system follows the guidelines of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH Guidelines) and supports the development and manufacture of APIs and pharmaceuticals meeting the regulatory requirements from FDA, NMPA and EMA, and can also support the preparation of complete regulatory data packages and documentation for regulatory filings and cGMP audits in U.S., EU, and Asia.

(3) Clinical development services

Our clinical development services include overseas and domestic clinical development services.

The overseas clinical development services include radio-labelled science services and early stage clinical trial services. The radio-labelled science services of the Company help customers synthesize ^{14}C and tritium ^{3}H radio-labelled compounds and use for DMPK/ADME studies of various compounds in human, so as to accelerate their clinical development process. Through the independent early clinical R&D center with 96 beds in Maryland, U.S., the Company provides customers with clinical research services including comprehensive FIH studies, vaccine development/infectious challenge studies, comprehensive ^{14}C drug absorption, distribution and excretion trial, TQT/cardiac safety, and cross-ethnic bridging studies. In 2024, the Company strengthened its clinical operations, biostatistics, pharmacovigilance, and FDA regulatory submission services in the U.S.. These efforts will better assist Chinese customers in developing their products overseas and overseas customers in developing their products in China.

Domestic clinical development services include clinical research services and site management services, covering different service needs of clinical research. Among which, clinical research services mainly include: regulatory affairs and product registration, medical affairs, medical monitoring, clinical operations, data management and biostatistics, bioanalysis, pharmacovigilance, quantitative pharmacology, etc.; site management services include CRC services, hospital research and selection, SSU (Study Start Up) rapid start-up, healthy and patient volunteer recruitment and management, quality assurance and its training, post-marketing studies, etc.

The Company's bioanalytical platforms in China and U.S. are able to support the bioanalysis of clinical trials of small molecules and biologics around the world. In addition, with the collaboration among the domestic and overseas clinical development services and the preclinical service offerings, it allows the Company to simultaneously submit IND applications for customers' drug candidates to regulatory agencies in China, U.S. and EU.

(4) Biologics and CGT services

Biologics and CGT services include biologics discovery, development and manufacturing services (CDMO), CGT lab services and Gene Therapy CDMO services.

Biologics discovery services include biologics plasmid design, cell screening, target biologics expression and purification, analytical method development, and analysis of products, primarily serving various needs for cells and proteins, including mAbs, at the early stage of research and development.

Biologics development and manufacturing services (CDMO) provide customers with development services include cell line development, upstream and downstream process development, formulation development and fill-and-finish process development, supported by analytics with method development, as well as drug substance and product manufacturing services armed with 200L to 2,000L production capacity to support projects from pilot to commercial stage production.

Biologics and CGT lab services include analytical method development and validation for various proteins, cells, and DNA and RNA products. The analytical platform also provides services in evaluation of activity, toxicity, tissue distribution and viral shedding, as well as quantitative analysis of gene and cell products, in compliance with GLP/GCP/GMP regulations during the preclinical and clinical development and marketing stages. In addition, the Company's U.S. laboratory services provide customers with discovery and development services in biologics, CGT products and medical devices in the areas of ophthalmology.

Gene therapy CDMO services include plasmid synthesis containing therapeutic genes, cell line development, cell bank establishment, plasmid and cell production process development, formulation process development, manufacturing of products, analytical method development and validation, product-related impurities identification and analysis, stability evaluation, product analysis and GMP batch release, etc., covering the entire gene therapy CDMO process, to support the needs for preclinical safety evaluation, Phase I, II and III clinical trials, and post-marketing product life cycle management. The facility has been licensed by MHRA, the U.K. pharmaceutical administration authority, for the manufacture of biologics and CGT products.

B. Financial Review

1. Overall Operation Results

2024 was a year full of challenges. The uncertainties arising from geopolitical tensions, alongside the temporary impact of a tough biotech funding environment, have imposed substantial volatilities on the CRO/CDMO industry. The Company firmly believes that the long-term industry fundamentals remain intact, and is steadfast in implementing its core strategy of developing an end-to-end, fully integrated and multiple modalities-capable services platform with global footprints to further support its customers in improving the efficiency and flexibility of their pharmaceutical R&D and manufacturing needs. In 2024, the Company remained committed to its long-term strategic priorities, including technological innovation, talent development, customer service enhancement, and global operational resilience, to mitigate risks posed by global economic fluctuations and industry uncertainties, while strengthening its business continuity and sustainable growth. During the Reporting Period, the Company has maintained a stable growth momentum, demonstrating strong resilience and customer loyalty, and highlighting the competitive advantages of its business model.

During the Reporting Period, the Company realized revenue of RMB12,275.8 million, with a year-on-year growth of 6.4%. As a result of the initial recovery of the global biotech funding, the Company delivered sequential quarter-over-quarter revenue growth, with year-on-year revenue growth rates accelerating each quarter. Notably, it achieved double-digit year-on-year revenue growth for two consecutive quarters in the second half of 2024, each exceeding 10%, while continuing to expand its global market share. During the Reporting Period, the Company's overseas customer visits reached an all-time high, and its newly signed purchase orders increased by more than 20% year-on-year. The Company obtained the profit attributable to the owners of the parent of RMB1,793.4 million, with a year-on-year growth of 12.0%. The Company obtained the non-IFRSs adjusted net profit attributable to owners of the parent of RMB1,606.9 million, with a year-on-year decrease of 15.6%. This was mainly due to the combined effects of an increase in the number of employees, increased syndicated loans at the end of 2023 which refinanced the Convertible Bonds, and certain capacities were transferred from construction in progress into fixed assets at the end of 2023 and during the Reporting Period. During the Reporting Period, net cash flows generated from operating activities of the Company was RMB2,576.7 million, a year-on-year decrease of 6.4%. After deducting the capital expenditures allocated to support its business growth, the Company's free cash flow was RMB536.0 million.

The Company continued to adhere to the "Customer Centric" corporate philosophy, leveraging its end-to-end and fully-integrated services platform, adhering the highest international quality standards and seamless collaborations among teams in China, the U.K. and the U.S., the Company has effectively met the diverse needs of global customers across different R&D stages. During the Reporting Period, the Company served more than 3,000 global customers, of which the customers using the services of multiple business segments of the Company contributed revenue of RMB9,187.8 million, accounting for 74.8% of the Company's revenue. During the Reporting Period, the Company added more than 900 new customers, contributing revenue of RMB655.2 million, accounting for 5.3% of the Company's revenue; the existing customers contributed revenue of RMB11,620.6 million, with a year-on-year growth of 8.8%, accounting for 94.7% of the Company's revenue. Categorized by customer types, during the Reporting Period, the revenue from the top 20 global pharmaceutical companies was RMB2,188.5 million, with a year-on-year growth of 26.9%, accounting for 17.8% of the Company's revenue; the revenue from other customers was RMB10,087.3 million, with a year-on-year growth of 2.8%, accounting for 82.2% of the Company's revenue. Categorized by regions where the customers are located, during the Reporting Period, the revenue from customers in North America was RMB7,852.7 million, with a year-on-year growth of 6.1%, accounting for 64.0% of the Company's revenue; the revenue from customers in EU (including the U.K.) was RMB2,271.9 million, with a year-on-year growth of 23.2%, accounting for 18.5% of the Company's revenue; the revenue from customers in China was RMB1,847.3 million, with a year-on-year decrease of 6.5%, accounting for 15.0% of the Company's revenue; and the revenue from customers in other regions was RMB303.9 million, with a year-on-year decrease of 4.4%, accounting for 2.5% of the Company's revenue. In addition, we had extensive technical cooperation with clients and made joint publications from research results, including 42 articles published in peer-reviewed international scientific journals, such as *J. Med. Chem.*, *Org. Lett.* and *OPR&D*, 34 granted or submitted domestic and international patent applications (14 of which Pharmaron invented and owns the IP rights, and 20 IP rights owned by our clients with Pharmaron scientists as coinventors) in 2024.

In 2024, the Company continued to strengthen its leadership in small molecule R&D and manufacturing services, leveraging advanced synthetic and manufacturing technologies to deliver value for global customers. In addition, the Company further enhanced its service capabilities for new drug modalities including ADCs, peptides, and oligonucleotides and made significant progress: (1) Building on its deep expertise in small molecule R&D services and strategic expansion into biologics services, the Company has established a fully integrated ADC discovery service line, including antibody preparation, payload synthesis, linker synthesis, bioconjugation and biological testing that has achieved rapid business growth, serving dozens of global customers. (2) The Company's peptide discovery services continued to advance based on a comprehensive synthesis platform consisting of automated synthesis, analysis and purification, and have successfully completed GMP production projects. (3) The Company's service capabilities for oligonucleotide drugs (including siRNA, ASO, etc.) have adopted many cutting-edge technologies and have been recognized by global customers, undertaking multiple early-stage R&D projects.

With the rapid development of AI technology, more and more biopharmaceutical companies are starting to use and explore the application of AI in drug discovery and development to improve R&D efficiency and success rate. Centered on AI technology and data empowerment, the Company has proactively advanced the development of related service capabilities to optimize the process and increase its productivity across drug discovery, development, and manufacturing. These efforts aim to shorten its customers' R&D timelines, improve success rate, and ultimately benefit patients. While actively exploring AI applications in drug R&D services, the Company maintains an ongoing commitment to mitigating risks, such as data security challenges and other AI technology risks. Through strengthened governance, it continues to enhance the reliability and sustainability of AI empowered drug R&D services.

In 2024, the Company made significant progress in the field of environmental, social and governance (ESG). For the first time, the Company was selected for both "S&P Global Sustainability Yearbook 2025" and "S&P China Sustainability Yearbook 2025", which means that the Company's sustainability performance has been ranked among the top of the industry. At the same time, the Company was upgraded to AA in the MSCI ESG rating. After being awarded the Industry ESG Top Rated Company in the Sustainalytics ESG Risk Rating, this year the Company continued to break through and won the Regional ESG TOP Company (Asia Pacific). In alignment with the Science-Based Targets initiative (SBTi), the Company has vigorously advanced emission reduction efforts both within operations and across the supply chain. The Company achieved a significant 21% reduction in GHG emissions (Scope 1 + Scope 2) in 2024 compared to 2023 through optimized energy management, enhanced production efficiency, the establishment of green electricity procurement channels, and the exploration of innovative technologies. The Company has successfully met the 2024 annual carbon reduction target. Simultaneously, the Company has made substantial strides in the field of animal welfare. All laboratory animal sites have been certified by the International Laboratory Animal Assessment and Accreditation Council (AAALAC), and have implemented high-standard animal welfare and protection protocols, ensuring that every scientific research endeavor adheres to the highest ethical standards. Furthermore, the Company has optimized the diversity, equity, and inclusion (DEI) aspects of its supply chain, thereby strengthening its core competitive advantage. On the management front, the Company has continued to expand its certifications, including the Environmental Management System ISO 14001, Occupational Health and Safety Management System ISO 45001, and Information Security Management System ISO 27001. By adhering to globally recognized standards, the Company has comprehensively enhanced its management capabilities and systems.

2. Operation results of each business segment

(1) Laboratory services

During the Reporting Period, the laboratory services segment realized revenue of RMB7,046.9 million, with a year-on-year growth of 5.8%; and a gross margin of 44.4%, with an increase of 0.4 percentage points over last year. With the initial recovery of global biotech funding environment, during the reporting period, the newly signed purchase orders of the Company's laboratory services increased by more than 15% year-on-year. Among them, the Company's bioscience services continued to realize synergies with laboratory chemistry services, while actively exploring business opportunities in new drug modalities, and achieved robust growth. During the Reporting Period, the proportion of bioscience services revenue in laboratory services revenue exceeded 54%. The laboratory services team participated in 781 drug discovery projects for global innovative drug R&D in 2024.

During the Reporting Period, the Company's bioscience team continued to improve its technical capability and expand its service offerings. The Company completed the expansion and upgrade of its high-throughput screening and automation platforms, significantly enhancing the stability and reproducibility of experimental data, thereby further assisting customers in improving R&D efficiency. The Company strengthened its service capabilities in 3D cell culture, organoids, animal models, and transcriptomics/proteomics/metabolomics analysis. By providing more comprehensive multi-dimensional data, it assisted customers in deeply understanding disease mechanisms and advancing R&D projects. The Company also actively explored the application of AI and machine learning in drug discovery, mechanism of action analysis, data automation and informatization, to improve its productivity. In addition to its deep expertise in traditional small molecule services, the Company further expanded and strengthened its R&D service capabilities for new drug modalities, including advanced small molecules (such as PROTACs, molecular glues), peptides, oligonucleotides, antibodies, proteins, ADCs, and CGT products. It provided end-to-end services from early-stage screening to IND filings, offering customers extensive, efficient, and reliable solutions. The Company continued to consolidate the cross-regional collaborations of its DMPK services among China, the U.K., and the U.S., providing more flexible and efficient services for global customers.

As of December 31, 2024, the Company had 10,062 employees in laboratory services. In laboratory chemistry services, the Company has one of the world's leading laboratory chemistry groups in terms of size and expertise with over 6,300 laboratory chemists and technicians. Laboratory chemistry is the core driver of small molecule drug discovery services. The Company leveraged its years of accumulated expertise to continuously expand its service scope and enrich its service offerings. Maintaining focus on cutting-edge technologies and emerging therapeutic targets in drug discovery, the Company had developed specialized laboratory chemistry capabilities for advanced modalities, including PROTACs, molecular glues, peptides, oligonucleotides, ADCs, etc, and achieved rapid development. In addition, the Company provided customers with more flexible and comprehensive laboratory services through seamless collaborations among laboratory services teams in China, the U.K. and the U.S., fulfilling the diverse needs in different R&D stages from customers, improving R&D efficiency, and helping customers rapidly advance R&D projects from preclinical R&D to clinical stage globally. Furthermore, the Company initiated the application of AI tools in laboratory chemistry services and will continue to invest in AI and automation to further improve its productivity.

During the Reporting Period, the Campus III in Ningbo was gradually put into operation, strengthening the Company's service capabilities in safety assessment, DMPK and *in vivo* pharmacology. Among them, the drug safety assessment laboratory received the national GLP certification in July 2024. The Company's Campus in Xi'an was gradually put into operation in 2024, and the construction of the Campus II in Beijing was continuously promoted to meet the medium-and long-term development needs of laboratory services.

(2) CMC (small molecule CDMO) services

During the Reporting Period, the CMC (small molecule CDMO) services segment realized revenue of RMB2,988.8 million, with a year-on-year growth of 10.2%; and a gross margin of 33.1%, with a decrease of 0.3 percentage points over last year, mainly due to the combined effects of an increase in the number of employees compared to the same period of last year, and certain modules were transferred from construction in progress into fixed assets. As a result of increased utilization and delivery of production projects, the gross profit margin in the second half of 2024 was higher than that of the full-year 2023. With the gradual recovery of customer demand and existing projects advance toward later development stages, the newly signed purchase orders of the Company's CMC (small molecule CDMO) services increased by more than 35% year-on-year.

As of December 31, 2024, the Company had 4,390 employees in CMC (small molecule CDMO) services. With the seamless integration of the Company's fully-integrated R&D service platform and the coordination of different service segments, approximately 81.5% of CMC (small molecule CDMO) services revenue came from the Company's existing customers of drug discovery services. In terms of process development, nearly 2,000 process development chemists of the Company in China and more than 200 process development chemists of the Company in the U.K. worked closely together

to provide customized services for global customers with state-of-the-art technology. In terms of manufacturing, the Company's production facilities in China, the U.K. and the U.S. provided customers with flexible and efficient and more cost-effective integrated solutions from pilot to commercial production, covering intermediates, APIs and formulations. The Company continued to invest in end-to-end continuous flow synthesis, continuous hydrogenation reactions, continuous flow ozonolysis, biocatalysis, electrochemistry, photochemistry, high-throughput experimentation (HTE), and high potency API manufacturing, and made remarkable progress. During the Reporting Period, the Company's CMC (small molecule CDMO) services pipeline reached 1,066 molecules or intermediates, including 19 projects in process validation and commercialization stage, 23 projects in Phase III clinical trials, 242 projects in Phase I-II clinical trials, and 782 projects in preclinical stage. Following the operation of its Shaoxing facility in 2022 and the establishment of commercial API manufacturing capacities in the U.K, and the U.S. through strategic acquisitions, during the Reporting Period, the Company's large-scale production projects increased as a result of the advancement of its CDMO pipeline, driving the growth of the segment's newly signed purchase orders and revenue.

During the Reporting Period, the Company actively explored the application of AI and machine learning in process chemistry R&D, reaction optimization, safety evaluation, quality management, production equipment maintenance, and engineering design, and implemented initiatives to leverage these technologies to improve the productivity of its CDMO services.

As the cornerstone for the sustainable development of the Company's CMC (small molecule CDMO) services, the Company is committed to the continuous improvement of its quality of services. The Company strictly adheres to the highest international quality standards and has laid a solid foundation for the further development of its CMC (small molecule CDMO) services by continuously strengthening its quality management systems. The Company's QA team provides regulatory authorities and customers with a variety of auditing methods, including on-site inspections and remote audits. During the Reporting Period, the Company received 153 QA audits (including 4 audits by regulatory authorities and 149 customer audits), and passed all the audits. Among them, the Company's Ningbo drug product production facility has obtained NMPA (National Medical Products Administration) approvals for the commercial production of 2 innovative drugs for its customers. The Company's API production facility in Ningbo received a pre-approval inspection (PAI) by the U.S. Food and Drug Administration (FDA) from October 28 to November 1, 2024, which was the first FDA regulatory inspection of the Company's API production facilities in China. The inspection results were favorable, and currently, the Company is awaiting the Establishment Inspection Report (EIR) from the FDA. The above results fully verify that the Company's CMC (small molecule CDMO) services have a sound quality management system and GMP commercial production capabilities for API and drug products. The Company remains steadfast in its commitment to excellence in quality management, delivering highest quality services and products to its customers.

(3) Clinical development services

During the Reporting Period, the clinical development services segment realized revenue of RMB1,826.2 million, with a year-on-year growth of 5.1%; and a gross margin of 12.8%, with a decrease of 4.3 percentage points over last year, mainly due to revenue mix of different projects and competitions in the China market, which resulted in temporary pressure on the segment's gross profit margin. Benefiting from the synergy of the Company's fully-integrated platform and the increasing customer recognitions of Pharmaron Clinical, the revenue and the number of ongoing projects of the Company's clinical development services continued to grow, and its market share continued to increase.

As of December 31, 2024, the Company had 4,007 employees in clinical development services, including more than 400 employees overseas. Pharmaron Clinical has established an integrated clinical trial service platform in China, an independent early clinical R&D center with 96 beds in Maryland, the U.S., and an integrated platform of "radioisotope compound synthesis – clinical – analysis" in the U.K. and the U.S.. During the Reporting Period, the Company strengthened its clinical operations, biostatistics, pharmacovigilance, and FDA regulatory submission services in the U.S.. These efforts will better assist Chinese customers in developing their products overseas and overseas customers in developing their products/in China.

During the Reporting Period, the Company's clinical CRO team provided services to 1,062 ongoing projects, including 94 projects in Phase III clinical trials, 407 projects in Phase I/II clinical trials, and 561 other clinical trial projects (including Phase IV clinical trials, investigator-initiated trials and real-world evidence trials). The Company's clinical research site management services team provided services to over 1,600 ongoing projects. Its CRC team covered over 670 hospitals and clinical trial centers in over 150 cities in China for clinical research site management services. Amidst intensifying market competitions, the Company had strengthened its core competitiveness by streamlining organizational structures and enhancing operational efficiency, leading to continued growth in project volume and customer base. Through dual regulatory filing services in China and the U.S., the Company had expanded its presence in the U.S. market, laying a solid foundation for future growth.

During the Reporting Period, the Company made remarkable progress in the digitalization and intelligence of its clinical development services. The Company had tested, evaluated, and implemented multiple AI applications across various business units including regulatory affairs, medical affairs, statistics, and pharmacovigilance. Through the combination of these AI solutions and engineering technologies, the Company had enhanced both the quality and efficiency of its services. During the Reporting Period, the Company acquired approximately 78.5% of the equity of Shanghai Jiying Intelligent Technology Co., Ltd. In February 2025, the Company completed the acquisition of a controlling stake in Zhejiang Aistarfish Technology Co., Ltd. By integrating the high-quality and compliant patient data of Aistarfish Technology and its AI platform, the Company will fully leverage Aistarfish's technological and data expertise in oncology, in combination with Jiying's technical capabilities in data analysis and AI algorithms, and the capabilities and scale advantages of the Company's clinical CRO services, to optimize the clinical trial processes including patient enrollment, patient follow-up, and data management. This integrated approach aims to assist its customers in improving the efficiency of clinical development. Meanwhile, the Company will make additional investments to expand its AI models and data platform into non-oncology fields, establishing unified multimodal data standards and integrating various disease characteristics to achieve cross-disease data integration. Through algorithm-optimized patient screening and stratification, the Company is committed to further promoting the digital and AI transformation of its clinical development service platform, thus better assisting its customers in improving drug R&D efficiency.

(4) Biologics and CGT services

During the Reporting Period, the Biologics and CGT services segment realized revenue of RMB407.5 million with a gross margin of -50.1%. The biologics and gene therapy CDMO business is still in the investment stage. The biologics CDMO service platform of the Campus II in Ningbo was partially put into operation in the first half of 2024, resulting in increased operating costs and depreciation during the Reporting Period compared to last year.

As of December 31, 2024, the Company had 733 employees in Biologics and CGT services. During the Reporting Period, the Company provided analytical release testing services to 24 CGT products at various stages, including 2 potency assays for commercial manufacture and 9 potency assays for clinical studies. For safety assessment services, the Company had 22 GLP and non-GLP toxicology studies for CGT products either had been completed or were in progress. In terms of gene therapy CDMO services, the Company had 14 projects across different service offerings and R&D stages, including 1 Phase III project, 6 Phase I/II projects, and 7 preclinical projects. In terms of biologics CDMO services, the Company successfully completed the first integrated project for an innovative bispecific antibody, from DNA to GMP drug substance and drug product.

During the Reporting Period, the Company had preliminarily established a biologics discovery services platform, and the revenue from laboratory protein and antibody generation services began to take shape. The biologics process development and production service platform (Campus II in Ningbo) was partially put into operation in the first half of 2024, and had successfully delivered GMP batch production of an innovative bispecific antibody to its customer, setting a significant milestone for its biologics CDMO services. The Company's specialty toxicology *in vivo* laboratory in Carlsbad, California, U.S. was partially put into operation and started to provide services to CGT products, ophthalmology products, and medical devices. This laboratory is equipped with state-of-the-art instrumentation that can support the totality of specialty CGT toxicology studies including formulation preparation/cell culture capabilities, imaging modalities for sophisticated in life dosing/sampling techniques, and bioanalysis. The Company's laboratories and facilities in Liverpool, the U.K. offered customers a scalable and approvable multiple AAV production platform, and further expanded its service capabilities for other advanced modalities. The Company is committed to providing customers with services in line with the highest global standards. During the Reporting Period, the Company's laboratory in Carlsbad, California, U.S., successfully passed the FDA audit, and its laboratory in Exton, Pennsylvania, U.S., successfully passed the EMA audit.

3. Profit for the Reporting Period

The profit attributable to owners of the parent in the Reporting Period was approximately RMB1,793.4 million, increased by 12.0% as compared to approximately RMB1,601.1 million for the year ended December 31, 2023.

4. Basic and Diluted Earnings Per Share

The basic earnings per share for the Reporting Period was approximately RMB1.0133, increased by 12.2% as compared to approximately RMB0.9033 for the year ended December 31, 2023. The diluted earnings per share for the Reporting Period was approximately RMB1.0113, increased by 12.1% as compared to approximately RMB0.9019 for the year ended December 31, 2023.

5. Non-IFRSs Adjusted Net Profit for the Period Attributable to Owners of the Parent

To supplement the financial statements prepared by us, we use non-IFRSs adjusted net profit attributable to owners of the parent as an additional financial measure. We define non-IFRSs adjusted net profit attributable to owners of the parent as net profit before certain expenses/(gains) as set out in the table below.

The Company believes that the consideration of the non-IFRSs adjusted net profit attributable to owners of the parent by eliminating the impact of certain incidental, non-cash or non-operating items is useful for better understanding and assessing underlying business performance and operating trends for the Company's management, shareholders and potential investors.

The non-IFRSs adjusted net profit attributable to owners of the parent is not an alternative to (i) profit before tax or net profit (as determined in accordance with IFRSs) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to satisfy our cash needs, or (iii) any other measures of performance or liquidity. In addition, the presentation of the non-IFRSs adjusted net profit attributable to owners of the parent is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRSs. Shareholders and potential investors should not view the non-IFRSs adjusted net profit attributable to owners of the parent on a stand-alone basis or as a substitute for results under the IFRSs, or as being comparable to results reported or forecasted by other companies.

	Year ended December 31, 2024 ***RMB'000***	Year ended December 31, 2023 *RMB'000*
Profit attributable to owners of the parent	**1,793,351**	1,601,096
Add:		
Share-based compensation expenses	**83,385**	185,227
Convertible Bonds related (gains)/losses	**(6,136)**	122,893
Foreign exchange related losses/(gains)	**33,927**	(6,166)
Realized and unrealized (gains)/losses from equity investments	**(407,060)**	381
Non-financial assets impairment	**65,369**	–
One-off loss made by Pharmaron Shanghai Co., Ltd. due to the business close	**44,016**	–
Non-IFRS adjusted net profit attributable to owners of the parent	**1,606,852**	1,903,431

6. Cash Flows

During the Reporting Period, the net cash flows generated from operating activities was approximately RMB2,576.7 million, representing a decrease of approximately 6.4% as compared to the year ended December 31, 2023.

During the Reporting Period, net cash flows used in investing activities of the Group amounted to approximately RMB2,024.3 million, representing a decrease of approximately RMB226.6 million or 10.1% as compared to the year ended December 31, 2023.

During the Reporting Period, net cash flows used in financing activities of the Group amounted to approximately RMB4,796.7 million, representing an increase of approximately RMB8,711.9 million or 222.5% as compared to the year ended December 31, 2023. The increase was mainly due to: 1) increased repurchased of Convertible bonds and cash repayment of bank loans; 2) increased repurchased of H Shares and A Shares of the Company during the Reporting Period; 3) decreased cash generated from the proceeds from bank loans and the capital injection from minority Shareholders compared to the year ended December 31, 2023.

7. Liquidity and Financial Resources

The Group has maintained a sound financial position during the Reporting Period. As at December 31, 2024, the Group's cash and cash equivalents amounted to approximately RMB1,623.1 million. For the Reporting Period, net cash flows generated from operating activities of the Group amounted to approximately RMB2,576.7 million.

The Group recorded total current assets of approximately RMB7,608.2 million as at December 31, 2024 (December 31, 2023: approximately RMB10,874.4 million) and total current liabilities of approximately RMB4,224.0 million as at December 31, 2024 (December 31, 2023: approximately RMB3,654.5 million). The current ratio (calculated by dividing the current assets by the current liabilities) of the Group was approximately 1.8 as at December 31, 2024 (December 31, 2023: approximately 3.0).

8. Borrowings and Gearing Ratio

As at December 31, 2024, the Group aggregated interest-bearing bank borrowings of approximately RMB5,424.7 million. Among the total borrowings, approximately RMB1,047.3 million will be due within one year and approximately RMB4,377.4 million will be due after one year.

As at December 31, 2024, the gearing ratio, calculated as total liabilities over total assets, was 40.6%, as compared with 50.0% as at December 31, 2023.

9. Pledge of Assets

As at December 31, 2024, the Group mortgaged property, plant and equipment with a net carrying amount of approximately RMB1,102.7 million (December 31, 2023: approximately RMB691.7 million); and the mortgaged right-of-use assets had a net carrying amount of approximately RMB138.3 million (December 31, 2023: approximately RMB128.3 million).

Those pledged assets above have been used to secure the Group's interest-bearing bank borrowings.

Besides, as at December 31, 2024, the Group pledged deposits of approximately RMB66.8 million (December 31, 2023: approximately RMB127.7 million) to issue letters of credit and for environmental protection.

10. Final Dividend

On June 6, 2024, the 2023 Profit Distribution of the Company was approved at the annual general meeting of the Company. For further details of dividends paid pursuant to the 2023 Profit Distribution, please refer to paragraph numbered "13. Miscellaneous – (1) 2023 Profit Distribution" below under the section headed "B. Financial Review".

The Board proposed to declare a final cash dividend of RMB2.0 (inclusive of tax) per 10 shares or an aggregate of approximately RMB354.2 million for the year ended December 31, 2024.

The aforesaid proposal is subject to the consideration and approval at the AGM. If the distribution proposal is approved at the AGM, it is expected that the final dividend for the year ended December 31, 2024 will be distributed to the shareholders by the end of August 2025.

Details regarding the closure of the register of members of the Company and declaration and payment of dividends will be announced separately in due course.

11. Contingent Liabilities

As at December 31, 2024, the Group did not have any material contingent liabilities.

12. Share Incentive Schemes

(1) 2021 A Share Incentive Scheme

On July 12, 2021, the Shareholders resolved to adopt the 2021 A Share Incentive Scheme, the assessment management measures for the implementation of the 2021 A Share Incentive Scheme and the authorization to the Board to handle matters pertaining to the 2021 A Share Incentive Scheme.

(i) Purpose of the 2021 A Share Incentive Scheme

In order to further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid – level management, core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized, the 2021 A Share Incentive Scheme was approved by the general meeting.

(ii) Category of grantees and participants of the 2021 A Share Incentive Scheme

The total number of grantees who have been granted and who have taken up the relevant Restricted A Shares under the 2021 A Share Incentive Scheme is 204, including core management of the Company, mid-level managements and core technical personnel and basic-level management and technical personnel. All eligible participants must have an employment or labour relationship with the Company or its subsidiaries when a grant under the 2021 A Share Incentive Scheme is made and during the assessment period of the 2021 A Share Incentive Scheme.

None of the Directors, supervisors, members of senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or their respective spouses, parents or children, or the Directors, supervisors, substantial shareholders has been the grantee of any awards granted pursuant to the 2021 A Share Incentive Scheme.

(iii) Maximum entitlement of each participant and maximum number of Restricted A Shares to be issued by the Company under the 2021 A Share Incentive Scheme

None of the grants under the 2021 A Share Incentive Scheme was subject to approval by the shareholders of the Company. The grants under the 2021 A Share Incentive Scheme would not result in the awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the relevant class of shares in issue (excluding treasury shares (as defined under the Listing Rules)).

Pursuant to the Management Measures and the 2021 A Share Incentive Scheme, the maximum number of Restricted A Shares to be issued by the Company was 1,161,300 A Shares (as adjusted after the implementation of the 2021 Capitalization of Reserve), and was further adjusted to 1,741,950 A Shares (as adjusted after the implementation of the 2022 Capitalization of Reserve), representing approximately 0.10% of the Company's total number of issued Shares as of December 31, 2024. The total number of Shares to be granted to any participants under all the fully effective share incentive schemes of the Company shall not exceed 1% of the total share capital of the Company.

(iv) Grant price and the basis of determining the grant price

The grant price of the Restricted A Shares under the 2021 A Share Incentive Scheme shall be RMB70.47 per A Share (subject to adjustment). Pursuant to the Shenzhen Listing Rules and the Management Measures, the pricing method for the Restricted A Shares under the 2021 A Share Incentive Scheme is independent pricing, and the share price is the 50% of average trading price of the Company's shares for 120 trading days prior to the date of the announcement of the 2021 A Share Incentive Scheme, which is RMB70.47 per share:

1. 50% of the average trading price of the Company's shares on the trading day immediately preceding the date of the announcement on the adoption of the 2021 A Share Incentive Scheme amongst other things, being RMB92.57 per A Share;

2. 50% of the average trading price of the Company's shares for the 20 trading days immediately preceding the date of the announcement on the adoption of the 2021 A Share Incentive Scheme amongst other things, being RMB89.86 per A Share;

3. 50% of the average trading price of the Company's shares for the 60 trading days immediately preceding the date of the announcement on the adoption of the 2021 A Share Incentive Scheme amongst other things, being RMB77.47 per A Share; and

4. 50% of any one of the average trading price of the Company's shares for the 120 trading days immediately preceding the date of the announcement on the adoption of the 2021 A Share Incentive Scheme amongst other things, being RMB70.47 per A Share.

The grant price was determined in accordance with the price references abovementioned. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which eligible participants must achieve for the restricted A Share(s) to be attributed, and considers that this is in balance with a discount in the grant price.

As a result of the implementation of the 2021 Profit Distribution Plan and pursuant to the Management Measures and the 2021 A Share Incentive Scheme, on July 28, 2022, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2021 A Share Incentive Scheme from RMB70.17 per A Share to RMB46.48 per A Share.

As a result of the implementation of the 2022 Profit Distribution Plan and pursuant to the Management Measures and the 2021 A Share Incentive Scheme, on October 27, 2023, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2021 A Share Incentive Scheme from RMB46.48 per A Share to RMB30.79 per A Share.

As a result of the implementation of the 2023 Profit Distribution and pursuant to the Management Measures and the 2021 A Share Incentive Scheme, on August 27, 2024, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2021 A Share Incentive Scheme from RMB30.79 per A Share to RMB30.59 per A Share.

(v) Granting of Restricted A Shares during the Reporting Period

No awards were granted under the 2021 A Share Incentive Scheme during the Reporting Period, and no further share incentives shall be available for grant under the 2021 A Share Incentive Scheme.

(vi) Vesting and Forfeiture of Restricted A Shares during the Reporting Period

In January 2024, the Company conducted the registration of vesting of Restricted A Shares. Restricted A Shares were vested to a total of 43 eligible employees, and the total number of Restricted A Shares vested was 79,694. The Restricted A Shares vested were circulated January 29, 2024.

In the process of payment of funds and share registration, a total of 302,678 Restricted A Shares that could be vested to 140 eligible employees were forfeited in whole or in part due to personal reasons. Please refer to the overseas regulatory announcement of the Company dated January 25, 2024 for further details.

During the Reporting Period, five grantees who were granted Restricted A Shares under the 2021 A Share Incentive Scheme resigned for personal reasons. As a result, they no longer qualify as eligible employees under the 2021 A Share Incentive Scheme, and a total of 21,826 unvested Restricted A Shares previously granted to them have been forfeited. Please refer to the overseas regulatory announcement of the Company dated August 27, 2024 for further details.

(vii) Particulars of movement of unvested awards during the Reporting Period

The granted Restricted A Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on the first trading date after each anniversary date after the vesting commencement date upon meeting certain performance conditions, and shall last until the last trading dates by the next anniversary date.

Set out below are details of the unvested awards and the movements of the number of granted awards under the 2021 A Share Incentive Scheme during the Reporting Period:

Category of grantee	Date of grant	Grant Price[1]	Number of unvested and not registered awards as at January 1, 2024	Number of awards vested during the year of 2024[2]	Number of awards lapsed during the year of 2024	Number of unvested and not registered awards as at December 31, 2024
Employees	July 27, 2021	RMB30.59	1,147,178	79,694	324,504	742,980

Note:

(1) The grant price was adjusted from RMB30.79 to RMB30.59 as a result of the implementation of the 2023 Profit Distribution. Please refer to section under "(1) 2021 A Share Incentive Scheme – (iv) Grant price and the basis of determining the grant price" above for further details. Employees shall pay for the grant price of the vested Restricted A Shares based on the amount vested at the time of each vesting.

(2) The weighted average closing price of the A Shares immediately before the dates on which the awards were vested was RMB22.01.

(viii) Remaining validity period of the 2021 A Share Incentive Scheme

The 2021 A Share Incentive Scheme shall be valid until the date on which all Restricted A Shares available for issue under the 2021 A Share Incentive Scheme have been attributed or forfeited, and such period shall not exceed 60 months from the grant date. As such, as of December 31, 2024, the remaining life of the 2021 A Share Incentive Scheme is 18 months.

(ix) Others

In January 2025, the Company conducted the registration of vesting of Restricted A Shares. Restricted A Shares were vested to a total of 20 eligible employees, and the total number of Restricted A Shares vested was 24,459. The Restricted A Shares vested were circulated on February 5, 2025.

In the process of payment of funds and share registration, a total of 347,001 Restricted A Shares that could be vested to 157 eligible employees were forfeited in whole or in part due to personal reasons. Please refer to the overseas regulatory announcement of the Company dated January 23, 2025 for further details.

(2) 2022 A Share Incentive Scheme

On May 31, 2022, the Shareholders resolved to adopt the 2022 A Share Incentive Scheme, the assessment management measures for the implementation of the 2022 A Share Incentive Scheme and the authorization to the Board to handle matters pertaining to the 2022 A Share Incentive Scheme.

(i) Purpose of the 2022 A Share Incentive Scheme

In order to further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management and core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized, the 2022 A Share Incentive Scheme was approved by Shareholders' meeting of the Company.

(ii) Category of grantees and participants of the 2022 A Share Incentive Scheme

The total number of the eligible participants for the grant proposed under the 2022 A Share Incentive Scheme shall be 379. All eligible participants must have an employment or labour relationship with the Company or its subsidiaries when a grant under the 2022 A Share Incentive Scheme is made and during the assessment period of the 2022 A Share Incentive Scheme.

None of the Directors, supervisors, members of senior management, non-PRC employee, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or their respective spouses, parents or children, or the respective associates of the Directors, supervisors, substantial shareholders has been the grantee of any awards granted pursuant to the 2022 A Share Incentive Scheme.

(iii) Maximum entitlements of each participant and maximum number of Restricted A Shares to be issued by the Company under the 2022 A Share Incentive Scheme

None of the grants under the 2022 A Share Incentive Scheme was subject to approval by the shareholders of the Company. The grants under the 2022 A Share Incentive Scheme would not result in the awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the relevant class of shares in issue (excluding treasury shares (as defined under the Listing Rules)).

Pursuant to the Management Measures and the 2022 A Share Incentive Scheme, the maximum number of Restricted A Shares to be issued by the Company was 2,203,200 A Shares (as adjusted after the implementation of the 2021 Capitalization of Reserve), and was further adjusted to 3,304,800 A Shares (as adjusted after the implementation of the 2022 Capitalization of Reserve), representing approximately 0.19% of the Company's total number of issued Shares as of December 31, 2024. The total number of Shares to be granted to any participants under all the fully effective share incentive schemes of the Company shall not exceed 1% of the total share capital of the Company.

(iv) Grant price and the basis of determining the grant price

The grant price of the Restricted A Shares under the 2022 A Share Incentive Scheme was RMB58.38 per A Share (subject to adjustment). Pursuant to the Shenzhen Listing Rules and the Management Measures, the grant price of the Restricted A Shares under the 2022 A Share Incentive Scheme shall be not less than the par value of the Shares, and in principle not less than the higher of:

1. 50% of the average trading price of the Company's A Shares for one trading day immediately preceding the date of the announcement with respect to the adoption of the 2022 A Share Incentive Scheme, being RMB58.38 per A Share; and

2. 50% of the average trading price of the Company's A Shares for the 20 trading days immediately preceding the date of the announcement with respect to the adoption of the 2022 A Share Incentive Scheme, being RMB55.06 per A Share.

The grant price was determined in accordance with the price references abovementioned. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which participants must achieve for the restricted share(s) to be attributed, and considers that this is in balance with a discount in the grant price.

As a result of the implementation of the 2021 Profit Distribution Plan, and pursuant to the Management Measures and the 2022 A Share Incentive Scheme, on July 28, 2022, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2022 A Share Incentive Scheme from RMB58.38 per A Share to RMB38.62 per A Share.

As a result of the implementation of the 2022 Profit Distribution Plan, and pursuant to the Management Measures and the 2022 A Share Incentive Scheme, on October 27, 2023, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2022 A Share Incentive Scheme from RMB38.62 per A Share to RMB25.55 per A Share.

As a result of the implementation of the 2023 Profit Distribution, and pursuant to the Management Measures and the 2022 A Share Incentive Scheme, on August 27, 2024, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2022 A Share Incentive Scheme from RMB25.55 per A Share to RMB25.35 per A Share.

(v) Granting of Restricted A Shares during the Reporting Period

No awards were granted under the 2022 A Share Incentive Scheme during the Reporting Period, and no further share incentives shall be available for grant under the 2022 A Share Incentive Scheme.

(vi) Vesting and Forfeiture of Restricted A Shares during the Reporting Period

In January 2024, the Company conducted the registration of vesting of Restricted A Shares. Restricted A Shares were vested to a total of 286 eligible employees, and the total number of Restricted A Shares vested was 582,397. The Restricted A Shares vested were circulated January 29, 2024.

In the process of payment of funds and share registration, a total of 204,102 Restricted A Shares that could be vested to 81 eligible employees were forfeited in whole or in part due to personal reasons. Please refer to the overseas regulatory announcement of the Company dated January 25, 2024 for further details.

During the Reporting Period, (i) 14 grantees who were granted Restricted A Shares under the 2022 A Share Incentive Scheme resigned for personal reasons; and (ii) one grantee failed to satisfy the individual performance indicator prescribed by the 2022 A Share Incentive Scheme. As a result, they no longer qualify as eligible employees under the 2022 A Share Incentive Scheme, and a total of 249,190 unvested Restricted A Shares previously granted to them have been forfeited. Please refer to the overseas regulatory announcement of the Company dated August 27, 2024 for further details.

(vii) Particulars of movement of unvested awards during the Reporting Period

The granted Restricted A Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on the first trading date after each anniversary date after the vesting commencement date upon meeting certain performance conditions, and shall last until the last trading dates by the next anniversary date.

Set out below are details of the unvested awards and the movements of the number of granted awards under the 2022 A Share Incentive Scheme during the Reporting Period:

Category of grantee	Date of grant	Grant Price[1]	Number of unvested and not registered awards as at January 1, 2024	Number of awards vested during the year of 2024[2]	Number of awards lapsed during the year of 2024	Number of unvested and not registered awards as at December 31, 2024
Employees	July 28, 2022	RMB25.35	3,146,400	582,397	453,292	2,110,711

Note:

(1) The grant price was adjusted from RMB25.55 to RMB25.35 as a result of the implementation of the 2023 Profit Distribution. Please refer to section under "(2) 2022 A Share Incentive Scheme – (iv) Grant price and the basis of determining the grant price" above for further details. Employees shall pay for the grant price of the vested Restricted A Shares based on the amount vested at the time of each vesting.

(2) The weighted average closing price of the A Shares immediately before the dates on which the awards were vested was RMB22.01.

(viii) Remaining validity period of the 2022 A Share Incentive Scheme

The 2022 A Share Incentive Scheme shall be valid until the date on which all Restricted A Shares have been attributed or forfeited under the 2022 A Share Incentive Scheme, and such period shall not exceed 60 months. As such, as of December 31, 2024, the remaining life of the 2022 A Share Incentive Scheme is 30 months.

(ix) Others

In January 2025, the Company conducted the registration of vesting of Restricted A Shares. Restricted A Shares were vested to a total of 209 eligible employees, and the total number of Restricted A Shares vested was 385,057. The Restricted A Shares vested were circulated on February 5, 2025.

In the process of payment of funds and share registration, a total of 317,632 Restricted A Shares that could be vested to 140 eligible employees were forfeited in whole or in part due to personal reasons. Please refer to the overseas regulatory announcement of the Company dated January 23, 2025 for further details.

(3) 2023 A Share Incentive Scheme

On June 21, 2023, the Shareholders resolved to adopt the 2023 A Share Incentive Scheme, the assessment management measures for the implementation of the 2023 A Share Incentive Scheme and the authorization to the Board to handle matters pertaining to the 2023 A Share Incentive Scheme during the annual general meeting of the Company.

(i) Purpose of the 2023 A Share Incentive Scheme

In order to further perfect the Company's corporate governance structure, establish and improve the Company's long-term incentive mechanism, attract and retain the Company's core management, mid-level management, core technical personnel, basic-level management and technical personnel, fully mobilize their enthusiasm and creativity, effectively strengthen the cohesion of the core team and the competitiveness of the Company, align the interests of the shareholders, the Company and the core staff members, bring their attention to the long-term development of the Company and ensure that the Company's development strategy and business goals shall be realized, the 2023 A Share Incentive Scheme was approved by Shareholders' meeting of the Company.

(ii) Category of grantees and participants of the 2023 A Share Incentive Scheme

The total number of the eligible participants for the first grant proposed under the 2023 A Share Incentive Scheme shall be 295. All eligible participants must have an employment or labour relationship with the Company or its subsidiaries when a grant under the 2023 A Share Incentive Scheme is made and during the assessment period in relation to the First Grant and the Reserved Grant under the 2023 A Share Incentive Scheme.

None of the Directors, supervisors, chief executive, members of senior management, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or their respective spouses, parents or children, or the respective associates of the Directors, supervisors, substantial shareholders has been the grantee of any awards granted pursuant to the 2023 A Share Incentive Scheme.

(iii) Maximum entitlements of each participant and maximum number of Restricted A Shares to be issued by the Company under the 2023 A Share Incentive Scheme

None of the grants made under the 2023 A Share Incentive Scheme was subject to approval by the shareholders of the Company. The grants made under the 2023 A Share Incentive Scheme would not result in the awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the relevant class of shares in issue (excluding treasury shares (as defined under the Listing Rules)).

The maximum number of Restricted A Shares to be granted under the First Grant pursuant to the 2023 A Share Incentive Scheme would be 1,479,300 A Shares, representing approximately 90% of the A Shares available under the 2023 A Share Incentive Scheme, with the remaining 10%, being 164,400 A Shares reserved for further award grants. However, as a result of change of eligibility of four proposed participants, and the voluntary waivers of Restricted A Shares by nine proposed participants, the number of Restricted A Shares to be issued by the Company under the First Grant was adjusted from 1,479,300 A Shares to 1,444,500 A Shares, and was further adjusted to 2,166,750 A Shares (as adjusted after the implementation of the 2022 Capitalization of Reserve), representing approximately 0.12% of the Company's total number of issued Shares as of December 31, 2024. The number of Restricted A Shares to be issued by the Company under the Reserved Grant was adjusted from 164,400 A Shares to 246,600 A Shares (as adjusted after the implementation of the 2022 Capitalization of Reserve), representing approximately 0.01% of the Company's total number of issued Shares as of December 31, 2024. The total number of Shares to be granted to any participants under all the fully effective share incentive schemes of the Company shall not exceed 1% of the total share capital of the Company.

(iv) Grant price and the basis of determining the grant price

The Grant Price of the Restricted A Shares under the First Grant and the Reserved Grant shall be RMB28.58 per A Share (subject to adjustment).

Pursuant to the Shenzhen Listing Rules and the Management Measures, the grant price of the Restricted A Shares under the First Grant and the Reserved Grant shall be not less than the par value of the Shares, and in principle not less than the higher of:

1. 50% of the average trading price of the Company's A Shares for one trading day immediately preceding the date of the announcement in relation to the adoption of the 2023 A Share Incentive Scheme, being RMB28.51 per A Share; and

2. 50% of the average trading price of the Company's A Shares for the 20 trading days immediately preceding the date of the announcement in relation to the adoption of the 2023 A Share Incentive Scheme, being RMB28.58 per A Share.

The Grant Price was determined in accordance with the price references above mentioned. This was also determined with a view to stabilize talents and effectively incentivize employees under different cycles and business environments which may allow the Company to gain advantage in the competitive industry that it operates in. The Board has also taken into consideration the level of difficulty of the performance targets which participants must achieve for the Restricted A Share(s) to be attributed, and considers that this is in balance with the discount in the Grant Price.

As a result of the implementation of the 2022 Profit Distribution Plan and 2023 Profit Distribution, and pursuant to the Management Measures and the 2023 A Share Incentive Scheme, on August 27, 2024, the Board has resolved to adjust the grant price of Restricted A Shares granted under the 2023 A Share Incentive Scheme from RMB28.58 per A Share to RMB18.65 per A Share.

(v) Granting of Restricted A Shares during the Reporting Period

No Restricted A Shares were granted under the 2023 A Share Incentive Scheme during the Reporting Period.

Pursuant to the 2023 A Share Incentive Scheme, a total of 138,600 A Shares under the Reserved Grant which had not been attributed within 12 months from the date on which the 2023 A Share Incentive Scheme was considered and approved at the annual general meeting for the year 2022 were forfeited. As a result, all Restricted Shares which not been granted under the Reserved Grant have lapsed and been forfeited, and no Restricted A Shares are available for future grant as of December 31, 2024.

(vi) Vesting and Forfeiture of Restricted A Shares during the Reporting Period

The Company did not vest any Restricted Shares during the Reporting Period.

During the Reporting Period, (i) 14 grantees who were granted Restricted A Shares under the 2023 A Share Incentive Scheme resigned for personal reasons; and (ii) two grantees voluntarily forfeited all awards previously granted to them due to personal reasons. In addition, 515,174 Restricted A Shares were forfeited due to failure to satisfy the Company's performance indicator prescribed by the 2023 A Share Incentive Scheme. As a result, a total of 659,624 unvested Restricted A Shares previously granted have been forfeited. Please refer to the overseas regulatory announcement of the Company dated August 27, 2024 for further details.

(vii) Particulars of movement of unvested awards during the Reporting Period

The granted Restricted A Shares shall be vested over a four-year period, with 25%, 25%, 25% and 25% of total shares vesting on the first trading date following each anniversary date after the vesting commencement date upon meeting certain performance conditions, and shall last until the last trading dates by the next anniversary date.

Set out below are details of the unvested awards and the movements of the number of granted awards under the 2023 A Share Incentive Scheme during the Reporting Period:

Category of grantee	Date of grant	Grant Price[(1)]	Number of unvested and not registered awards as at January 1, 2024	Adjustment due to the 2022 Profit Distribution Plan	Number of awards vested during the year of 2024	Number of awards lapsed during the year of 2024	Number of unvested and not registered awards as at December 31, 2024
Employees	July 7, 2023	RMB18.65	1,470,300	735,150	0	659,624	1,545,826

(1) The grant price was adjusted from RMB28.58 to RMB18.65 as a result of the implementation of the 2022 Profit Distribution Plan and 2023 Profit Distribution. Please refer to section under "(3) 2023 A Share Incentive Scheme – (iv) Grant price and the basis of determining the grant price" above for further details. Employees shall pay for the grant price of the vested Restricted A Shares based on the amount vested at the time of each vesting.

(vii) Remaining validity period of the 2023 A Share Incentive Scheme

The 2023 A Share Incentive Scheme shall be valid until the date on which all Restricted A Shares have been attributed or forfeited, and such period shall not exceed 72 months. As such, as of December 31, 2024, the remaining life of the 2023 A Share Incentive Scheme is 54 months.

(4) Concluding statement

The total number of Shares that may be issued in respect of awards granted under all A Share incentive schemes of the Company during the year ended December 31, 2024 divided by the weighted average number of A Shares in issue for the year ended December 31, 2024 was 0.25%.

(5) First H Share Award and Trust Scheme

The Shareholders have resolved to adopt the First H Share Award and Trust Scheme during the extraordinary general meeting of the Shareholders on December 11, 2020. The source of the award shares under the First H Share Award and Trust Scheme shall be H Shares to be acquired by the trustee through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the relevant scheme rules. The H Share Scheme is comprised of two parts, namely (i) the Employee Share Award Plan and (ii) the Share Bonus Plan.

(i) Purpose of First H Share Award and Trust Scheme

The purposes of the Employee Share Award Plan are:

1. to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;

2. to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and

3. to (a) recognize the contributions of the leadership of the Company including the Directors and long standing employees of the Company; (b) encourage, motivate and retain the leadership of the Company and long standing employees whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to that of the Shareholders and the Group as a whole.

The purposes of the Share Bonus Plan are:

1. to reward and motivate key employees responsible for increments in the Company's performance;

2. to strengthen employees' initiative in striving for the enhancement of the Company's performance; and

3. to align the interests of employees with that of the Shareholders.

(ii) Category of grantees and participants of the First H Share Award and Trust Scheme

Eligible employees who may participate in the First H Share Award and Trust Scheme include eligible employees for the Employee Share Award Plan, and eligible employees for the Share Bonus Plan. Eligible employees of the Employee Share Award Plan include any individual, being a Director, senior management, key operating team member, employee, or consultant, who is a full-time PRC or non-PRC employee of any members of the Group. Eligible employees of the Share Bonus Plan include any individual, being a Director, senior management, or key operating team member, who is a full-time PRC or non-PRC employee of any members of the Group.

None of the Directors, supervisors, members of senior management, shareholders who individually or collectively hold more than 5% of the Shares of the Company, de facto controllers, or the spouses, parents or children of such de facto controllers of the Company, or their respective associates has been the grantee of any awards granted pursuant to the First H Share Award and Trust Scheme.

(iii) Maximum entitlements of each participant and maximum number of H Shares to be granted by the Company under the First H Share Award and Trust Scheme

None of the grants made under the First H Share Award and Trust Scheme was subject to approval by the shareholders of the Company. The grants made under the First H Share Award and Trust Scheme would not result in the awards granted and to be granted to each individual grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the Shares in issue.

Pursuant to the First H Share Award and Trust Scheme, the maximum number of H Shares that can be purchased on the market by the trustee appointed by the Company for the purpose of servicing the First H Share Award and Trust Scheme was 11,910,000 H Shares, and was further adjusted to 17,865,000 H Shares on July 28, 2023 as a result of the implementation of the 2022 Profit Distribution Plan, which represents approximately 1% of the Company's total number of issued H Shares as of December 31, 2024.

As of December 31, 2024, 17,859,000 H Shares had been purchased by the trustee appointed by the Company through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the relevant scheme rules.

The Company shall not make any further grant of award which will result in the aggregate number of H Shares underlying all grants made pursuant to the First H Share Award and Trust Scheme to exceed the scheme limit without Shareholders' approval. Award shares that have been forfeited in accordance with the First H Share Award and Trust Scheme shall not be added to the scheme limit, nor shall such forfeited shares be added to the total number of H Shares granted under the First H Share Award and Trust Scheme. As of December 31, 2024, there are 1,539,339 H Shares to be granted under the First H Share Award, which represents approximately 0.51% of the Company's total number of issued H Shares as of the same date.

(iv) Particulars of movement of unvested awards during the Reporting Period

All of the relevant granted H Shares shall be vested either 1) over a four-year period, with 25%, 25%, 25% and 25%; or 2) over a two-year period with 50% and 50% of total shares vesting on the first trading date after each anniversary date after the respective vesting commencement date upon meeting certain vesting conditions, and shall last until the last trading dates by the next anniversary date.

Set out below are details of the movements of the number of unvested awards under the First H Share Award and Trust Scheme during the Reporting Period:

Category of grantee	Date of grant	Grant Price	Number of unvested awards as at January 1, 2024	Awards vested during the Reporting Period	Awards forfeited during the Reporting Period	Awards canceled during the Reporting Period	Number of unvested awards as at December 31, 2024
Employees	August 29,2023	N/A	112,500	0	112,500	0	0
	August 29,2023	N/A	1,942,071	0	610,957	0	1,331,114
	May 31,2022	N/A	8,382,729	2,681,046	395,775	0	5,305,908
	April 1,2022	N/A	806,207	268,708	0	0	537,499
	December 14, 2020	N/A	776,076	319,140	135,681	0	321,255
Total			**12,019,583**	**3,268,894**	**1,254,913**	**0**	**7,495,776**

Note:

(1) The weighted average closing price of the H Shares immediately before the date on which the awards were vested was HKD9.79.

None of the grantees is a director or connected person of the Company or one of its five highest paid individuals during the Reporting Period, and none of the abovementioned grants was subject to approval by the shareholders of the Company.

(vi) Remaining validity period of the First H Share Award and Trust Scheme

The First H Share Award and Trust Scheme shall be valid and effective for a term commencing on the date on which the Shareholders and the Board approved the First H Share Award and Trust Scheme (the "Adoption Date"), and ending on the business day immediately prior to the 10th anniversary of the Adoption Date, and after which no further awards will be granted, and thereafter for so long as there are any non-vested award shares granted hereunder prior to the expiration of the First H Share Award and Trust Scheme, in order to give effect to the vesting of such award shares or otherwise as may be required in accordance with the provisions of the rules of the First H Share Award and Trust Scheme. As such, as of December 31, 2024, the remaining life of the First H Share Award and Trust Scheme is 70 months.

(vii) Others

For the 12 months ended December 31, 2024, the Group had recorded share-based compensation expenses of RMB64,745,000 (the 12 months ended December 31, 2023: RMB147,963,000) in relation to the First H Share Award and Trust Scheme. The total number of Shares granted to any participants under all the fully effective share incentive schemes of the Company was 16,325,661, which represents approximately 0.92% of the total share capital of the Company as of December 31, 2024.

13. Miscellaneous

(1) 2023 Profit Distribution

On June 6, 2024, the 2023 Profit Distribution of the Company was approved at the annual general meeting of the Company. Pursuant to the 2023 Profit Distribution, the Company has paid a cash dividend of RMB0.2 (inclusive of tax) for per Share to the Shareholders whose names appear on the H Shares register of members of the Company on July 8, 2024. Please refer to the circular of the Company dated May 14, 2024 for further details.

(2) Acquisition of Control of Shanghai JiYing

The Company has been significantly investing in the development of its sustainable technology platform and promoting innovation, making sure that the science and technology developed at Pharmaron align with the advancements in current and future new drug discovery and development in the biopharmaceutical industry, as well as continuously investing in cultivating and developing technological capabilities from AI. During the Reporting Period, the Company signed relevant agreements to acquire approximately 78.5% equity interest in Shanghai JiYing for a total consideration of RMB43.0 million in the form of equity purchase and capital increase. Shanghai JiYing has been deeply involved in the field of AI and frontier technologies for many years and holds a competitive advantage. The acquisition of Shanghai Jiying will further promote the Company's digital transformation in the clinical service field. With the gradual development and maturity of AI technology, it will be possible to improve the efficiency of clinical services and reduce labor costs.

(3) Additional Investment in PharmaGend

Pursuant to the Company's investment agreement with CMS Medical Venture Pte. Ltd., Rxilient Health Pte. Ltd. and Healthy Goal Limited to invest in PharmaGend, all shareholders of PharmaGend signed a share subscription agreement on August 2, 2024 to jointly make an additional investment of US$20 million in PharmaGend according to their respective shareholding ratios. Pharmaron (Hong Kong) International Limited, a wholly-owned subsidiary of the Company holding 35% equity interest in PharmaGend, will invest an additional US$7 million in PharmaGend. The consideration was fully paid up on September 13, 2024. Please refer to the overseas regulatory announcements of the Company dated August 5, 2024 and September 13, 2024 for further details.

On November 27, 2024, the Company further resolved to jointly make an additional investment of US$30 million in PharmaGend with its other shareholders according to their respective shareholding ratios. Pharmaron (Hong Kong) International Limited, a wholly-owned subsidiary of the Company holding 35% equity interest in PharmaGend, will invest an additional US$10.5 million in PharmaGend. The Company believes that this additional investment will improve the infrastructure and product line construction of PharmaGend, enhance its formulation CDMO service capabilities, thereby promoting the Company's global, high-quality, and sustainable healthy development. It further perfects the full-process integrated service platform, providing more flexible and efficient services to customers. PharmaGend completed the updates of the register of shareholders on March 10, 2025. Please refer to the overseas regulatory announcement of the Company dated November 27, 2024 and March 11, 2025 for further details.

(4) Disposal of Equity Interests in Overseas as Minority Investment of the Company

During the Reporting Period, PROTEOLOGIX, INC. (hereinafter referred to as "PROTEOLOGIX") a company in which the Company holds a minority interest, was acquired by Johnson & Johnson by way of a merger. The Company consented to the merger after having consider factors including PROTEOLOGIX's technical capabilities and operating conditions. The Company cooperated with PROTEOLOGIX in transferring all of its equity interests in PROTEOLOGIX, held directly by a subsidiary of the Company, for consideration of approximately US$102 million. On June 21, 2024, Johnson & Johnson completed the merger of PROTEOLOGIX, and the Company received the payment of US$86.195 million (after deducting relevant transaction fees and making relevant adjustments). The milestone payment will be paid upon achievement of certain milestone in accordance with the Merger Agreement. Please refer to the announcement of the Company dated June 24, 2024 for further details.

(5) Resignation of Independent Non-Executive Director

Mr. Zhou Qilin ("**Mr. Zhou**") resigned as an independent non-executive Director of our Company with effect from November 27, 2024 in compliance with the relevant rules on the part-time management of members of the Chinese Academy of Sciences. Mr. Zhou confirmed that he has no disagreement with the Board and there are no matters in relation to his resignation that need to be brought to the attention of the Stock Exchange, or the shareholders of the Company.

Following his resignation, Mr. Zhou ceased to be an independent non-executive Director of the Company and a member of the strategy committee of the Board. Please refer to the announcement of the Company dated November 27, 2024 for further details.

(6) Additional Investment in AstraZeneca Fund

During the Reporting Period, the Company reached a comprehensive strategic cooperation with AstraZeneca Investment (China) Co., Ltd. ("**AstraZeneca China**") in respect of integrated services for R&D, commercialization and manufacturing throughout the entire process of drug discovery, preclinical and clinical development, including small molecules, biologics and CGT drugs, as well as investment in the field of innovative drug R&D. Meanwhile, based on the positive role of Wuxi AstraZeneca-CICC Venture Capital Partnership (Limited Partnership) ("**AstraZeneca Fund**"), one of AstraZeneca China's innovative "three pillars", in promoting China's innovative drug industry, the Company signed the Agreement on the Transfer of the Share of the Property of Wuxi AstraZeneca-CICC Venture Capital Partnership (Limited Partnership) (《關於無錫阿斯利康中金創業投資合夥企業(有限合夥)之財產份額轉讓協議》) with the relevant parties on August 16, 2024 to acquire the AstraZeneca Fund partnership interest held by Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. and Shanghai Zhengxingu Investment Management Co., Ltd. for a consideration of RMB0. The Company subscribed for but has not yet paid the total of RMB91 million AstraZeneca Fund commitment held by Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. and Shanghai Zhengxingu Investment Management Co., Ltd.. After this additional investment, the Company's commitment to AstraZeneca Fund amounted to RMB191 million, accounting for 8.46% of the total contribution to AstraZeneca Fund. Please refer to the overseas regulatory announcement of the Company dated August 16, 2024 for further details.

(7) Connected Transaction in relation to the Investment in the Yongxin Kangjun Fund

On April 8, 2024, Kangjun Investment (as the General Partner) and eight Limited Partners, namely, the Company, Beijing Xinyuan Zhikang, Ningbo Yongxin, Ningbo Yongqian, Ningbo Yongcai, Zhuhai Gaoke, Shanghai Model and Mr. Yu Yuejiang (郁岳江) entered into the Limited Partnership Agreement in relation to the investment in the Yongxin Kangjun Fund. Pursuant to the Limited Partnership Agreement, the Company subscribed for a capital contribution of RMB280.0 million and act as a Limited Partner of the Yongxin Kangjun Fund. As at the date of the Limited Partnership Agreement, each of Kangjun Investment and Beijing Xinyuan Zhikang was a connected person of the Company. Therefore, the Company's investment in the Yongxin Kangjun Fund alongside Kangjun Investment and Beijing Xinyuan Zhikang constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated April 8, 2024 for further details.

C. Technical Investment Results

Keeping pace with cutting-edge technologies of innovative drug R&D, pharmaceutical industry trend, and technological evolution, the Company has consistently adopted a strategy of combining internal R&D with external innovations to enhance its technical expertise.

In 2024, the Company took a significant step forward in full-automation and AI technologies. Leveraging cutting-edge automation technologies, it significantly increased the efficiency of chemical reaction conditions selection and lead compounds screening. Meanwhile, the Company implemented fully automated chemical synthesis platform and fully integrated and automated high throughput screening platform to achieve a comprehensive technological upgrade. More importantly, the Company also began to deeply integrate AI technologies into different service lines, including applying AI tools in chemistry services to optimize reaction conditions and develop separation methods. In bioscience services, the Company utilized machine learning to train the models of simulation of the physiological conditions and prediction of the compound potency. In addition, the Company integrated multi-omics data (including WGS/WES, RNA-seq, scRNA-seq, and proteomics) by using ML tool to deeply mining the data for mechanism elucidation or biomarker identification. The Company is committed to leveraging AI technologies to empower target identification, drug resistance mechanism investigation, and *in vitro* toxicology evaluation to improve the efficiency of drug discovery services.

The Company comprehensively applies advanced technologies while practicing the green chemistry concept. It promoted the application of flow chemistry, photochemistry, and electrochemistry in its laboratory chemistry services. In small molecule CDMO services, in 2024, the Company continued to invest in end-to-end continuous manufacturing, continuous flow hydrogenation, continuous flow ozonolysis, biocatalysis, electrochemistry, photochemistry, and high-throughput experimentation (HTE), and made remarkable progress. In 2024, the Company completed several hundred-kilogram scale photochemistry production projects and ton-scale fully automated continuous manufacturing projects. Taking one project with a final product of four tons as an example, the implementation of fully automated continuous manufacturing saved 60% in labor and material costs compared with traditional methods, while reducing the PMI (Process Mass Index) from 45 to 25.

D. Core Competitiveness Analysis

The Company provides customers with fully-integrated services covering drug research, development and manufacturing services for innovative pharmaceutical products throughout the research and development cycle. With this end-to-end and fully-integrated business model, we gain significant competitive advantages in deepening customer collaboration, establishing core technical expertise and professional team building which enable us to better support our customers' innovative R&D programs.

1. Industry-leading fully-integrated pharmaceutical R&D services platform with strong capabilities and provides comprehensive service offerings for customers across the globe

The Company is committed to building a R&D and manufacturing service platform across multiple therapeutic modalities (including small molecule, Biologics and CGT products) throughout drug discovery, preclinical and clinical development process. The Company has a well-established and fully integrated R&D and manufacturing service platform for small molecule drugs, and is rapidly expanding into emerging drug modalities such as peptides, oligonucleotides, and ADCs. In addition, the Company has built an integrated service platform for biologics and CGT products. The Company is in an industry-leading position in drug discovery, preclinical and early clinical-stage research, and has expanded its capabilities downstream to late clinical-stage development and commercial manufacturing. In the process of expanding its R&D service offerings, the Company has successfully transformed from a single laboratory chemistry service provider to an end-to-end, multiple-therapeutic pharmaceutical R&D service platform with business operations in China, U.S. and U.K..

The Company has established comprehensive expertise in different R&D stages, so as to assist customers in accelerating their R&D programs and cater to a full spectrum of customers' needs. With our professional project management capabilities, we are able to utilize our full integrated services platform to cater for the customers' needs. Vertically, the Company is strengthening the seamless integration of the same discipline across different pharmaceutical R&D stages. Horizontally, the Company is strengthening the integration of different disciplines at the same pharmaceutical R&D stages, improving the science and technology of each discipline, expanding the services offering, and promoting the interdisciplinary collaborations. With the integration and collaboration between our discovery and development service platforms, we have accumulated a profound understanding of the unique scientific challenges involved in our customers' new pharmaceutical R&D projects, which will facilitate us to move projects forward more efficiently and in turn maximize the benefits of our customers. The Company's profound industry knowledge, strong execution capability and end-to-end solutions will shorten the drug discovery and development cycle and reduce the associated risks for our customers.

As a fully-integrated pharmaceutical R&D service provider, the Company's comprehensive pharmaceutical R&D services platform has the following six core competences:

(1) Comprehensive chemistry platform throughout the entire drug R&D and commercial stages

As a fully-integrated service provider for the research, development and manufacturing of small molecule pharmaceutical products, the Company's expertise and advantage in chemistry technology is crucial throughout the whole drug R&D process.

With the comprehensive chemical technology platform covering compound design (including CADD), design and synthesis of a compound library, medicinal chemistry, synthetic chemistry, analytical chemistry, early process chemistry, process chemistry, GMP API manufacturing, and formulation development and manufacturing, the Company can satisfy customers' demand for pharmaceutical R&D and manufacturing in each stage of the pharmaceutical R&D process, including laboratory synthesis process at the drug discovery stage, scale up process development from preclinical to clinical stage as well as GMP manufacturing up to commercial stage, which fully cater to the diversified needs of different types of customers. By providing R&D services for the compound synthesis process, and formulation development services, the Company is able to provide customers with fully-integrated pharmaceutical R&D and manufacturing solutions from initial compounds to finished dosages.

(2) DMPK/ADME service platform throughout the entire drug R&D process

The Company provides DMPK/ADME services covering the whole R&D process from drug discovery to development. The early DMPK/ADME studies are of great importance as they can provide a key basis for our customers to determine their late-stage drug development strategy. Radioisotopic analysis technology is critical as an important drug metabolism analysis technology during the clinical stage. The Company is able to provide customers with integrated radioisotope synthesis and DMPK services, which cover radioisotope compound synthesis and human ADME studies using regular isotope analysis technology or high-sensitivity AMS technology. In addition, the Company has established a comprehensive global service network for ADME/DMPK studies, and further strengthen its leading position in discovery and development DMPK services.

(3) Comprehensive integrated platform from drug discovery to POC ("proof of concept")

From inception, the Company has committed to the establishment of integrated services platform from drug discovery to proof of concept stage, which covers compound design, compound library synthesis, synthetic and medicinal chemistry, biology, DMPK, pharmacology, toxicology, drug safety assessment, radiolabelled chemistry and DMPK, clinical pharmacology, clinical bioanalysis, clinical data statistics, chemical process development and API manufacturing and formulation and drug product manufacturing.

With this comprehensive integrated services platform, the Company has undertaken many integrated research projects, and achieved a considerable number of milestones. In addition, the Company can also provide a customized service package at a particular stage of drug R&D process, such as an integrated service package for IND enabling which includes preclinical safety assessment, early process development and manufacturing, pharmacology, DMPK and clinical proposal. With this comprehensive IND enabling solutions and the ability to support IND filing for different jurisdictions, it provides flexibility to the customers, accelerates their drug development process and reduces their overall R&D costs.

(4) Fully-integrated clinical development services in China

As a significant component of the Company's fully-integrated service platform, domestic clinical development platform covers various functions, including regulatory and registration services, medical affairs, medical monitoring, clinical operations, data management and biostatistics, bioanalysis, pharmacovigilance, quantitative pharmacology, site management services, healthy and patient volunteer recruitment and management, and quality assurance, which provides customers with complete, efficient, end-to-end Phase I, II, III and IV clinical development services. Through internal capability building, organic growth and external acquisitions over the years and our effort in integrating different functions and processes and optimizing the team and organization structure. The Company has built a sizeable and highly competitive clinical development services platform in China, offering high-quality clinical development services of new small molecule drugs, biologics and medical devices for domestic and oversea customers.

Leveraging on the technical capabilities and established reputation of our preclinical R&D platform, the clinical R&D services platform collaborates with the preclinical and business development teams to get involved in clinical study planning discussion with customers as early as possible, so as to provide more comprehensive customer services and at the same time, and generate business opportunity for the clinical development services. Also, the medical affair, regulatory affairs, bioanalytical, quantitative pharmacology and biostatistics departments of the clinical development services work closely with the preclinical R&D team for planning of IND-enabling. These high-quality interactions between preclinical and clinical teams accelerate projects progressing in high-quality from preclinical to clinical stage, allowing our customers to fully enjoy the benefits of the Company's fully integrated services platform.

Together with the Company's U.S. clinical pharmacology center, data management and biostatistical, bioanalytical and clinical CRO operation and project management teams who are well versed with clinical development process and culture in both China and U.S., we are able to provide a faster and convenient gateway for domestic customers to present their R&D program globally.

(5) An integrated platform for "laboratory services-IND enabling-process development and manufacturing" of biologics and gene therapy products

The Company has built a comprehensive R&D and manufacturing service platform for biologics from discovery to process development and manufacturing (CDMO). Together with the bioscience services under its laboratory services segment, the Company provides customers with end-to-end biologics services from "laboratory services-IND enabling-process development and manufacturing", including cell screening, biologics generation and purification, analytical assay development and product characterization to support early stage R&D projects. In the first half of 2024, the Company's biologics development and manufacturing service platform located in the Campus II in Ningbo began operation. It provides customers with development services including cell line development, upstream and downstream process development, formulation development, fill-and-finish process development, and analytical method development, as well as drug substance and drug product manufacturing services from 200L to 2,000L production capacity to support projects from pilot to commercial production.

In recent years, through acquisition and integration of related resources and platforms, the Company has initially built an integrated services platform of "laboratory testing – IND enabling – process development and manufacturing" for gene therapy products, including a comprehensive and industry leading analytical platform for biologics and CGT products that are in compliance with ICH guidelines of GLP/GCP/GMP in the U.S., and an integrated platform for the development and GMP manufacturing of gene therapy products in the U.K.. By combining both the analytics and CMC platforms in gene therapy products with our safety assessment center which has been inspected and/or certified for GLP compliance by NMPA, FDA and OECD regulatory authorities, the Company offers customers a complete preclinical IND enabling solution for CGT products, as well as clinical testing material manufacturing and clinical sample analysis services for CGT products.

(6) Building an end-to-end service platform for new drug modalities

In 2024, the proportion of new drug modalities, including peptides, ADCs, bispecific antibodies and oligonucleotide drugs, among the new drugs approved by FDA has significantly increased, leading to a rapid growth in demands for corresponding R&D and manufacturing services. Leveraging its deep expertise in small molecule R&D services and strategic expansion into biologics, the Company has initially established a fully integrated ADC discovery service line, including antibody preparation, payload synthesis, linker synthesis, bioconjugation and biological testing that has achieved rapid business growth. The Company's peptide discovery services continued to advance based on a comprehensive synthesis platform consisting of automated synthesis, analysis and purification. In addition, the Company's service capabilities for oligonucleotide drugs (including siRNA, ASO, etc.) have adopted many cutting-edge technologies. Moving forward, the Company will continue to strengthen its laboratory and manufacturing service capabilities for new drug modalities, such as ADCs, peptides, oligonucleotide drugs, and build a comprehensive end-to-end service platform for multiple-therapeutic modalities. With a more open-minded and proactive attitude, the Company will promote and practice cross-platform collaborations and adopt novel technologies for new drug modalities to improve productivity. With its profound disciplinary expertise and high customer recognition, the Company is committed to further consolidating and building laboratory services for new drug modalities while building manufacturing capabilities to create an end-to-end platform.

2. Global operations, profound experience in pharmaceutical R&D and state-of-the art technologies to provide customized solutions for customers

The Company operates globally through our 21 operating facilities, clinical and manufacturing facilities in China, U.K., and U.S., of which 11 operating facilities are located overseas. The Company's profound experience in global pharmaceutical R&D, together with its global operations and world-class technical capabilities offers our customers a unique value proposition and customized solutions that combines our technical expertise in different geographic locations and efficient services with seamless integration.

Through our global operation, the Company has established a services network and strategic presence in global life science hubs which enhances the customer communication and our understanding of customer needs. Further, by carrying out our R&D services under different jurisdictions, it provides flexibility to customize our services solutions that best suit our customers' geographic and strategic needs. For example, the clinical pharmacology team in U.S. has worked seamlessly with our Chinese team to help customers in China for the preparation and filing of IND application and conducted the first-in-human (FIH) studies in U.S.. In addition, the Company's experience in regulatory filings in various jurisdictions and its service model of providing customers with total solution enable our customers to file IND applications for their drug candidates in China, U.S., or EU in parallel, which makes the IND applications of our customers more flexible and efficient.

On the other hand, it is the Company's core strategy for each international acquisition to effectively integrate with our global services platform and brought in the world class talent and facilities into our integrated services platform to further strengthen our overall services capabilities and increase the efficiency of our services. These strategies complement each other to effectively improve the Company's international operation capability and bring high value-added services to customers.

Currently, the Company has established an integrated CMC (small molecule CDMO) services platform across China, the U.K. and the U.S.. Leveraging its global capacities, the Company is able to offer its global customers more flexible, scalable, and environmentally sustainable end-to-end API production services. In 2024, the Company further increased its capital investment in PharmaGend located in Singapore. Through the advanced production machines and equipment of PharmaGend, a pharmaceutical manufacturing plant with world-leading standards was successfully established. PharmaGend has passed inspections from the U.S. Food and Drug Administration (FDA). It has represented a milestone of the Company's global drug product CDMO services and further strengthened its global services network.

By adhering to the long-standing growth strategy of building "end-to-end, fully-integrated, globalized and multiple-therapeutic modalities" services platform, it facilitates cross-regional and multiple regulatory jurisdictional collaboration for cross-disciplinary and cross-R&D stages projects. Meanwhile, with efficient project management and cross-cultural communication, it facilitates the collaborations among teams, regions and disciplines to maximize the interests of our customers.

3. Committed to utilizing innovative technologies to meet evolving R&D needs and increase efficiency

Since inception, the Company has continually put great emphasis on technology and innovation to fuel the constant grow of the business and satisfy the evolving R&D needs. The Company develops new technologies through multiple measures such as internal research and development, collaboration with academic and professional institutions, customer collaboration and acquisitions. In recent years, the Company has been strategically developing new technologies and capabilities in artificial intelligence (AI), green chemistry and "proteomics, gene-editing and HTS integrated technologies" to further strengthen the integrated services platform. The Company further explores the application of AI in drug discovery, including utilizing AI technology to predict the growth trends of immortalized cells *in vitro*, utilizing AI technology to predict drug mechanisms of action (MOAs) *in vitro*, and applying of AI technology for reaction condition prediction and route design. At the same time, the Company has deployed AI tools across multiple clinical CRO service workflows to enhance its efficiency. In addition, the Company is committed to utilizing advanced technologies such as flow chemistry, biocatalysis, and electrochemistry to practice green chemistry concept, as well as integrating chemical proteomics platform, gene editing technologies, and high-throughput techniques to explore a broader drug space and accelerate drug discovery process.

4. Dedicated, stable and visionary management teams, experienced talent pools with progressive corporate culture

The Company's management team is led by Dr. LOU Boliang, our chairman and chief executive officer. With over 30 years of experience in the pharmaceutical industry, he is highly respected in the industry for his excellent leadership that contributes to the Company's rapid development. The Company's senior management team has been with us for more than 10 years. The Company has more than 100 senior scientific and technical leaders, 2 of whom were named as National Talents and 14 of who were named as Beijing Talents. Members of our highly skilled, experienced and international management team possess diverse expertise and extensive knowledge, and have significantly contributed to the growth of the Company's institutional knowledge base. The Company focuses on its homegrown scientific team consisting of selected, young and promising scientists, which enables us to form a cohesive and vibrant mid-level management team composed of nearly 3,700 technical managers and high-calibre scientific research talents across all scientific disciplines of the Company. In addition, the Company's visionary management team has established a highly experienced and skilled talent pool with strong execution efficiency. As of December 31, 2024, the Company had 19,192 R&D, production technology and clinical services staff in China, U.K. and U.S.. The highly professional technical team ensures the Company's continuous provision of high-quality R&D services for customers. The open platform for talent development ensures that the Company will continuously attract talents from around the globe.

The Company is committed to its corporate philosophy of "Employee First and Customer Centric" which put strong emphasis on employee training and improves all mechanisms so as to integrate their career development into the Company's overall development strategy. In order to develop and train our talents, the Company provides training to our employees through our in-house training system including the "Pharmaron College", visiting scholar programs at renowned laboratories and institutions and holds various seminars, forums and academic symposiums regularly, through which our team members acquire updates on the

most advanced technology and techniques of the industry. In addition, the Company has developed training programs with the world renowned universities and research institutes for high-calibre scientific research talent. The above measures have greatly improved the scientific research capabilities and cohesion of the Company and its employees. Furthermore, the Company respect and value every single customer so as to ensure R&D quality by tackling each technical challenges and complete every single task with integrity and scientific rigor.

Our dedicated, stable and visionary management team, experienced talent pool and outstanding corporate culture lay a solid foundation for the Company's long-term success.

5. Reputable, loyal and expanding customer base that contributes to our sustainable growth and business collaboration

The Company has a large, diverse and loyal customer base including the global top 20 pharmaceutical companies and numerous reputable biotech companies. In 2024, the Company introduced over 900 new customers, with nearly 95% of revenue contributed by the Company's large, diverse and loyal repeat customers. The Company's fully-integrated solution and deep understanding of customers' needs allow it to provide customized pharmaceutical R&D services for customers according to their needs. With further progress made in the existing customers' projects, the loyal and growing customer base will enable the Company to develop new services in drug development and at the early clinical stage.

The Company benefits from its strategic partnership with specific customers. Through knowhow sharing and training provided during its deep collaboration with these customers, the Company is able to further improve technical capabilities and enhance service excellence, thereby creating a virtuous cycle. With our strong technical expertise, advanced infrastructure, profound industry knowledge, strong execution capability and quality customer services, the Company is able to become our customers' strategic partner and help them form their drug development or R&D outsourcing strategies, which in turn reinforces our close relationships with such customers. In addition to our strong scientific capabilities, the Company puts emphasis on areas like environmental protection, health, safety and intellectual property protection. The Company takes such measures as establishing the intellectual property protection system and building the information system to ensure that our customers' intellectual properties are well protected, and is widely recognized and trusted by customers in this respect. The Company's high-quality services enable it to accumulate a good reputation among our existing customers, and to further expand our customer base by acquiring new customers through word-of mouth referrals.

OUTLOOK FOR 2025

A. Discussion and Analysis of Future Development

1. Industry competition and development

The Company is engaged in pharmaceutical research, development and manufacturing services which provides fully integrated services to support customers' R&D for innovative pharmaceutical products throughout the research and development cycle. Its business is closely related to the development of the pharmaceutical industry and pharmaceutical R&D outsourcing market.

(1) Trend on the global and Chinese drug R&D and manufacturing spending

With the accelerated growth of aging population globally, the expansion of the chronic disease patients population and the increase in the total investment in medical and healthcare industry in various countries, the global and Chinese pharmaceutical markets continue to develop, which in turn drives the continuous increase of the pharmaceutical R&D and manufacturing spending. In the future, the spending on research, development and manufacturing are expected to maintain solid growth both globally and in China. According to Sullivan's forecast, the size of the global pharmaceutical R&D and manufacturing spending was approximately US$643.9 billion in 2024, and it is estimated that the global pharmaceutical R&D and manufacturing spending will increase to US$830.5 billion by 2030, representing an expected CAGR of 4.3% from 2024 to 2030; of which, the pharmaceutical R&D and manufacturing spending in China was approximately RMB721.1 billion in 2024, and it is estimated that pharmaceutical R&D and manufacturing spending in China will increase to RMB1,063.8 billion by 2030, representing an expected CAGR of 6.7% from 2024 to 2030.

(2) Trend on the global and Chinese drug R&D and manufacturing outsourcing services market

Under the pressure of increasing R&D costs and patent cliff, as well as the internal R&D capacity limitation, pharmaceutical companies gradually turn to pharmaceutical R&D and manufacturing outsourcing services with an aim to reduce their overall R&D costs and improve their R&D efficiency. The increasing trend of pharmaceutical R&D and manufacturing spending also provides a solid foundation for the growth of outsourcing services for R&D and manufacturing. According to Sullivan's forecast, the total size of global pharmaceutical R&D and manufacturing outsourcing services was approximately US$174.0 billion in 2024, and it is estimated that such size will increase to US$344.4 billion by 2030, representing an expected CAGR of 12.0% from 2024 to 2030. In addition, with the continuous improvement of the capabilities and capacities of Chinese drug R&D and manufacturing outsourcing service providers and the continuous increase in drug R&D and manufacturing spending in China, the market share of Chinese services providers in the global drug R&D and manufacturing outsourcing service market is also increasing. According to Sullivan's forecast, the size of Chinese drug R&D and manufacturing outsourcing services accounted for approximately 14.8% of the global market in 2024, and it is estimated that such size will increase to RMB482.3 billion by 2030, which represent 19.5% of the global market.

a. Trend on the drug discovery R&D services

Drug discovery is a multidisciplinary and systematic work and process. According to Sullivan's forecast, the size of global drug discovery CRO service market was estimated to be US$13.1 billion in 2024, representing an outsourcing penetration rate of 48.0% (market size of drug discovery CRO service over the addressable market of drug discovery spending). It is estimated that the size of global drug discovery service market will increase to US$22.0 billion by 2030, representing an expected CAGR of 9.0% from 2024 to 2030, and the penetration rate of global drug discovery R&D service market will reach 66.3%; meanwhile, the size of China's drug discovery R&D CRO service market was estimated to be RMB19.5 billion in 2024, accounting for approximately 20.7% of the total global size. It is estimated that the size of China's drug discovery R&D service market will increase to RMB39.8 billion by 2030 with the market share increase to 25.2% of the total global market.

b. Trend on the pharmaceutical development and manufacturing services

Pharmaceutical development and manufacturing (CDMO) services cover the whole process from preclinical, clinical, registration to commercial manufacturing. According to Sullivan's forecast, the size of global pharmaceutical CDMO service market was estimated to be US$86.2 billion in 2024. It is estimated that the size of global pharmaceutical CDMO service market will increase to US$200.2 billion by 2030, representing an expected CAGR of 15.1% from 2024 to 2030; meanwhile, the size of China's pharmaceutical CDMO service market was estimated to be RMB93.6 billion in 2024, accounting for 15.1% of the global pharmaceutical CMO service market. It is estimated that the size of China's pharmaceutical CDMO service market will increase to RMB295.1 billion by 2030 with the market share increase to 20.5% of the total global market.

c. Trend on the clinical development services

Clinical development services cover Phase I to Phase III clinical trials and post-market studies of pharmaceutical products. According to Sullivan's forecast, the size of global drug clinical development services market reached US$61.7 billion in 2024, with outsourcing penetration rate of 46.6% (market size of clinical development CRO service over the addressable market of clinical development spending). The size of global market is expected to reach US$101.5 billion by 2030, representing an expected CAGR of 8.6% from 2024 to 2030, and the outsourcing penetration rate will rise to 50.1%; meanwhile, the market for China's drug clinical development outsourcing services was estimated to be RMB47.8 billion in 2024, accounting for 10.8% of the global clinical development services market. With the growth of the Chinese pharmaceutical industry, it is expected that the size of China's clinical development services will reach RMB100.5 billion by 2030, during which the CAGR of service scale will be 13.2%, and the market share increase to 13.8% of the total global market.

2. Outlook and strategy of the Company's future development

The Company adheres to its core growth strategy to build and improve its global end-to-end and multiple-therapeutic modalities drug R&D services platform that is fully-integrated with the highest international standard. In addition to continuously strengthen its leading position in the small molecule integrated R&D services, the Company has rapidly expanded its service capabilities for new drug modalities including ADC and peptide drugs. The Company has initially completed the establishment and integration of service platforms for clinical development services, biologics and CGT product CDMO services. For the small molecule integrated R&D service platform, through continued expanding and training our talent pools, investing in cutting-edge technologies, upgrading our service capabilities and strengthening the management capabilities for global multidisciplinary collaborations, the Company will further improve the fully-integrated services platform and provide customers with tailored, more flexible and efficient solutions. To cater to the specific needs of domestic and oversea customers, the Company establishes multi-disciplinary and collaborative services teams for customers in a timely manner to address customers' R&D needs, so as to help customers successfully and efficiently advance their pharmaceutical R&D programs. For the new therapeutic modalities such as biologics and CGT products, the Company will leverage its existing strengths to actively expand its customer base, gradually enhance its business scale and operational management efficiency, giving into play the role of a global end-to-end and integrated service platform for biologics and CGT products as the pillar of the Company's overall business. In the clinical development services segment, the Company will further promote the cooperation between teams in China and the U.S., while enhancing its integrated clinical services platform. With its profound disciplinary expertise and high customer recognition, the Company will further consolidate and build an end-to-end platform for new drug modalities, with a focus on manufacturing service capabilities. The Company is committed to becoming a global leader in pharmaceutical R&D services across multiple therapeutic modalities.

The Company will adhere to its business development strategy and continue to expand its domestic and overseas market shares. In overseas market, with years of proven track record, the Company has a large and loyal customer base with solid relationships. By continuously optimizing and upgrading the technical service platform, the Company is committed to providing customers with high-quality services and continuously improving and expanding its service offerings. Also, with the Company's excellent reputation and brand influence in the industry, it is actively attracting more new customers. For the domestic market, the Company will pay more attention to cultivating the domestic market and adopt a specific market strategy to address the domestic needs.

3. Main operational plan of the Company for 2025

In 2024, global biotech funding has returned to a growth trajectory, with customer demand demonstrating initial signs of recovery and newly signed purchase orders achieving rapid growth. In 2025, the Company will continue to adhere to the growth strategy of "end-to-end, fully integrated, globalized and multiple-therapeutic modalities", and is committed to providing customers with better services and gaining market share. The Company will focus on the following tasks:

(1) Strengthen the fully integrated service platform for multiple-therapeutic modalities

a. Strengthening its leading position in small molecules and continue to develop capabilities for new drug modalities

With over two decades of development, the Company has established an end-to-end small molecule pharmaceutical R&D and manufacturing service platform covering the entire process from drug discovery to preclinical and clinical development and commercial manufacturing. In 2025, the Company will continue to make efforts in strengthening its leading position in small molecule R&D services and enhancing its competitiveness globally. In addition, the Company will continue to expand and deepen its service offerings in new drug modalities including peptides, oligonucleotides, antibodies, ADCs, and CGT products, with a focus on manufacturing service capabilities, and promote the diversification of its integrated platform.

b. Continue to improve the CMC (small molecule CDMO) services capabilities

After the integration of the capacities in China, the U.K. and the U.S., the Company has set up a production information center to coordinate the equipment, manpower and materials of these CDMO facilities to improve utilization; it has streamlined and simplified the operating processes and documentation to facilitate the project transfers and business coordination, and improve productivity. In 2025, the Company will accelerate the enhancement of late-stage and commercial manufacturing capabilities, leveraging its industry-leading process development capabilities, strengths in various areas built from early-stage projects and the global hybrid model to undertake more late-stage and commercial projects.

c. Continue to strengthen the fully integrated clinical development service platform

Through a series of integrations, the clinical development service platform in China will further strengthen its service capability of each subsidiary and department, creating greater synergies across teams. Its overseas clinical development services, while consolidating and expanding early-phase clinical trial services in healthy volunteers, will extend to clinical development services targeting patients with both oncological and non-oncological diseases. In 2025, while driving the continuous improvement of the integrated clinical service platform, the Company will further promote the cooperation between teams in China and the U.S., and help Chinese customers develop their products overseas. Simultaneously, the Digital Innovation Technology Department of Pharmaron Clinical will continue to advance digital and intelligent initiatives, pioneer

innovative approaches, and empower multiple clinical research business units through the application of advanced tools including automation and machine learning, enhancing service capabilities and quality standards. In February 2025, the Company completed the controlling stake acquisition of Zhejiang Aistarfish Technology Co., Ltd. By integrating the high-quality and compliant patient data of Aistarfish Technology and its AI technology platform, the Company fully leverages Aistarfish Technology's technological and data expertise in oncology. Combined with the capabilities and scale advantages of its clinical CRO services, the Company aims to optimize the clinical trial processes including patient enrollment, patient follow-up, and data management. Meanwhile, the Company will make additional investments to expand Aistarfish Technology's AI models and data platform into non-oncology fields, establishing unified multimodal data standards and integrating disease characteristics such as genomics and imaging data, to achieve cross-disease data integration. Through algorithm-optimized patient screening and stratification, the Company is committed to further promoting the digital and intelligent upgrade of its clinical development service platform, thus better assisting its customers in improving drug R&D efficiency.

d. Continue improving the biologics and CGT services platform

For the biologics R&D services, in 2024, the Company has made progress in the laboratory protein and antibody generation and characterization services. In addition, its biologics development and manufacturing facilities in Ningbo (Campus II in Ningbo) began operation. Building on this momentum, the Company plans to further strengthen its biologics discovery and CDMO service capabilities in 2025. This will be accomplished by establishing a quality system fully compliant with the highest international regulatory standards, expanding technical teams, attracting top-tier professional talents, and developing an integrated biologics R&D and manufacturing platform. These efforts aim to position the Company to undertake more biologics service projects.

In the field of cell and gene therapy services, the Company will continue to realize the synergies between its CGT services in the U.S. and its gene therapy CDMO services in the U.K., and gradually increase its business scale and productivity. Leveraging the strengths of its service platforms, the Company aims to actively expand its customer base to meet the needs of both domestic and overseas customers.

(2) Enhance collaborations across multi-modality platforms

With over two decades of development, the Company has established a broad spectrum of drug R&D and manufacturing service capabilities across multiple therapeutic modalities, including small molecules, biologics and CGT products. The Company will continue to achieve integration and synergies both vertically and horizontally. Vertically, the Company is strengthening the seamless integration of the same discipline across different pharmaceutical R&D stages. Horizontally, the Company is strengthening the integration of different disciplines at the same pharmaceutical R&D stages, improving the science and technology of each discipline, expanding the service offerings, and promoting the interdisciplinary collaborations. By adopting a more open and proactive attitude to promote and practice cross-platform collaborations, the Company aims to further consolidate and develop its new drug modalities R&D services and improve its innovation capabilities in this evolving environment. In addition, the Company is committed to promoting cross-site management and operations to break down geographical barriers and realize more synergies.

(3) Improve the Company's global business development and marketing capabilities

In 2025, the Company's business development (BD) team, marketing team and its scientists and technicians will work together to better serve its customers. From domestic to overseas, from preclinical to clinical, BD and marketing teams will build an integrated, multi-dimensional, and powerful network. Through this vertically and horizontally interconnected collaboration network, the Company will deliver more efficient and cost-effective services to customers. For overseas market, the Company will continue to maintain its solid relationships with its existing customers, and explore new business opportunities. Leveraging its scientific and technical expertise, the Company is committed to providing high quality services to its customers and maintaining its loyal customer base. For domestic market, the Company will adopt a China market strategy to better expand its domestic customer base and meet the domestic customers' needs.

(4) Reinforce "Customer-Centric" corporate philosophy

The Company operates with a customer-centric approach across all business operations and R&D activities, maintaining a steadfast commitment to delivering efficient, high-quality R&D services that create value for customers as the cornerstone of sustainable development. Building upon robust service capabilities and communication mechanisms, the Company will make efforts to strengthen client relationship management, develop a sound reputation to achieve a sustainable long-term partnership. The Company strives to deepen and broaden the collaborations and elevate the partnerships to a strategic level.

At the same time, the Company will continue to tighten its compliance management, following compliance systems, including the highest international quality regulatory standards, regulations and standards in different regions, and the implementation of high-standard laboratory animal welfare and protection norms, etc. The Company will strictly abide by the highest international quality regulatory standards, further enhance its compliance awareness, and provide customers with high-quality products and services.

(5) Continue to strengthen our talent pool to support our long-term and sustainable growth

Talents are the foundation of innovation and the key to strengthening our core competitiveness. It is our long-standing human resources strategy to build an inclusive and open development platform to attract and train our talent pool. As of December 31, 2024, the total number of employees of the Company was 21,370, including nearly 1,500 new graduates recruited on campus. In 2025, we will continue to attract high-calibre R&D talents globally, improve the Company's benefits system to maximize the retention of talents in key positions, and further expand and enhance our multi-dimensional and comprehensive training system. Implement differentiated content training according to business needs to different level managers, so that employees and the Company can grow together, so as to provide strong support to the future growth of the Company.

4. Potential risks

(1) Risk of declining demand in pharmaceutical R&D service market

The Company is an industry leading, fully-integrated pharmaceutical R&D service platform with global operations to accelerate drug innovation for our customers. In the medium and long term, the global pharmaceutical industry is expected to keep growing driven by such factors as an aging population, higher disposable income and increased medical expenditure. However, due to the volatility of the global biotech funding environment, changes of the R&D budgets of multinational pharmaceutical companies and other factors, the growth rate of the pharmaceutical R&D outsourcing industry may fall behind our projections, which will have an adverse impact on the Company's business performance and prospects.

The Company will continue to implement its strategies, improve its scientific research capabilities and service quality and enhance its market competitiveness.

(2) Risk of losing scientific and technological talents and senior management members

The Company has established a talent team with extensive experience and strong execution capability, which possesses the ability to provide customers with high-quality services in a timely manner and keep up with the cutting-edge technology and latest development of pharmaceutical R&D. However, there is a limited supply of qualified R&D personnel with requisite experience and expertise and such qualified personnel are also highly-sought after by large pharmaceutical companies, biotech start-ups and scientific research institutes. If the Company fails to maintain competitiveness in attracting and retaining excellent scientific and technological personnel in the future, it may not be able to provide customers with high-quality services, which could have a material adverse impact on its business.

The Company will optimize and improve the human resource management system, further strengthen efforts in various aspects such as attraction, assessment, training and incentives, and constantly improve the long-term incentive mechanism (including equity incentives) for all kinds of talent, striving to establish a talent team with first-class caliber that can adapt to international competition.

(3) Risks regarding intellectual property protection

Protection of intellectual property rights associated with customers' R&D services is critical to all of our customers. The service agreements and confidentiality agreements signed between the Company and our customers typically require the Company to exercise all reasonable precautions to protect the integrity and confidentiality of our customers' information. Any unauthorized disclosure of our customers' intellectual property or confidential information could subject the Company to liability for breach of contract and result in significant damage to our reputation, which could have a material adverse impact on the Company's business and operating results.

The Company will continuously improve the existing confidentiality policy, software and hardware, and continue to carry out internal training for employees to enhance their awareness of confidentiality and intellectual property protection.

(4) Risks regarding policies and regulation

There are strict laws, regulations and industry standards in many countries or regions to which drugs are intended to be ultimately sold (such as China, U.S., U.K. and several EU countries) to regulate drug development and manufacturing. The pharmaceutical regulatory authorities of these countries (e.g., FDA or NMPA) also conduct planned or unplanned facility inspections over drug development and manufacturing agencies (e.g., our customers and us) to ensure that relevant facilities meet regulatory requirements. During the past periods, the Company has passed the inspection of relevant regulatory authorities on drug discovery, development and manufacturing processes and facilities in all major aspects. If the Company fails to continuously meet the requirements of regulatory policies or fails to pass the on-site inspection by regulatory authorities in the future, it may be disqualified or subject to other administrative penalties, resulting in the termination of cooperation by our customers.

In addition, the operation of the Company is subject to national and regional laws on environmental protection, health and safety, including but not limited to the use of hazardous chemicals that are flammable, explosive and toxic and the treatment of pollutants (waste gas, waste water, waste residue or other pollutants). If the relevant environmental protection policies become more stringent in the future, the Company's costs for environmental compliance will rise.

The Company will monitor the trend of applicable policies and regulations to ensure its continuous fulfilment of regulatory policy requirements.

(5) Risk of failure to obtain the licenses required for carrying out businesses

The Company is subject to a number of laws and regulations on pharmaceutical R&D and manufacturing. These laws and regulations require that the Company obtain a number of approvals, licenses and permits from different competent authorities to operate our business, some of which are subject to regular renewal. If the Company fails to obtain the approval, license and permit required for its operations, it will have to suspend its operation as ordered by the relevant regulatory authorities.

The Company has obtained all required operational certifications and will maintain close monitor of evolving regulatory frameworks to ensure timely renewal of relevant credentials.

(6) Risk of international policy changes

Geopolitical factors have created significant uncertainty in recent years. We are a pharmaceutical R&D service platform with well-established global operations and a substantial portion of our customers are pharmaceutical and biotechnology companies outside of China. The demand for our services by these customers may be impacted by the trade policies promulgated by respective local governments against Chinese pharmaceutical R&D service providers as a result of the rise in trade protectionism and unilateralism in recent years. In the event the trade tension between China and other major countries continue to escalate, or any such countries impose restrictions or limitations or enact new legislation on pharmaceutical R&D outsourcing, our business and results of operations may be adversely affected.

We have continued to expand our service capabilities in overseas markets from 2015 with an aim to mitigate any potential impact such policy changes may have on our business.

(7) Risks regarding exchange rates

The Company's exchange currency risk mainly relates to USD, GBP and EUR. During the Reporting Period, the Company's income from overseas customers took up a much higher portion than that from domestic customers, and a considerable portion of our income came from sales denominated in USD. However, most of the Company's personnel and operating facilities are located in China, and the relevant operating costs and expenses are denominated in RMB. In recent years, as affected by China's political and economic conditions, trade tensions between U.S. and China, international economic and political developments, as well as the decision of the Chinese government to further promote the reform of the RMB exchange rate system and enhance the flexibility of RMB exchange rates, the exchange rates between RMB and USD and other currencies fluctuate.

The Company has reduced and will continue to reduce such risk through hedging transactions.

(8) Risks regarding market competition

The global pharmaceutical R&D service market for innovative drugs is highly competitive. The Company is committed to becoming a multi-therapy drug R&D service company that boasts the capabilities of laboratory services, CMC (small molecule CDMO) services, clinical development services and Biologics and CGT services. Therefore, the Company expects to compete with domestic and international competitors at specific stages of pharmaceutical R&D. At the same time, the Company also competes with the discovery, trial, development and commercial manufacturing departments within pharmaceutical companies. As more competitors enter the market, level of competition is expected to escalate. The Company is confronted with market competition in terms of service quality, breadth of integrated service, timeliness of delivery, R&D service strength, intellectual property protection, depth of customer relationship, price, etc.

Moving forward, the Company will further enhance its fully-integrated CRO+CDMO drug R&D and manufacturing service platform through strengthening its talent team and quality of services. Leveraging its industry leadership and hard-earned reputation, the Company will further expand its customer base and enhance its competitive resilience in the dynamic market conditions.

(9) Risks regarding technological innovation

With the continuous market development and innovation of R&D technologies, advanced technologies are vital for the Company to maintain its leading position in the industry. The Company shall keep up with the development direction of new technologies and processes to maintain our leading position in the industry.

The Company will continue to invest a large amount of human and capital resources to cultivate and development new technologies and upgrade our service platform. If target companies with new technologies appeal to us, the Company will consider acquisitions to inject new service capabilities into our platform.

(10) Risks regarding service quality

Service quality and customer satisfaction are one of the important factors for the Company to maintain performance growth. The Company's pharmaceutical research, development and production services mainly provide customers with experimental data and samples, which serve as an important basis for customers to carry out subsequent R&D and manufacturing. Meanwhile, our customers have the right to review the standard operating procedures and records of the Company's services, and check the facilities used to provide services to them. If the Company fails to maintain high service quality, or the experimental data or samples we provide are defective, or service facilities of the Company fail to pass customers' review, the Company may face liquidated damages and suffer loss of customers due to reputation damage, which will have an adverse impact on the Company's business.

The Company will consistently advance quality management initiatives through systematic refinement of quality control protocols, and continuously deliver high quality services and products to its customers.

(11) Artificial Intelligence (AI) technology implementation risks

The Company actively explores AI applications in pharmaceutical R&D services, including using AI to improve productivity in drug discovery and development services and empower multiple business segments in clinical CRO services. However, it also faces potential risks. Data risk is a core challenge, as biases in the quality of training data may lead to inaccurate model predictions. Privacy breaches and ethical controversies also require heightened vigilance and stronger safeguards. Additionally, regulatory lag and unclear intellectual property rights could potentially hinder the translation of innovation into practice.

To mitigate these challenges, the Company will continuously upgrade high quality, diversified biomedical databases to optimize high quality AI model, strengthen experimental validation to enhance output reliability, improve data sharing and privacy protection mechanism and deeply integrate AI with traditional bioscience technologies to ensure the sustainability of AI enabled drug research and development services.

OTHER INFORMATION

A. Employee Remuneration and Relations

As at December 31, 2024, the Group had a total of 21,370 employees, as compared to 20,295 employees as of December 31, 2023. The Group provides employees with competitive remuneration and benefits, and the Group's remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group provides employees with opportunities to work on cutting-edge drug development projects with world-class scientists, as well as offer opportunities to continue academic learning in the Group's Pharmaron College.

B. Purchase, Sale or Redemption of the Company's Listed Securities

1. Repurchase of A Shares

During the Reporting Period, the Company repurchased 9,608,288 A Shares on the Shenzhen Stock Exchange for an aggregate consideration of approximately RMB200.1 million (exclusive of expenses). The repurchase is conducted to safeguard the value of the Company, Shareholders and enhance investor's confidence. All repurchased 9,608,288 A Shares were cancelled on December 25, 2024. Please refer to the overseas regulatory announcement of the Company dated December 26, 2024 for further details.

Details of the A Shares repurchased are as follows:

Month of repurchase	**Number of A Shares repurchased**	**Highest price paid per A Share** *(RMB)*	**Lowest price paid per A Share** *(RMB)*	**Aggregate consideration** *(RMB)*
May 2024	6,838,663	22.27	19.92	149,688,203
June 2024	77,500	18.76	18.44	1,434,017
July 2024	2,692,125	18.60	17.89	48,969,989
Total	**9,608,288**			**200,092,209**

2. Repurchase of H Shares

From December 2024 to January 2025, the Company repurchased a total of 7,263,300 H Shares on the Stock Exchange for an aggregate consideration of approximately HKD99.8 million (exclusive of expenses). The repurchase is conducted to safeguard the value of the Company, Shareholders and enhance investor's confidence. All repurchased 7,263,300 H Shares were held as treasury shares by the Company.

Details of the H Shares repurchased are as follows:

Month of repurchase	Number of H Shares repurchased	Highest price paid per H Share *(HKD)*	Lowest price paid per H Share *(HKD)*	Aggregate consideration *(HKD)*
December 2024	6,721,300	14.20	13.38	92,541,400
January 2025	542,000	13.44	13.32	7,250,100
Total	**7,263,300**			**99,791,500**

As of the date of this announcement, the Company currently holds the 7,263,300 repurchased H Shares as treasury shares. In accordance with the articles of association of the Company, such treasury Shares would not receive the proposed final dividend for the year ended December 31, 2024.

Note: The Company currently holds 7,263,300 treasury H Shares which falls within the meaning of "treasury shares" under the Listing Rules. Treasury shares presented notes to the consolidated statement of financial position includes both (i) treasury shares repurchased by the Company and (ii) shares acquired by trustee of trust set up in connection with the First H share Award and Trust scheme of the Company.

3. Repurchase and Redemption of Convertible Bonds

During the Reporting Period, the Company also had a series of repurchase and redemption of its Series 1 Bonds and Series 2 Bonds for an aggregate consideration of approximately US$573.1 million (exclusive of expenses).

In January 2024, the Company repurchased an aggregate principal amount of US$79.6 million of the Series 1 Bonds and an aggregate principal amount of RMB865.0 million of the Series 2 Bonds, with the rights to convert into 5,598,263 H Shares and 10,402,787 H Shares of the Company, representing approximately 26.5% and 45.1% of the aggregate principal amount of the Series 1 Bonds and the Series 2 Bonds originally issued, respectively. The Company paid an aggregate price of US$77.6 million and US$123.9 million for the repurchase of the relevant Series 1 Bonds and Series 2 Bonds, respectively. Please refer to the announcements of the Company dated January 12, 2024, January 15, 2024 and March 27, 2024 for further details.

Pursuant to the terms and conditions of the Series 1 Bonds, the Bondholders holding an aggregate principal amount of US$218.9 million of the Series 1 Bonds, representing approximately 73.0% of the aggregate principal amount of the Series 1 Bonds originally issued and approximately 99.3% of the then outstanding principal amount of the Series 1 Bonds, have exercised their option to require the Company to redeem all their Series 1 Bonds, and the Company redeemed all such Series 1 Bonds on June 18, 2024. The Company paid an aggregate price of US$218.9 million for the redemption of the relevant Series 1 Bonds. Please refer to the announcement of the Company dated June 19, 2024 for further details.

On July 4, 2024, the Company voluntarily repurchased all the outstanding principal amount of the Series 1 Bonds in the amount of US$1.5 million in accordance with the terms and conditions of the Series 1 Bonds. The Company paid an aggregate price of US$1.5 million for the repurchase of the relevant Series 1 Bonds. The Company further applied to the Stock Exchange for the withdrawal of the listing of the Series 1 Bonds. Such withdrawal of listing became effective upon the close of business on July 11, 2024. Please refer to the announcement of the Company dated July 4, 2024 for further details.

Pursuant to the terms and conditions of the Series 2 Bonds, the Bondholders holding an aggregate principal amount of RMB1,051.0 million of the Series 2 Bonds, representing approximately 54.9% of the aggregate principal amount of the Series 2 Bonds originally issued and 100% of the then outstanding principal amount of the Series 2 Bonds, have exercised their option to require the Company to redeem all their Series 2 Bonds, and the Company redeemed all such Series 2 Bonds on June 18, 2024. The Company paid an aggregate price of US$151.2 million for the redemption of the relevant Series 2 Bonds. The Company further applied to the Stock Exchange for the withdrawal of the listing of the Series 2 Bonds. Such withdrawal of listing became effective upon the close of business on June 26, 2024. Please refer to the announcement of the Company dated June 19, 2024 for further details.

As of December 31, 2024, all repurchased or redeemed Convertible Bonds had been cancelled.

Details of the Series 1 Bonds repurchased and/or redeemed are as follows:

Months of repurchase	**Amount of Series 1 Bonds repurchased** *(US$)*	**Highest price paid per convertible bond** *(US$)*	**Lowest price paid per convertible bond** *(US$)*	**Aggregate consideration** *(US$)*
January 2024	79,600,000	194,900.00	194,180.00	77,565,650.00
July 2024	1,500,000	200,000.00	200,000.00	1,500,000.00

Month of redemption	**Amount of Series 1 Bonds redeemed** *(US$)*	**Price paid per convertible bond** *(US$)*	**Aggregate Consideration** *(US$)*
June 2024	218,900,000	200,000.00	218,900,000.00
Total	**300,000,000**		**297,965,650.00**

Details of the Series 2 Bonds repurchased and/or redeemed are as follows:

Month of repurchase	Amount of Series 2 Bonds repurchased *(RMB)*	Highest price paid per convertible bond *(US$)*	Lowest price paid per convertible bond *(US$)*	Aggregate consideration *(US$)*
January 2024	865,000,000	2,060,000.00	2,046,600.00	123,946,060.90

Month of redemption	Amount of Series 2 Bonds redeemed *(RMB)*	Price paid per convertible bond *(US$)*	Aggregate Consideration *(US$)*
June 2024	1,051,000,000	287,730.40	151,202,324.63
Total	**1,916,000,000**		**275,148,384.63**

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares (as defined under the Listing Rules)).

C. Material Events after the Reporting Period

The Company's holding subsidiary, Beijing Kangsida Health Management Co., Ltd., signed a series of agreements, including an investment of approximately RMB185.0 million in the form of equity purchases to acquire approximately 51.39% of the equity of Aistarfish Technology. The controlling stake transaction was completed in February 2025. Aistarfish Technology is a leading enterprise in the field of digital cancer patient management in China, possessing a proprietary digital and AI technology platform with independently developed intellectual property rights. By integrating the high-quality and compliant patient data of Aistarfish Technology and its AI platform, the Company fully leverages Aistarfish's technological and data expertise in oncology. Combined with the capabilities and scale advantages of its clinical CRO services, the Company expands its business offerings to provide high-quality personalized patient management services. In addition, it will further promote the digital and AI transformation of Pharmaron's innovative drug R&D service platform, thus better assisting its customers in improving drug R&D efficiency.

Save as disclosed above, there are no material events affecting the Company after the Reporting Period and up to the date of this announcement.

D. Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its code of conduct for Directors' and Supervisors' securities transactions. Having made specific enquiry with the Directors and Supervisors, all of the Directors and Supervisors confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

E. Compliance with the Corporate Governance Code

Save as disclosed below, the Company has complied with all the code provisions set forth in the Corporate Governance Code in Appendix C1 to the Listing Rules during the Reporting Period: (i) the roles of the chairman of the Board and the chief executive officer of the Company have not been segregated as required by code provision C.2.1 of Part 2 of the Corporate Governance Code. In view of Dr. LOU Boliang's experience, personal profile and his roles in the Company and that Dr. LOU has assumed the role of chief executive officer of the Company since our commencement of business, the Board considers it beneficial to the business prospect and operational efficiency of the Company that Dr. LOU assumes the roles of the chairman of the Board as well as the chief executive officer of the Company. The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation; and (ii) due to business engagements, Dr. LOU Boliang was unable to attend the Annual General Meeting of the Company held on June 6, 2024, as required by code provision F.2.2 of Part 2 of the Corporate Governance Code. In his absence, an executive director Mr. LOU Xiaoqiang chaired the said meeting to listen and obtain the Shareholders' opinions.

F. Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee comprises three members, namely, Mr. YU Jian, Mr. TSANG Kwan Hung Benson and Ms. LI Lihua, who are all independent non-executive Directors of the Company. Mr. YU is the chairman of the Audit Committee, who possesses suitable professional qualifications.

The Audit Committee has reviewed the audited consolidated financial information of the Group for the Reporting Period and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

G. Scope of Work of Ernst & Young

The figures above in respect of this annual results announcement for the year ended December 31, 2024 have been agreed with the Company's auditor, Ernst & Young, certified public accountants ("Ernst & Young"), to be consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

H. Annual General Meeting

At the 13th meeting of the 3rd session of the Board, the Board (i) approved the convening of the AGM; and (ii) authorized the chairman of the Board or his authorized representatives to approve the documents to be issued for the AGM, and to determine other matters relating to the AGM, including but not limited to the time and place of the AGM. The notice and circular for the AGM will be dispatched in due course.

I. Publication of the Annual Results Announcement and Annual Report

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.pharmaron.com). The Group's 2024 annual report which include all the financial and other related information of the Company required by the Listing Rules will be dispatched to shareholders and will be published on the aforementioned websites in due course.

APPRECIATION

Lastly, I would like to thank all the staff and the management team for their hard work during the Reporting Period. I would also like to express heartfelt gratitude to all of our users and business partners on behalf of the Group, and wish for their continuous support in the future. We will keep working closely with our shareholders and employees to steer the Group to a more modernized and sophisticated level of operation, through which we aspire to turn to a new chapter in the Group's development.

"^{14}C"	Carbon-14 (^{14}C), or radiocarbon, a radioactive isotope of carbon with an atomic nucleus containing 6 protons and 8 neutrons
"^{3}H"	Tritium or Hydrogen-3, a radioactive isotope of hydrogen, whose nucleus contains one proton and two neutrons
"2021 A Share Incentive Scheme"	the 2021 Restricted A Share Incentive Scheme of the Company
"2021 Capitalization of Reserve"	the issue of 5 Capitalization Shares for every 10 Shares by way of capitalization of reserve which was approved by the Shareholders at the 2021 annual general meeting of the Company held on May 31, 2022
"2021 Profit Distribution"	the distribution of the final dividends in respect of the year ended December 31, 2021, which was approved by the Shareholders at the 2021 annual general meeting of the Company held on May 31, 2022
"2021 Profit Distribution Plan"	the 2021 Profit Distribution and 2021 Capitalization of Reserve
"2022 A Share Incentive Scheme"	the 2022 Restricted A Share Incentive Scheme of the Company
"2022 Capitalization of Reserve"	the issue of 5 Capitalization Shares for every 10 Shares by way of capitalization of reserve which was approved by the Shareholders at the 2022 annual general meeting of the Company held on June 21, 2023
"2022 Profit Distribution"	the distribution of the final dividends in respect of the year ended December 31, 2022, which was approved by the Shareholders at the 2022 annual general meeting of the Company held on June 21, 2023
"2022 Profit Distribution Plan"	the 2022 Profit Distribution and 2022 Capitalization of Reserve
"2023 A Share Incentive Scheme"	the 2023 Restricted A Share Incentive Scheme of the Company
"2023 Profit Distribution"	the distribution of the final dividends in respect of the year ended December 31, 2023, which was approved by the Shareholders at the 2023 annual general meeting of the Company held on June 6, 2024
"ADC"	Antibody-drug Conjugate

"AGM"	the annual general meeting of the Company to be held for the purpose of, among others, approving the audited financial statements for the year ended December 31, 2024
"Aistarfish Technology"	Zhejiang Aistarfish Technology Co., Ltd. (浙江海心智惠科技有限公司), a limited liability company incorporated in PRC on January 26, 2018, which is held as to 51.39% by Beijing Kangsida Health Management Co., Ltd., a holding subsidiary of the Company
"AMS"	accelerator mass spectrometry
"Antibodies"	An immunoglobulin that specifically binds to a corresponding antigen
"API"	Active Pharmaceutical Ingredient, the component of a drug product that is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease, or to affect the structure or any function of the body
"A Share(s)"	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed for trading on the Shenzhen Stock Exchange and traded in RMB
"ASO"	antisense oligonucleotides, a class of artificially synthesized short-chain nucleic acid molecules. They are nucleic acid fragments complementary to a certain segment of the target gene or mRNA. They can bind to the target gene/mRNA through the principle of base complementarity, thus blocking gene expression and playing an important role in drug research and development and gene therapy
"Audit Committee"	the audit committee of the Board
"Award"	award granted by the management committee of the First H Share Award and Trust Scheme to a Selected Participant, pursuant to the First H Share Award and Trust Scheme
"Bioanalysis"	A sub-discipline of analytical sciences covering the quantitative analysis of xenobiotics (drugs, their metabolites, and biomolecules at unusual locations or concentrations) and biotoxins (macromolecules, proteins, DNA, biologics, metabolites) in biological systems
"Bioconjugation"	a chemical method that involves creating a stable link, typically covalent, between two molecules, at least one of which is of biological origin or a derivative of a biomolecule. This technology is widely used in fields such as drug development, biomedical research, and clinical diagnosis

"Biological testing"	an experimental method for detecting and evaluating the biological activity, toxicity, safety, or function of substances, drugs, and chemicals through biological systems (such as cells, microorganisms, tissues, animal models, or human samples). Its core goal is to use biological reactions to quantitatively or qualitatively analyze the mechanism of action, efficacy, and potential risks of the test substance, and it is widely used in drug research and development, environmental monitoring, clinical diagnosis, and basic scientific research
"Board"	the board of Directors of the Company
"Bonds"	Series 1 Bonds and Series 2 Bonds
"CADD"	computer-aided drug design, the use of computers (or workstations) to aid in the creation, modification, analysis, or optimization of novel compounds or biologics
"CAGR"	the compound annual growth rate
"Campus in Xi'an"	Located in Xixian New District, Shanxi Province, it is mainly engaged in laboratory services
"CDMO"	contract development and manufacturing organization(s), a CMO that, in addition to comprehensive drug manufacturing services, also provide process development and other drug development services in connection with its manufacturing services
"cGMP" or "GMP"	current Good Manufacturing Practice
"CGT"	Cell and Gene Therapy
"China" or "PRC"	the People's Republic of China
"Clinical research"	The clinical research of innovative drugs is divided into four stages from I to IV. The work involves the whole process of clinical trial, including the preparation before the trial, the selection of clinical trial research institutions and investigators, assisting the sponsor to prepare for the deliberation of the ethics committee, and working with the sponsor and investigators to design and implement the clinical trial protocol
"CMC"	chemistry, manufacturing and controls
"CMO"	Contract Manufacturing Organization
"Commercialization"	The stage of drug development when a new drug is approved and marketed

"Company" or "Pharmaron"	Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司), a joint stock limited company incorporated under the laws of the PRC on July 1, 2004, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300759) and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3759)
"Convertible Bonds"	the (i) US$300.0 million zero coupon convertible bonds due 2026 (debt stock code: 40725) and the (ii) RMB1,916.0 million zero coupon US$-settled convertible bonds due 2026 (debt stock code: 40733) issued by the Company on June 18, 2021
"CRC"	Clinical Research Coordinator
"CRO"	Contract Research Organization, a company focused on providing pharmaceutical research and development services to companies in the pharmaceutical markets
"Crystal screening"	Adopt high-throughput screening technology to obtain various types of solid forms that may exist in the drug, characterize the physicochemical properties of various forms using a variety of solid-state analytical techniques, and adopt multidisciplinary and comprehensive means to assess the biopharmaceutical performance of the advantageous forms, in order to screen out the advantageous crystalline forms of the drug that are suitable for production, high bioavailability, and conducive to the preparation of the drug
"Data Management and Statistical Analysis"	the business of data management and statistical analysis
"Delegatee"	the management committee of the First H Share Award and Trust Scheme, person(s) or board committee(s) to which the Board has delegated its authority
"Directors"	directors of the Company
"DMPK/ADME"	drug metabolism and pharmacokinetics/Absorption, Distribution, Metabolism and Excretion
"DNA"	a molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses
"Druggability"	Preliminary pharmacodynamic studies, early evaluation of pharmacokinetic properties and safety, with potential for development as a drug

"Eligible Employee(s)"	includes Plan A Eligible Employee for the purpose of the Employee Share Award Plan, and Plan B Eligible Employee for the purpose of the Share Bonus Plan; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the First H Share Award and Trust Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Delegatee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the First H Share Award and Trust Scheme and such individual shall therefore be excluded from the term "Eligible Employee"
"EMA"	European Medicines Agency, an EU agency for the evaluation of medicinal products
"Employee Share Award Plan"	one of the two plans which collectively make up the First H Share Award and Trust Scheme
"Enzyme catalysis"	the chemical reaction process mediated by enzymes as catalysts
"ESG"	Environmental, Social and Governance
"EU"	European Union
"FDA"	the Food and Drug Administration of the U.S.
"FIH"	first-in-human
"First H Share Award and Trust Scheme"	The First H Share Award and Trust Scheme of the Company
"GCP"	Good Clinical Practice
"GLP"	Good Laboratory Practice
"GMP"	Good Manufacturing Practice
"Group", "we", "our" or "us"	the Company and its subsidiaries
"High Potency Compounds"	compounds with high pharmacological activity that can produce significant biological effects at extremely low doses
"H Share(s)"	overseas-listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed for trading on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"H Shareholder(s)"	holder(s) of H Share(s)

"IND"	investigational new drug
"Independent Third Party(ies)"	third parties independent of and not connected with the Company and its connected persons
"Lead compound"	A compound with certain strength and selective activity against a certain target or model, which generally has a novel chemical structure, and its physical and chemical properties, pharmacokinetic properties and safety meet certain requirements, so it has the property of analogy and exploitability. Generally, lead compounds can not be directly used as drugs, and their chemical structures need to be optimized to achieve the best configuration of the above properties. The quality of lead compounds directly affects the speed and success rate of new drug research and development
"Linkers"	A component of an ADC that links antibodies to toxic molecules
"Listing Rules"	the Rules Governing the Listing of Securities of the Stock Exchange
"Management Committee"	the management committee of the First H Share Award and Trust Scheme to which the Board has delegated its authority to administer the First H Share Award and Trust Scheme
"Management Measures"	the Management Measures for Share Incentives of Listed Companies
"MHRA"	U.K. Medicines and Healthcare products Regulatory Agency
"Molecular glue"	a class of small molecule compounds that can induce protein-protein interactions
"Model Code"	the Model Code for Securities Transactions by Directors of the Listing Issuers
"NDA"	new drug applications
"NMPA"	National Medical Product Administration (國家藥品監督管理局) (formerly known as China Food and Drug Administration), the authority responsible for approving drug and biologic products in China
"OECD"	the Organization for Economic Cooperation and Development
"Oligonucleotides"	A compound in which nucleotides are linked by phosphodiester bonds

"Peptide"	A compound of amino acids linked by peptide bonds
"Pharmacology"	It is an experimental content to study the activity, biological effect and efficacy of drugs, as well as the relationship between bioavailability, tissue distribution and efficacy through *in vitro* tests and animal tests, and to explore the mechanism and target of drug action, so as to carry out pharmacodynamic evaluation and pharmacological research
"Pharmacovigilance"	Scientific research and activities related to the detection, evaluation, understanding and prevention of adverse reactions or any other problems that may be related to drugs
"Pharmaron Clinical"	Pharmaron (Chengdu) Clinical Services Co., Ltd. (康龍化成(成都)臨床研究服務有限公司), a company incorporated in PRC on May 27, 2021, which is held as to 81.5759% by the Company
"Pharmaron Ningbo Biologics"	Pharmaron (Ningbo) Biologics Co., Ltd. (康龍化成(寧波)生物醫藥有限公司), a limited liability company incorporated in PRC on October 9, 2020, which is held as to 88.89% by the Company
"PharmaGend"	PharmaGend Global Medical Services Pte. Ltd., a joint stock company of the Company, which is held as to 35% by the Company, formerly known as Rxilient Biohub Pte. Ltd.
"Plasmid"	Double-stranded circular DNA, a common vector used in genetic engineering
"Preclinical"	Of or relating to the preclinical stage of drug research
"PROTAC"	Proteolysis-Targeting Chimera, a heterobifunctional molecule composed of two ligands connected by a Linker. One ligand can bind to the target protein, and the other ligand can target the E3 ligase. It is an emerging therapeutic strategy and drug research and development technology
"QC/QA"	quality control and quality assurance
"R&D"	research and development
"Reporting Period"	the year ended December 31, 2024
"Restricted A Shares"	the restricted A Shares granted by the Company under the respective 2021 A Share Incentive Scheme, 2022 A Share Incentive Scheme and 2023 A Share Incentive Scheme
"RMB"	Renminbi, the lawful currency of the PRC

"RNA"	ribonucleic acid, complex compound of high molecular weight that functions in cellular protein synthesis and replaces DNA as a carrier of genetic codes in some viruses
"Selected Participants"	any Eligible Employee who, in accordance with the First H Share Award and Trust Scheme, is approved for participation in the Employee Share Award Plan or the Share Bonus Plan, and has been granted any Award under the respective plans
"Series 1 Bonds"	the US$300.0 million zero coupon convertible bonds due 2026 (debt stock code: 40725) issued by the Company on June 18, 2021
"Series 2 Bonds"	the RMB1,916.0 million zero coupon US$-settled convertible bonds due 2026 (debt stock code: 40733) issued by the Company on June 18, 2021
"Share(s)"	A Share(s) and H Share(s)
"Share Bonus Plan"	one of the two plans which collectively make up the First H Share Award and Trust Scheme
"Shareholder(s)"	the holder(s) of the Share(s)
"Shanghai Jiying"	Shanghai Jiying Intelligent Technology Co., Ltd. (上海機穎智慧科技有限公司), a limited liability company incorporated in PRC on March 28, 2018, which is held as to 78.5% by the Company
"Shenzhen Listing Rules"	the Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange
"siRNA"	Small interfering RNA, also known as short interfering RNA or silencing RNA. It is a class of double-stranded RNA molecules with a length of 20 – 25 base pairs and is a small molecule RNA that plays an important regulatory role in living organisms
"Sullivan"	founded in 1961, it is a world-leading growth consultancy that owns 31 branches and more than 1,700 industry consultants, market analysts, technical analysts and economists in 21 countries across six continents
"Supervisors"	supervisors of the Company
"SSU"	Study Start up, the start-up specialist of a clinical project
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Structure-activity relationship"	The relationship between the chemical structure of drugs or other physiologically active substances and their physiological activities is one of the main research contents of medicinal chemistry
"Synthetic process"	A single or multi-step unitary reaction process that converts a specific raw material to a desired product. Synthesis routes are generally discussed in relation to specific products

"TQT/cardiac"	This study means observing and describing all ECG changes of the subject in an all-round manner at the early stage of a clinical trial on the drug and measuring the extension of the QT/QTc interval to determine whether the drug will impact the heart repolarization and the extent of impact, judge the risk of malignant arrhythmia it will trigger, and provide the data support in deciding whether to enter the next drug research and development stage
"Target spot"	Biological macromolecules, such as some proteins and nucleic acids, which have pharmacodynamic functions *in vivo* and can be acted on by drugs. Those genes encoding target proteins are also known as target genes. The prior identification of target molecules associated with specific diseases is the basis of modern new drug development
"U.K."	the United Kingdom
"U.S."	the United States
"US$" or "USD"	United States dollars, the lawful currency of the United States
"Warhead molecule"	the active ingredient in targeted therapeutic drugs that is responsible for exerting the main therapeutic effect
"%"	per cent.

By order of the Board
Pharmaron Beijing Co., Ltd.
康龍化成(北京)新藥技術股份有限公司
Dr. LOU Boliang
Chairman

Beijing, the PRC
March 26, 2025

As at the date of this announcement, the Board of Directors of the Company comprises Dr. LOU Boliang, Mr. LOU Xiaoqiang and Ms. ZHENG Bei as executive Directors, Mr. HU Baifeng and Mr. LI Jiaqing as non-executive Directors, and Ms. LI Lihua, Mr. TSANG Kwan Hung Benson and Mr. YU Jian as independent non-executive Directors.