维亚生物科技控股集团
VIVA BIOTECH HOLDINGS

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

(Stock code: 1873)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024 AND CHANGE OF COMPOSITION OF THE NOMINATION COMMITTEE

FINANCIAL HIGHLIGHTS

	2024	2023	**Change**
	RMB million	*RMB million*	
Revenue	**1,986.7**	2,155.6	(7.8%)
Gross Profit	**687.4**	738.5	(6.9%)
Gross Profit Margin	**34.6%**	34.3%	
Net Profit/(Loss)	**222.0**	(99.8)	
Adjusted Non-IFRS Net Profit	**314.6**	208.8	
	RMB	*RMB*	
Earnings per share attributable to ordinary equity holders of the parent			
– Basic	**0.08**	(0.06)	
–Diluted	**0.06**	(0.14)	
	RMB	*RMB*	
Adjusted Non-IFRS Earnings per share attributable to ordinary equity holders of the parent			
– Basic	**0.12**	0.10	
– Diluted	**0.09**	0.09	

NON-IFRS MEASURE

To supplement the Group's audited condensed consolidated financial statements which are presented in accordance with the IFRS Accounting Standards, the Company has provided adjusted Non-IFRS Net Profit as additional financial measures, which are not required by, or presented in accordance with, the IFRS.

The Company believes that the adjusted Non-IFRS financial measures are useful to the management of the Company and investors in understanding and assessing underlying business performance and operating trend. By referencing these adjusted financial measures and eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's business such approach facilitates the assessment of the Group's financial performance by management and investors. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS Accounting Standards. You should not view the adjusted results on a stand-alone basis or as a substitute for results under the IFRS Accounting Standards.

Additional information is provided below to reconcile adjusted Non-IFRS Net Profit.

Adjusted Non-IFRS Net Profit

	2024	2023
	RMB'000	*RMB'000*
Net Profit/(Loss)	**221,987**	(99,790)
Add: amortization of acquired assets from acquisition	**47,969**	48,144
Add: impairment losses on Property, Plant and Equipment	**30,763**	–
Add: subsidiary's share incentive expenses	**12,057**	–
Add: transaction costs of restructuring	**1,836**	36,646
Add: interest expenses of the debt components of the Convertible Bonds	**–**	124,386
Add: loss on repurchase of the Convertible Bonds	**–**	222,758
Add: foreign exchange loss	**–**	51,014
Adjusted Non-IFRS Net Profit *(Note i)*	**314,612**	208,835

Note:

i. In order to better reflect the key performance of the Group's current business operations, the adjusted Non-IFRS Net Profit/(Loss) is calculated on the basis of net profit/(loss), excluding:

   a) Fair value gain on financial liabilities at FVTPL, and amortization of acquired assets, which the management believes are non-cash items;

   b) Impairment losses on Property, Plant and Equipment, subsidiary's share incentive expenses, interest expenses of the debt instruments of the Convertible Bonds, transaction costs of restructuring and foreign exchange loss, which the management believes are non-recurring items or have no direct correlation to the our business operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During 2024, as global biopharmaceutical investment and financing activities gradually picked up, companies engaged in novel drug development also saw a turnaround in pipeline advancement and R&D investments, leading to revenue rebounds across the CRO industry at a quarterly pace. Looking objectively into the near-to-medium term, the CRO industry growth will directly benefit from the global investment and financing recovery; and in the longer term, original biopharmaceutical development will continue to maintain robust growth across the world as a key trend into the future. With a focus on innovation and deep integration of resources, the Group's CRO and CDMO business, based on the research and development of innovative drugs, continued to provide clients with one-stop integrated services from early-stage structure-based drug research and development to commercial drug production.

During the Reporting Period, the cumulative number of clients served by the Group increased to 2,465; the Group's revenue during the Reporting Period decreased by approximately 7.8% from RMB2,155.6 million for the corresponding period of last year to RMB1,986.7 million; and our gross profit decreased by approximately 6.9% from RMB738.5 million for the corresponding period of last year to RMB687.4 million. In 2024, the Group's net profit amounted to RMB222.0 million, a significant turnaround from the net loss of RMB99.8 million for the corresponding period of last year, mainly benefiting from the elimination of relevant financial adjustments due to the full repayment of convertible bonds; adjusted non-IFRS net profit improved from RMB208.8 million for the corresponding period of last year to an adjusted non-IFRS net profit of RMB314.6 million, representing a year-on-year increase of nearly 50.6%. This was mainly attributable to an increase in operating profit margin driven by the recovery of CRO business growth and the improving operational efficiency in the second half of the year, as well as the recognition of investment income from milestone payments received by the Group during the year.

In addition, the Group's subsidiary Viva Shanghai was successfully restructured into a joint stock limited company on September 27, 2024. Currently, the Group holds approximately 72.9% of its total issued share capital. During the Reporting Period, the Group's management and strategic investors launched a range of collaborations based on mutual trust, leveraging strengths of the strategic investors in global vision, capital market and strategic resources to empower continuous enhancement in the Group's corporate governance, business operations, investment, financing and strategic planning.

CRO Revenue Growth Significantly Improving in the Second Half of the Year and to Sustain a Recovery Momentum Ahead

In 2024, the Company's revenue from CRO business decreased by approximately 4.0% from RMB844.9 million for the corresponding period of last year to RMB810.9 million; and the adjusted gross profit from such business decreased by approximately 1.9% from RMB363.8 million for the corresponding period of last year to RMB357.1 million. The revenue for 2024 decreased compared to last year, primarily due to the short-term impact from challenges in global biopharmaceutical investment and financing in 2023 on the R&D of innovative drugs in the first half of 2024. Nevertheless, as global biopharmaceutical investment and financing activities gradually picked up from 2024, the Company's CRO revenue for the second half of 2024 achieved positive growths both on a year-on-year basis compared to last year and on a sequential basis compared to the first half of 2024. In addition, our CRO order backlog posted a positive growth year-on-year and we sustained a desirable level of monthly order intake, further fueling the recovery momentum of our CRO revenue in 2025. Meanwhile, the Company also maintained a solid profitability for the CRO business through a string of effective operational efficiency enhancement initiatives.

As at the end of 2024, the Company has cumulatively delivered more than 82,716 protein structures to our clients, approximately 17,681 of which were newly delivered in 2024. Our R&D has accumulated over 2,098 independent drug targets, 112 of which were newly delivered in 2024. Currently, the Company maintains a leading global position in the industry in the field of protein structure analysis. The Company has two key strategies on market promotion and business development. Firstly, it aims to secure integrated service orders by fostering synergistic development of biological and chemical segments. Secondly, it is actively enhancing the integration of online digital marketing and offline business development (BD), while expanding its global BD team. During this Reporting Period, the Group not only strengthened its business presence in European markets, but also established a branch in Boston, the United States. These moves marked a new milestone in our global footprints, allowing us to further expand and deepen our international cooperation network. Moreover, the Company attaches great importance to the important role of artificial intelligence (AI) in drug R&D. Based on our efforts in improving efficiency and success rate, we combine dry and wet experiments to expand the quantity and scale of new projects continuously.

During the Reporting Period, regarding the deployment and expansion of the technology platform, we are leveraging our artificial intelligence technology accumulated and developed over the years to empower the entire drug discovery platform. Our current AI capability has covered the entire FIC drug discovery workflow, and is gradually reengineering the logical paradigm of drug discovery through end-to-end capability integration. With a focus on new targets, novel mechanisms of action (MOA) and new modality, a unique AI-enabled capability has been developed to facilitate the evolution from "AI-assisted" to "AI-driven" of our one-stop R&D service platform for innovative novel drugs. The cumulative number of CRO clients served had increased to 1,568, including the global top 10 pharmaceutical companies (by reported total revenue for 2024), and revenue from the top ten customers accounted for 24.4% of our total revenue. Clients of our CRO business are geographically diverse. Overseas clients contributed approximately 87.3% of our total revenue, representing a year-on-year decrease of approximately 3.9%, and those from Mainland China contributed approximately 12.7% of our total revenue, representing a year-on-year decrease of approximately 5.1%.

During the Reporting Period, our utilization of synchrotron radiation source reached 1,867 hours. The Company established long-term cooperation with 13 synchrotron radiation source centers around the world, which are distributed in ten countries/regions, i.e., Shanghai, China, the United States, Canada, Japan, Australia, the United Kingdom, France, Germany, Switzerland and Taiwan, China, thus guaranteeing uninterrupted data collection all year round. Noteworthily, by the end of 2024, we had participated in 157 AIDD projects, and the cumulative number of customers purchasing CADD/AIDD reached 51. Revenue from AI-enabled projects exceeded US$10 million, and cooperation with renowned institutions regarding a complete set of AI discovery solutions has been reached in some niche fields.

New Commercial CDMO Projects to be Launched Soon with Continuous Capacity Expansion Paces

The Group is committed to building a one-stop service platform for global innovative drugs from research and development to production, and improved the production layout through acquisition of the entire equity interests in Zhejiang Langhua Pharmaceutical Co., Ltd. ("**Langhua Pharmaceutical**"). In particular, we continued to expand CDMO capacity to prepare for commercial production of new molecules in the future. In addition, we completed optimization and adjustment of our CMC business during the Reporting Period.

In 2024, Langhua Pharmaceutical's revenue amounted to RMB1,175.7 million, representing a year-on-year decrease of approximately 10.3%; and its adjusted gross profit amounted to RMB344.5 million, representing a year-on-year decrease of approximately 11.4%. The decrease in revenue was primarily attributable to: (1) the active pharmaceutical ingredient workshops for current major products were upgraded and renovated to better cater for the FDA audit requirements of customers; and (2) delivery for a small number of CDMO orders was delayed to the first quarter of 2025.

As at December 31, 2024, Langhua Pharmaceutical had served a total of 897 clients, with the top ten clients accounting for 66.8% of its total revenue and a 100% retention rate of top ten clients. In addition to natural growth in its existing commercialization projects, Langhua Pharmaceutical's CDMO business has two important new commercialization projects currently in the process performance qualification (PPQ) stage, which are expected to be commercially launched in 2025 and 2026 respectively, providing a new growth driver to its CDMO business in the future. During the Reporting Period, in respect of production capacity, our current available total capacity has reached 860 cubic meters. Furthermore, Langhua Pharmaceutical plans to establish a new production capacity of 400 cubic meters between 2024 and 2025 to cater to commercial production of new molecules. The civil engineering work and internal fire control facilities have been completed. For equipment procurement, it is in process of equipment selection, while procurement for certain equipment has started. This endeavor will provide sufficient assurance for the Company's revenue growth with the launch of new products and release of reserved capacity. Langhua Pharmaceutical continues to adhere to the principle of customer first and prioritising legal compliance in quality management, strengthens cooperation with high-quality customers, and constantly improve and enhances the guidance and operability of the quality system. During the Reporting Period, it passed the re-audits of on-site inspection by WHO and FDA, which fully shows that Langhua Pharmaceutical's quality system is further aligned with international system standards, and serves as a guarantee to provide high-quality, safe and reliable CDMO services for international first-class pharmaceutical enterprises.

CMC Business Optimization and Adjustment Largely Completed, to Usher in Profitability Improvement Ahead

During this Reporting Period, the Group adjusted its CMC business structure, focusing more on synthesis and analysis operations. We continued to strengthen our BD efforts to overseas customers, while leveraging cost efficiency initiatives and customer mix optimizations to improve profitability sustainably. Since its establishment, CMC has completed and is currently progressing with a total of 255 new drug projects, driven by a CMC R&D team of 105 members, and CMC has generated revenue of nearly RMB43.0 million. In addition, the projects channeled by the Group progressed smoothly, and one pipeline has rapidly advanced to Phase III clinical trials, showcasing the success of the Group's integrated strategy. In the future, the Group plans to strengthen BD and channeling efforts for acquiring high-quality CMC projects. By fully utilizing internal project resources and implementing cost reduction and efficiency enhancement measures, the Group aims to boost revenue growth and improve profitability of its CMC business. During the Reporting Period, in terms of the number of customer orders, external BD accounted for nearly 74.0%, while channeled accounts from Viva represented approximately 26.0%. In terms of order amount, external BD contributed 38.0%, while channeled accounts from Viva contributed 62.0%. Based on these figures, it is evident that both our internal channeling and external BD capabilities have played an important role in growing the CMC business.

Partial Exits of Incubation Portfolio Companies Continued to Realize Investment Returns, Accretive to the Group's Profits

During the Reporting Period, the Company achieved partial investment exits from a number of portfolio companies (Focus-X, Saverna, Dogma, Riparian, DTX and Nerio), realizing corresponding investment returns and generating total proceeds of nearly RMB162.5 million. As at December 31, 2024, the Group had invested in a total of 93 portfolio companies. The portfolio companies are mainly from the United States, Canada, Europe and China. 67.7% of the portfolio companies are from North America and 25.8% are from China.

In 2024, 11 of our portfolio companies completed or were close to completing a new round of financing, raising approximately US$292.7 million in total. The R&D efforts of the portfolio companies were advancing smoothly, with the total number of pipeline projects reaching close to 227, of which 186 pipelines are in the preclinical stage and 41 pipelines are in the clinical stage. So far, the Group has successfully realized 15 investment exits or partial exits. Furthermore, Group may have several potential exits of our portfolio companies, and it can also be foreseen that a peak season of investment exits will arrive in the next three years.

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

TECHNOLOGICAL HIGHLIGHTS AND R&D BREAKTHROUGHS

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

Firstly, from the perspective of current research on new targets, new targets are the most important source of original innovation. During the Reporting Period, our R&D has accumulated over 2,098 independent drug targets, 112 of which were newly delivered in 2024. So far, the Company has delivered to clients a series of target protein structures that have not been reported in the PDB Protein Structure Database, and clarified the structural principles of these proteins in functioning, laying a solid foundation for subsequent drug molecular design. For example, in the cancer therapeutic area, industry players are still searching for new targets as breakthroughs, in addition to traditional target proteins such as kinases, proto-oncogenes/tumor suppressor genes, immune checkpoints, etc. In the fields of new tumor target proteins related to cell division control and mRNA stability, we successfully analyzed many previously unreported protein structures and complex structures of proteins and drug candidate molecules, and explained structural details of the interaction between target proteins and compounds, which provide clear guidance for designing more effective compounds and lead to the emergence of a range of new drug candidate molecules. Besides, the Company contributed a number of new structures in the molecular glue protein complex structural analysis field, which further provides effective clues for rational design and improvement of molecular glue drugs.

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

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

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

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

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

Besides, regarding construction progress in the peptide technology platform, the Company has initially established an AI-driven peptide R&D technology platform. In the peptide discovery end, we have developed a new peptide generation method based on AI and a peptide screening strategy that combines DEL/phage display screening data with AI analysis capabilities. As such, we are able to draw upon multi-dimensional peptide R&D technologies to help our clients improve the success rate peptide R&D comprehensively. The computing platform supports structure-based rational design based on screening, through the introduction of non-natural amino acids and various cyclic peptide cyclization design methods. Meanwhile, the Company can provide one-stop peptide R&D and partial production services for synthesis, biological detection and PK research in respect of various peptides. Regarding peptide synthesis, particularly the challenging and technologically advanced peptide chains, the Company has accumulated extensive research and technical expertise in peptide coupling, PDC, RDC, monocyclic peptides, bicyclic peptides, stapled peptides and other complex peptides, biotin-labeled peptides and fluorescent-labeled peptides, providing strong technical support for the success of peptide development projects of our clients. On top of that, the platform has introduced a microwave-assisted fully automatic peptide synthesizer system (CEM Liberty Blue 2.0, H12) to provide rapid synthesis services for conventional peptides. In terms of peptide coupling, our peptide platform works with the antibody department to expand the peptide platform to the field of peptide antibody coupled APC, and has delivered relevant products.

In addition, Viva also provides services relevant to PROTAC/molecular glue drug R&D, and revenue generated in this regard accounted for almost 10.75% of total revenue from the CRO business. Our services primarily include studies on protein preparation and structure, screening of PROTAC/molecular glue, kinetics, drug metabolism, pharmaceutical chemistry, Bioassay, CADD/AIDD, etc. As at December 31, 2024, the Company has studied more than 50 E3 ligase complexes and delivered more than 150 PROTAC ternary complex structures. The PROTAC business also became a revenue contributor to the growth of our CRO business.

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

Regarding the evolution stage of artificial intelligence platforms, Viva is shifting from empowering various drug development stages with computing methods to a new stage of AI-driven drug design, i.e. leveraging AI-driven experiments to redefine the paradigm of drug design. So far, our artificial intelligence platform has realized a wholly new design process with interlinked dry and wet experiments, breaking the restrictions from the original R&D cycle and providing a new impetus to innovative drug design, and has reached well-known collaboration cases on packaged AI discovery solutions in certain niche segments. Furthermore, the Company will publicly roll out its independent AI algorithm models and products in 2025, leveraging the unique capabilities and technical barriers of its AI platform to create a new growth engine for the entire business platform.

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

STAFF AND FACILITIES

As at December 31, 2024, the Group had a total of 2,063 employees, of whom the number of CRO R&D personnel reached 1,121, and the headcount of Langhua Pharmaceutical was 711. Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses, employee benefits, employee share option scheme and restricted share unit scheme. During the Reporting Period, the relationship between the Group and our employees had been stable, and we had not experienced any strikes or other labor disputes that materially affected our business activities. We provide training programs to employees, including new hire orientation and continuous on-the-job training, in order to accelerate the learning progress and improve the knowledge and skill levels of our employees. The Company has well-established office and laboratory facilities in line with its workforce expansion plans, and is expanding production capacity to meet the fast-growing business needs, including:

- The Group's new headquarters in Zhoupu, Shanghai with a total area of approximately 40,000 square meters had been put into full operation.

- The incubation center located in Faladi Road, Shanghai has an actual usable area of approximately 7,576 square meters, including 5,552 square meters of laboratory area.

- The park in Chengdu has a GFA of approximately 64,564 square meters, of which 12,210 square meters of properties had been put into use as at December 31, 2024, including 10,800 square meters of laboratory area.

- A park in Suzhou with a total GFA of approximately 7,545 square meters, including nearly 5,305 square meters of laboratory area.

- A park in Jiaxing with a GFA of approximately 6,362 square meters, including nearly 5,335 square meters of laboratory area.

- Shanghai Supercomputing Center has been officially put into operation in 2021. At present, it can support computer-aided drug discovery (CADD) computation, artificial intelligence in drug discovery (AIDD) related computation, and crystal structure and Cryo-EM (Micro-ED) computation.

- The factory of Langhua Pharmaceutical in Taizhou, Zhejiang has a GFA of approximately 35,168 square meters, including the Taizhou R&D center with an area of approximately 2,500 square meters. The R&D center of Ningbo Nuobai has an area of approximately 1,300 square meters and the office building of Ningbo Nuobai has an area of approximately 1,500 square meters.

FUTURE STRATEGIES AND OUTLOOK

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

DISCUSSION OF RESULTS OF OPERATION

Revenue

The Group's revenue in the Reporting Period was approximately RMB1,986.7 million, representing a decrease of 7.8% as compared to approximately RMB2,155.6 million in the year ended December 31, 2023, The decline in revenue is primarily attributed to (1) the impact of the slowdown in global biomedical investment on innovative drug development; (2) the existing API workshop involved in the main varieties was upgraded to better meet the customer's FDA audit needs; and (3) the customer order deferred within the CDMO division.

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Drug discovery services		
– Full-time-equivalent	**633,344**	671,437
– Fee-for-service	**171,654**	161,135
– Service-for equity	**5,930**	12,304
CDMO and commercialization services		
– Fee-for-service	**38,914**	51,975
– Sale of products	**1,136,809**	1,258,727
	1,986,651	2,155,578

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

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
USA	**795,831**	812,789
European Union	**623,335**	589,561
Mainland China	**267,227**	323,671
Other Asian countries and regions outside of Mainland China	**193,525**	291,391
Africa	**45,267**	45,029
Other countries/regions	**61,466**	93,137
	1,986,651	2,155,578

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

Cost of Sales

Cost of sales primarily consists of direct labor costs, cost of materials and overhead. Direct labor costs primarily consist of salaries, bonus, welfare, social security costs and share-based compensation, excluding the costs allocated to research and development expenses, as well as those capitalized in contract costs. Cost of sales in the Reporting Period was approximately RMB1,299.3 million, representing a decrease of 8.3% as compared to approximately RMB1,417.1 million for the year ended December 31, 2023. The decrease was in line with the Group's business decline.

Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit was approximately RMB687.4 million, representing a decrease of 6.9% as compared to approximately RMB738.5 million in the year ended December 31, 2023. This decline was in line with the Group's business decline. However, despite the decline in gross profit, the company has achieved a gross profit margin of 34.6% for the reporting period, up slightly from 34.3% in the year ended December 31, 2023. This improvement was due to the effective implementation of cost reduction measures and efficiency improvements.

Other Income and Gains

Other income and gains consist primarily of interest income and government grants. During the Reporting Period, the Group recorded other income and gains of approximately RMB81.7 million, representing a decrease of 6.1% as compared to approximately RMB87.1 million in the corresponding period last year. The decrease was mainly due to the decrease in government grants.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of staff cost, travelling expenses and others. During the Reporting Period, the Group's selling and distribution expenses were approximately RMB112.2 million, representing a decrease of 15.3% as compared to approximately RMB132.5 million for the year ended December 31, 2023. The decrease in selling and distribution expenses was primarily due to decreased sales commission, which aligns with the reduced sales.

Administrative Expenses

Administrative expenses primarily consist of administrative staff costs, audit and consultancy fees, office administration expenses, depreciation, travelling and transportation expenses and others. During the Reporting Period, the Group's administrative expenses were approximately RMB251.9 million, representing a decrease of 9.1% as compared to approximately RMB277.1 million for the year ended December 31, 2023. The decrease in administrative expenses was primarily due to the effective implementation of cost reduction measures.

Research and Development Expenses

Research and development expenses mainly consist of labor costs, cost of materials, overhead costs and fees paid to third parties that conduct certain research and development activities on our behalf. During the Reporting Period, the Group's research and development expenses were approximately RMB88.0 million, representing a decrease of 31.2% as compared to approximately RMB128.0 million for the year ended December 31, 2023. The decrease in research and development expenses is mainly attributed to the Group's continuous efforts towards cost reduction and personnel optimization.

Fair Value Gain/loss on Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Fair value gain/loss on FVTPL mainly consists of fair value change from the equity interests in the Group's incubation portfolio companies. The Group's EFS model features sharing of the downside/upside of our customers' intellectual property values, which is primarily reflected by the fair value change of the equity interest in the Group's incubation portfolio companies. Such fair value gain/loss is recorded as FVTPL in the Group's financial statements. As at December 31, 2024, no individual equity interests in the Group's incubation portfolio companies accounted for more than 5% of the Group's total assets.

The Group recorded gains arising from financial assets at FVTPL of approximately RMB83.7 million for the Reporting Period, primarily reflecting the increase in the fair value of the Group's equity interest in three incubation portfolio companies, Dogma Therapeutics, Inc., Mediar Therapeutics, Inc. and Nerio Therapeutics, Inc., as compared to the loss from financial assets at FVTPL of approximately RMB11.7 million for the year ended December 31, 2023.

Impairment Losses under Expected Credit Model, Net of Reversal

Impairment losses under expected credit model, net of reversal reflects impairment loss on trade and other receivables. The Group recorded impairment losses of approximately RMB5.6 million for the Reporting Period, as compared to approximately RMB8.1 million of impairment losses for the year ended December 31, 2023.

Other Expenses

For the Reporting Period, the Group recorded other expenses of approximately RMB45.4 million, as compared to approximately RMB321.7 million for the year ended December 31, 2023. The decrease is primarily due to the repurchase loss on convertible bonds, net foreign exchange loss and the fair value loss on the investment property for the year ended December 31 2023 and nil for the reporting period.

Finance Costs

Finance costs primarily consist of interest on convertible bonds, interest on lease liabilities and interest expenses on loans from banks. For the Reporting Period, the Group's finance costs is approximately RMB53.9 million, representing a decrease of 69.5%, as compared to approximately RMB176.6 million for the year ended December 31, 2023. The decrease is primarily due to the reduced interest expense on convertible bonds which were fully repurchased/redeemed by the Group during the year ended December 31, 2023.

Fair Value Gain on Financial Liabilities at FVTPL

Fair value gain on financial liabilities at FVTPL primarily consists of changes in fair value of the convertible bonds. The Group recorded approximately RMB174.3 million of gain regarding the fair value changes of financial liabilities at FVTPL for the year ended December 31, 2023. However, for the Reporting Period, the Group recorded nil, as the convertible bonds were fully converted into the ordinary shares of the Group during the year ended December 31, 2023.

Income Tax Expense

The Group's income tax expense for the Reporting Period was approximately RMB73.7 million, representing an increase of 68.2% from approximately RMB43.8 million for the year ended December 31, 2023. The increase is primarily due to the reversal of deferred tax.

Net Profit/(loss) and Net Profit/(loss) Margin

As a result of the foregoing, the Group's net profit for the Reporting Period was approximately RMB222.0 million, as compared to a net loss of approximately RMB99.8 million for the year ended December 31, 2023.

The adjusted non-IFRS net profit of the Group was approximately RMB314.6 million for the Reporting Period as compared to a non-IFRS net profit of approximately RMB208.8 million for the year ended December 31, 2023. Such increase is primarily due to substantial growth recovery of CRO business in the second half of the Reporting Period, higher operating margins resulting from improved operational efficiency, as well as investment gains recognized from milestone payments received by the Group during the Reporting Period.

Liquidity, Financial Resources and Gearing Ratio

As at December 31, 2024, the Group's total cash and cash equivalents amounted to approximately RMB941.6 million, representing a decrease of 9.1% as compared to approximately RMB1,036.3 million as at December 31, 2023. Such decrease is primarily due to the net repayment of bank borrowings of approximately RMB616.2 million during the Reporting Period.

As at December 31, 2024, current assets of the Group amounted to approximately RMB1,876.6 million, including a cash and cash equivalents of approximately RMB941.6 million. Current liabilities of the Group amounted to approximately RMB1,126.7 million, including bank borrowings of approximately RMB549.4 million. As at December 31, 2024, the Group has RMB948.2 million unutilized banking facilities.

As at December 31, 2024, the gearing ratio, calculated as total liabilities over total assets, was approximately 45.9%, as compared with approximately 50.5% as at December 31, 2023. As at December 31, 2024, the Group had approximately RMB866.4 million of secured bank borrowings and RMB388.9 million of unsecured bank borrowings, representing a decrease of approximately RMB616.2 million as compared to approximately RMB1,871.5 million as at December 31, 2023. The decrease was mainly due to the repayment of bank borrowings. Of the Company's bank borrowings during the Reporting Period, approximately RMB549.4 million are repayable on demand or within one year, and approximately RMB705.9 million are repayable in the second to fifth year (inclusive). The Group intends to finance the expansion, investments and business operations with proceeds from its financing activities and internal resources.

Pledge of Assets

As at December 31, 2024, the buildings, the right-of-use assets, construction in progress and certain time deposits with a carrying amount of approximately RMB196.1 million, RMB191.0 million, RMB0.18 million and RMB27.7 million, respectively, were pledged to secure certain bank borrowings and notes payable of the Group.

Capital Expenditure

For the Reporting Period, the Group's capital expenditure amounted to approximately RMB134.3 million, which was mainly used for construction of facilities and equipment purchases, as compared to approximately RMB158.9 million for the year ended December 31, 2023. The Group funded its capital expenditure with cash flow generated from its operations and partial proceeds from its fundraising activities.

Future Plan for Material Investment and Capital Assets

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

Contingent Liability

The Group had no material contingent liabilities as at December 31, 2024.

Currency Risk

Certain entities in our Group have foreign currency sales and purchases, which exposes us to foreign currency risk. In addition, certain entities in our Group also have other payables and receivables which are denominated in currencies other than their respective functional currencies. We recorded a net foreign exchange gain of approximately RMB16.2 million and a net foreign exchange loss of approximately RMB51.0 million for the Reporting Period and the year ended December 31, 2023, respectively. We are exposed to the foreign currency of U.S. dollars as part of our revenue was generated from sales denominated in U.S. dollars as well as deposits denominated in U.S. dollars. We purchased various bank foreign exchange wealth management products and forward currency contracts to hedge against our exposure to currency risk during the Reporting Period and up to the date of this announcement while we chose not to designate a hedging relationship and use hedge accounting. Our management will continue to evaluate the Group's foreign exchange risk and take actions as appropriate to minimize the Group's exposure whenever necessary.

Goodwill

As at December 31, 2024, the Group recorded goodwill of approximately RMB2,156.4 million, there was no change as compared to approximately RMB2,156.4 million as at December 31, 2023.

The goodwill comprises the fair value of expected business synergies arising from the acquisitions, which is not separately recognized.

By acquiring Langhua Pharmaceutical and Synthesis HK, the Group established presence in the CDMO field, and remained committed to strengthening synergies between the CRO business and CDMO business along the various life stages of pharmaceutical development. On one hand, the Group proactively diverted customer traffic to back-end business through incubating portfolio companies, and on the other hand, it leveraged its advantages accumulated in North America to attract customers to the back-end operations via business development, in an effort to promote the funnel-effect in business operations.

No impairment loss in relation to goodwill is recognized for the year ended December 31, 2024. The impairment assessment is based on a valuation by an independent professional valuer. Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the key parameters would not cause the carrying amount of the CGUs to exceed its recoverable amount as at December 31, 2024.

SHARE INCENTIVE SCHEMES

The Group has adopted certain Pre-IPO Share Incentive Schemes in 2009 and 2018 to provide incentives to eligible employees of the Group. During the Reporting Period, no share options were exercised by directors and employees of the Group. As at December 31, 2024, an aggregate of 3,665,141 outstanding share options were exercisable under the Pre-IPO Share Incentive Schemes. As at December 31, 2024, outstanding options granted under the Pre-IPO Share Incentive Schemes and shares issued pursuant to the exercise of pre-IPO share options were held by trustees of relevant trusts set up for administering the Group's employee incentive schemes.

The Group also adopted the Post-IPO Share Option Scheme on April 14, 2019. During the Reporting Period, no options were granted pursuant to the Post-IPO Share Option Scheme.

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

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

EVENT AFTER REPORTING PERIOD

As at the date of this announcement, the Group has no material subsequent events after December 31, 2024 which are required to be disclosed.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased 28,604,500 shares on the Stock Exchange for an aggregate consideration of approximately HK$25.1 million including expenses. The repurchase was effected as the Board considered that the trading price of the Shares does not reflect their intrinsic value and this presents a good opportunity for the Company to repurchase the Shares, thereby enhancing the value of Shares and improving return to shareholders of the Company.

Details of the shares repurchased are as follows:

Month of repurchase	**No. of shares repurchased**	**Highest price paid per share** *(HK$)*	**Lowest price paid per share** *(HK$)*	**Aggregate Consideration[(1)]** *(HK$'000)*
September 2024	4,609,000	0.65	0.59	2,911
October 2024	11,676,000	1.07	0.83	11,047
November 2024	8,706,000	0.99	0.87	7,960
December 2024	3,613,500	0.94	0.85	3,193
Total	28,604,500			25,111

Note:

(1) Aggregate consideration inclusive of expenses.

As at December 31, 2024, the Company held 28,604,500 treasury Shares as defined under the Listing Rules, and having assessed the Company's capitalization structure and need for the treasury Shares, the Company proceeded to cancel all such treasury Shares on March 27, 2025. Save as disclosed above, neither the Company nor any member of the Group purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: Nil). As disclosed in the interim results announcement dated August 29, 2024, no other dividend was proposed for the six months ended June 30, 2024.

ANNUAL GENERAL MEETING

The 2025 annual general meeting (the "**2025 AGM**") will be held on Thursday, June 12, 2025. Notice of the 2025 AGM and all other relevant documents will be published and despatched to Shareholders of the Company in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, June 9, 2025 to Thursday, June 12, 2025, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2025 AGM. In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 pm on Friday, June 6, 2025.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the CG Code contained in Appendix C1 to the Listing Rules to ensure that the Company's business activities and decision making processes are regulated in a proper and prudent manner.

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

Save as disclosed above, during the Reporting Period, the Company has complied with the code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

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

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The Audit Committee of the Company had reviewed together with the management and external auditor the accounting principles and policies adopted by the Company and the audited consolidated financial statements for the year ended December 31, 2024. The Audit Committee 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, risk management, internal control and financial reporting matters.

The annual results for the year ended December 31, 2024 have been prepared in accordance with IFRS Accounting Standards.

Scope of Work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's audited 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.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (**www.hkexnews.hk**) and the Company's website (**www.vivabiotech.com**). The annual report of the Company for the year ended December 31, 2024 will be despatched to the Shareholders as per the Company's corporate communications arrangement and published on the aforesaid websites in due course.

APPRECIATION

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

CHANGE OF COMPOSITION OF THE NOMINATION COMMITTEE

The Board further announced that it has resolved that with effect from March 27, 2025, Mr. WANG Haiguang ceases to be a member of the nomination committee of the Board and Ms. LI Xiangrong has been appointed as a member of the nomination committee of the Board in order to enhance the corporate governance of the Company and to fulfil the new gender diversity requirement of the nomination committee under the amended CG Code and the Listing Rules which will be implemented with effect from July 1, 2025. Following the above change, the nomination committee of the Board comprises of three members, namely Mr. MAO Chen Cheney (as chairman), Mr. FU Lei and Ms. LI Xiangrong. Mr. WANG Haiguang has confirmed that he has no disagreement with the Board and is not aware of other matters about his cessation as a member of the nomination committee that need to be brought to the attention of the Shareholders and the Stock Exchange.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
REVENUE	*3*	**1,986,651**	2,155,578
Cost of sales		**(1,299,252)**	(1,417,146)
Gross profit		**687,399**	738,432
Other income and gains	*3*	**81,704**	87,053
Selling and distribution expenses		**(112,233)**	(132,547)
Administrative expenses		**(251,889)**	(277,109)
Research and development expenses		**87,986**	(127,967)
Fair value gain/(loss) on financial assets at fair value through profit or loss ("**FVTPL**")		**83,728**	(11,682)
Impairment losses on financial assets, net		**(5,622)**	(8,126)
Other expenses	*4*	**(45,409)**	(321,748)
Finance costs	*5*	**(53,892)**	(176,582)
Share of losses of an associate		**(95)**	–
PROFIT/(LOSS) BEFORE FAIR VALUE GAIN ON FINANCIAL LIABILITIES AT FVTPL AND TAX		**295,705**	(230,276)
Fair value gain on financial liabilities at FVTPL	*4*	**–**	174,323
PROFIT/(LOSS) BEFORE TAX	*6*	**295,705**	(55,953)
Income tax expense	*7*	**(73,718)**	(43,837)
PROFIT/(LOSS) FOR THE YEAR		**221,987**	(99,790)
Attributable to:			
Owners of the parent		**167,294**	(116,113)
Non-controlling interests		**54,693**	16,323
		221,987	(99,790)
		RMB	*RMB*
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
– Basic		**0.08**	(0.06)
– Diluted		**0.06**	(0.14)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT/(LOSS) FOR THE YEAR	**221,987**	(99,790)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**11,601**	(23,263)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**11,601**	(23,263)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**233,588**	(123,053)
Attributable to:		
Owners of the parent	**179,280**	(139,469)
Non-controlling interests	**54,308**	16,416
	233,588	(123,053)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,304,455**	1,350,917
Investment property		**–**	115,500
Right-of-use assets		**292,863**	303,614
Goodwill		**2,156,419**	2,156,419
Other intangible assets		**366,049**	420,669
Equity investments designated at fair value through other comprehensive income		**500**	500
Investments in an associate		**46,808**	42,403
Financial assets at FVTPL	*14*	**941,241**	995,281
Contract assets		**3,505**	5,248
Rental deposits, other receivables and prepayments	*10*	**12,186**	7,257
Amounts due from related parties		**28,169**	–
Deferred tax assets		**21,801**	21,186
Total non-current assets		**5,173,996**	5,418,994
CURRENT ASSETS			
Inventories		**272,700**	259,707
Trade and bills receivables	*11*	**420,464**	407,405
Contract costs		**12,605**	8,719
Prepayments, other receivables and other assets	*12*	**79,630**	76,540
Amounts due from a related party		**–**	80,530
Pledged deposits	*13*	**27,689**	161,695
Cash and cash equivalents	*13*	**941,581**	1,036,322
		1,754,669	2,030,918
Assets classified as held for sale		**121,929**	–
Total current assets		**1,876,598**	2,030,918
CURRENT LIABILITIES			
Derivative financial instruments		**–**	805
Trade and bills payables	*15*	**309,355**	245,756
Other payables and accruals	*16*	**184,907**	259,818
Contract liabilities		**50,982**	36,423
Interest-bearing bank borrowings	*17*	**549,390**	949,512
Lease liabilities		**3,094**	2,929
Income tax payable		**28,873**	32,021
Amounts due to a related party		**–**	6,914
		1,126,601	1,534,178
Liabilities directly associated with the assets classified as held for sale		**54**	–
Total current liabilities		**1,126,655**	1,534,178

	Notes	2024 *RMB'000*	2023 *RMB'000*
NET CURRENT ASSETS		**749,943**	496,740
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,923,939**	5,915,734
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*17*	**705,921**	922,012
Deferred income		**32,995**	40,858
Contract liabilities		**–**	14,165
Lease liabilities		**25,646**	28,764
Deferred tax liabilities		**73,847**	69,192
Other non-current liabilities		**1,269,309**	1,152,831
Total non-current liabilities		**2,107,718**	2,227,822
Net assets		**3,816,221**	3,687,912
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**367**	367
Treasury shares	*18*	**(157,670)**	(134,651)
Reserves		**3,959,680**	3,822,196
		3,802,377	3,687,912
Non-controlling interests		**13,844**	–
Total equity		**3,816,221**	3,687,912

NOTES:

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards(which include all IFRS Accounting Standards, International Accounting Standards ("**IASs**") and interpretations) as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, derivative financial instruments and investment property which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended December 31, 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

1.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFSR 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[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 IFRS 7[2]

1 Effective for annual periods beginning on or after January 1, 2025
2 Effective for annual periods beginning on or after January 1, 2026
3 Effective for annual/reporting periods beginning on or after January 1, 2027
4 No mandatory effective date yet determined but available for adoption

The application of IFRS 18 will have no impact on the consolidated statements of financial position of the Group, but will have impact on the presentation of the consolidated statements of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that these new and revised IFRSs are not expected to have a material impact on the Group's financial performance and financial position in the foreseeable future.

2. OPERATING SEGMENT INFORMATION

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

(a) Drug discovery services: structure-based drug discovery services to biotechnology and pharmaceutical customers for their pre-clinical stage innovative drug development; and

(b) CDMO and commercialisation services: contract development and manufacturing services for small molecule APIs and intermediates and trading of APIs, intermediates and formulations; and

(c) Viva BioInnovator: making strategic investments in biotechnology startup companies.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that other income and gains, selling and distribution expenses, administrative expenses, research and development expenses, fair value gain/(loss) on financial assets at FVTPL, impairment losses on financial assets, net, other expenses, finance costs, share of losses of an associate and fair value gain on financial liabilities at FVTPL are excluded from such measurement. 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.

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

	Drug discovery services *RMB'000*	CDMO and commercialisation services *RMB'000*	Viva BioInnovator *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Year ended December 31, 2024					
Segment revenue	**821,305**	**1,179,347**	**18,092**	**(32,093)**	**1,986,651**
Sales to external customers	**792,836**	**1,175,723**	**18,092**	**–**	**1,986,651**
Intersegment sales	**28,469**	**3,624**	**–**	**(32,093)**	**–**
Total revenue	**821,305**	**1,179,347**	**18,092**	**(32,093)**	**1,986,651**
Segment results	**357,467**	**1,179,347**	**(1,156)**	**(296)**	**687,399**
Reconciliation:					
Other income and gains					**81,704**
Selling and distribution expenses					**(112,233)**
Administrative expenses					**(251,889)**
Research and development expenses					**(87,986)**
Fair value gain on financial assets at FVTPL					**83,728**
Impairment losses on financial assets, net					**(5,622)**
Other expenses					**(45,409)**
Finance costs					**(53,892)**
Share of losses of an associate					**(95)**
Group's profit before tax					**295,705**
Year ended December 31, 2023					
Segment revenue	866,756	1,314,750	30,613	(56,541)	2,155,578
Sales to external customers	814,263	1,310,702	30,613	–	2,155,578
Intersegment sales	52,493	4,048	–	(56,541)	–
Total revenue	866,756	1,314,750	30,613	(56,541)	2,155,578
Segment results	366,040	374,771	(213)	(2,166)	738,432
Reconciliation:					
Other income and gains					87,053
Selling and distribution expenses					(132,547)
Administrative expenses					(277,109)
Research and development expenses					(127,967)
Fair value gain on financial assets at FVTPL					(11,682)
Fair value gain on financial liabilities at FVTPL					174,323
Impairment losses on financial assets, net					(8,126)
Other expenses					(321,748)
Finance costs					(176,582)
Group's loss before tax					(55,953)

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
United States of America ("**USA**")	**795,831**	812,789
European Union	**623,335**	589,561
Mainland China	**267,227**	323,671
Other Asian countries and regions out of Mainland China	**193,525**	291,391
Africa	**45,267**	45,029
Other countries/regions	**61,466**	93,137
Total	**1,986,651**	2,155,578

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

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**2,019,466**	2,239,510

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

Information about a major customer

Revenue of approximately RMB534,767,492 (2023: RMB421,495,000) was derived from sales by the CDMO and commercialisation services segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,986,651**	2,155,578

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended December 31, 2024

Segments	Drug discovery services *RMB'000*	CDMO and commercialisation services *RMB'000*	Viva BioInnovator *RMB'000*	Total *RMB'000*
Types of goods or services				
Revenue from non-investees				
Full-time-equivalent ("**FTE**") services	**595,470**	**–**	**–**	**595,470**
Fee-for-service ("**FFS**") services	**157,303**	**18,083**	**–**	**175,386**
Sale of products	**–**	**1,136,809**		**1,136,809**
Subtotal	**752,773**	**1,154,892**	**–**	**1,907,665**
Revenue from investees				
FTE services	**31,621**		**6,253**	**37,874**
FFS services	**8,442**	**20,831**	**5,909**	**35,182**
SFE services			**5,930**	**5,930**
Subtotal	**40,063**	**20,831**	**18,092**	**78,986**
Total revenue from contracts with customers	**792,836**	**1,175,723**	**18,092**	**1,986,651**
Geographical markets				
United States of America ("**USA**")	**621,609**	**163,134**	**11,088**	**795,831**
European Union	**37,595**	**585,740**	**–**	**623,335**
Mainland China	**103,184**	**164,043**	**–**	**267,227**
Other Asian countries and regions out of Mainland China	**9,840**	**183,685**	**–**	**193,525**
Africa	**–**	**45,267**	**–**	**45,267**
Other countries/regions	**20,608**	**33,854**	**7,004**	**61,466**
Total revenue from contracts with customers	**792,836**	**1,175,723**	**18,092**	**1,986,651**
Timing of revenue recognition				
Goods/services transferred at a point in time	**165,745**	**1,175,723**	**5,909**	**1,347,377**
Services transferred over time	**627,091**	**–**	**12,183**	**639,274**
Total revenue from contracts with customers	**792,836**	**1,175,723**	**18,092**	**1,986,651**

For the year ended December 31, 2023

Segments	Drug discovery services *RMB'000*	CDMO and commercialisation services *RMB'000*	Viva Biotech Innovation *RMB'000*	Total *RMB'000*
Types of goods or services				
Revenue from non-investees				
FTE services	637,400	–	–	637,400
FFS services	141,942	23,490	–	165,432
Sale of products	–	1,258,727	–	1,258,727
Subtotal	779,342	1,282,217	–	2,061,559
Revenue from investees				
FTE services	27,155	–	6,882	34,037
FFS services	11,691	28,485	7,502	47,678
SFE services	–	–	12,304	12,304
Subtotal	38,846	28,485	26,688	94,019
Total revenue from contracts with customers	818,188	1,310,702	26,688	2,155,578
Geographical markets				
USA	626,606	170,418	15,765	812,789
European Union	40,460	548,939	162	589,561
Mainland China	108,701	214,970	–	323,671
Other Asian countries and regions out of Mainland China	8,307	283,084	–	291,391
Africa	–	45,029	–	45,029
Other countries/regions	34,114	48,262	10,761	93,137
Total revenue from contracts with customers	818,188	1,310,702	26,688	2,155,578
Timing of revenue recognition				
Goods/services transferred at a point in time	153,633	1,310,702	7,502	1,471,837
Services transferred over time	664,555	–	19,186	683,741
Total revenue from contracts with customers	818,188	1,310,702	26,688	2,155,578

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
FFS services	**2,018**	1,225
Sale of products	**11,906**	16,568
Total	**13,924**	17,793

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

FTE services

For 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 15.121, the Group does not disclose the value of unsatisfied performance obligations under the FTE model.

FFS services

The performance obligation is satisfied upon finalisation, delivery and acceptance of the deliverable units or after the end of a confirmation period of the report and the payment is generally due within 30 days from the date of billing. Under the FFS model, contracts are generally within an original expected length of one year or less, therefore, the expedient allowed by IFRS 15.121 is also applied.

SFE services

For services under the SFE model, revenue is recognised over time at the amount to which the Group is entitled to receive the equity interests of the customer. Customers would transfer a certain number of their equity interests to the Group upon reaching pre-set milestones of FTE service value.

Sale of products

The performance obligation is satisfied upon delivery of the products or acceptance by the customers and payment is generally due within 30 to 90 days from delivery. For sales of products, contracts are generally within an original expected length of one year or less, therefore, the expedient allowed by IFRS 15.121 is also applied.

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Amounts expected to be recognized as revenue:		
Within one year	**10,472**	7,664
After one year	**15,904**	30,004
Total SFE services	**26,376**	37,668

The amount of transaction prices allocated to the remaining performance obligations is expected to be recognised as revenue within three years.

	2024	2023
	RMB'000	*RMB'000*
Other income		
Interest income		
– banks	**19,637**	27,374
– imputed interest income on rental deposits	**1**	1
– interest income from loans to employees	**44**	–
– interest income from the loans to related parties	**857**	–
Government grants	**34,298**	55,316
Total other income	**54,837**	82,691
Gains		
Net foreign exchange gain	**16,179**	–
Gain on derivative financial instruments	**7,392**	–
Gain on disposal of a subsidiary	**–**	683
Others	**3,296**	3,679
Total gains	**26,867**	4,362
Total other income and gains	**81,704**	87,053

4. OTHER EXPENSES

	2024	2023
	RMB'000	*RMB'000*
Impairment loss on non-financial assets	**38,607**	11,366
Net foreign exchange loss	**–**	51,014
Loss on derivative financial instruments	**–**	8,662
Loss on disposal of property, plant and equipment	**1,907**	399
Loss on repurchase of convertible bonds	**–**	222,758
Fair value loss on investment property	**–**	13,819
Others	**4,895**	13,730
Total	**45,409**	321,748

5. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on convertible bonds	**–**	124,386
Interest on lease liabilities	**1,346**	1,426
Interest expenses on bank borrowings	**54,022**	54,148
Total interest expense	**55,368**	179,960
Less: Interest capitalised	**1,476**	3,378
Total	**53,892**	176,582

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Cost of inventories sold		**781,107**	872,857
Cost of services provided		**105,095**	110,993
Depreciation of property, plant and equipment		**147,493**	142,779
Depreciation of right-of-use assets		**10,751**	13,327
Amortisation of other intangible assets		**55,617**	55,550
Less: capitalised in contract costs		**(1,723)**	(1,384)
Less: capitalised in inventories		**(1,254)**	(1,443)
Less: capitalised in property, plant and equipment		**–**	(440)
		210,884	208,389
Staff cost (including directors' emoluments):			
– Independent non-executive directors' fees		**684**	675
– Salaries and other benefits		**500,908**	571,920
– Retirement benefit scheme contributions		**53,371**	51,251
– Share-based payment expenses		**4,192**	19,007
		559,155	642,853
Less: capitalised in contract costs		**(5,711)**	(5,103)
Less: capitalised in inventories		**(3,039)**	(2,760)
		550,405	634,990
Foreign exchange (gain)/loss, net		**(16,179)**	51,014
Impairment loss on non-financial assets		**38,607**	11,366
Fair value (gain)/loss on derivative financial instruments		**(7,392)**	8,662
Gain on modification of convertible bonds			–
Impairment losses on financial assets, net		**5,622**	8,126
Loss on disposal of items of property, plant and equipment		**1,907**	399
Fair value loss on investment property		**–**	13,819
Gain on disposal of a subsidiary		**–**	(683)
Loss on repurchase of convertible bonds		**–**	222,758
Fair value gain on convertible bonds		**–**	(174,323)
Auditors' remuneration		**4,600**	4,600

7. INCOME TAX

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

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

	2024	2023
	RMB'000	*RMB'000*
Current tax		
– Hong Kong	**297**	4,749
– Mainland China	**75,682**	65,969
	75,979	70,718
Deferred tax	**(2,261)**	(26,881)
	73,718	43,837

Cayman Islands/BVI

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

Hong Kong

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

Mainland China

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

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

Langhua Pharmaceutical renewed its "High and New Technology Enterprise" qualification in December 2024 and is entitled to the preferential tax rate of 15% from 2024 to 2026.

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

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

Jiaxing Viva Biotech Limited obtained its "Advanced Technology Enterprise" qualification in 2024 and are entitled to the preferential tax rate of 15% from 2024 to 2026.

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

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

USA

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

Australia

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entitles) Bill 2017 of Australia, corporate entity who qualified as a small business entity is eligible for the lower corporate tax rate at 25% from January 1, 2023 to December 31, 2024. The subsidiaries incorporated in Australia are qualified as small business entitles and are subject to the lower company income tax rate on the estimated assessable profits.

United Kingdom

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

A reconciliation of the tax expense applicable to loss before tax using the applicable tax rate for the regions in which the majority of subsidiaries of the Company are domiciled to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit/(loss) before tax	**295,705**	(55,953)
Tax at the applicable tax rate of 25%	**73,926**	(13,988)
Preferential income tax rates applicable to subsidiaries	**(25,450)**	(13,574)
Effect on opening deferred tax of decrease in rates	**565**	–
Adjustments in respect of current tax of previous years	**2,519**	(857)
Expenses not deductible for tax	**25,926**	142,492
Additional deduction allowance for research and development expenses	**(13,002)**	(21,520)
Tax losses not recognised	**43,754**	–
Income not subject to tax	**(40,129)**	(70,442)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**5,609**	11,287
Effect of withholding tax on disposal of interest of a subsidiary located in Mainland China	**–**	9,616
Effect of withholding tax at 7% on the interest income from Mainland China	**–**	823
Tax charge at the Group's effective rate	**73,718**	43,837

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the earnings/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,136,664,000 (2023: 1,940,474,000) outstanding during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year ended December 31, 2024 attributable to ordinary equity holders of the parent, as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year ended December 31, 2024, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed or conversion of all dilutive potential ordinary shares into ordinary shares. The diluted earnings per share for the year ended December 31, 2024 did not assume the exercise of share options and restricted share units as their inclusion would be anti-dilutive.

The calculation of the diluted loss per share amount is based on the loss for the year ended December 31, 2023 attributable to ordinary equity holders of the parent, adjusted to reflect the fair value gain on the HK$470,000,000 convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year ended December 31, 2023, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares. The diluted loss per share for the year ended December 31, 2023 did not assume the conversion of the US$180,000,000 convertible bonds and US$280,000,000 convertible bonds nor exercise of all batches of share options and restricted share units as their inclusion would be anti-dilutive.

The calculations of the basic and diluted earnings/(loss) per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Earnings/(loss)		
Earnings/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**167,294**	(116,113)
Less: Fair value gain on the convertible bonds	**–**	174,323
Earnings/(loss) attributable to ordinary equity holders of the parent before the impact of convertible bonds	**167,294**	(290,436)

	Number of shares *('000)*	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings/(loss) per share calculation	**2,136,664**	1,940,474
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	**–**	88,205
Put option over non-controlling interests	**731,700**	–
Total	**2,868,364**	2,028,679

9. DIVIDENDS

The board of directors of the Company did not recommend the distribution of any annual dividend for the year ended December 31, 2024 (2023: Nil).

10. RENTAL DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2024	2023
	RMB'000	*RMB'000*
Prepayments for property, plant and equipment	**9,291**	6,407
Advances of loans to an employee	**2,044**	–
Rental deposits	**851**	850
Total	**12,186**	7,257

11. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
– third parties	**443,780**	415,362
Bills receivable	**1,515**	12,856
Impairment	**(24,831)**	(20,813)
Total	**420,464**	407,405

The Group allows a credit period ranging from 30 to 90 days to its customers (2023: 30 to 90 days). The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the involve date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 6 months	**402,305**	388,912
6 months to 1 year	**8,669**	12,918
Over 1 year	**9,490**	5,575
	420,464	407,405

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

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**20,813**	15,124
Impairment losses, net	**5,622**	8,126
Amount written off as uncollectible	**(1,604)**	(2,437)
At end of year	**24,831**	20,813

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

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

As at December 31, 2024

	Ageing			
	Less than 6 months	**7 to 12 months**	**Over 12 months**	**Total**
Expected credit loss rate	**1.44%**	**12.23%**	**65.16%**	**5.58%**
Gross carrying amount *(RMB'000)*	**408,179**	**9,877**	**27,239**	**445,295**
Expected credit losses *(RMB'000)*	**5,874**	**1,208**	**17,749**	**24,831**

As at December 31, 2023

	Ageing			
	Less than 6 months	7 to 12 months	Over 12 months	Total
Expected credit loss rate	1.65%	15.11%	68.26%	4.86%
Gross carrying amount *(RMB'000)*	395,438	15,217	17,563	428,218
Expected credit losses *(RMB'000)*	6,526	2,299	11,988	20,813

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
	RMB'000	*RMB'000*
Other receivables		
– tax refund for export	**23,912**	12,710
– Proceeds from disposal of financial assets at FVTPL	**10,231**	–
– capital injection from a non-controlling shareholder	**–**	9,510
– others	**6,291**	4,161
	40,434	26,381
Impairment allowance	**–**	–
Subtotal	**40,434**	26,381
Prepayments	**10,084**	14,992
Prepaid expenses	**8,310**	5,952
Value added tax recoverable	**20,802**	29,215
Total	**79,630**	76,540

None of the above assets is past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**941,581**	1,036,322
Pledged deposits	**27,689**	161,695
	969,270	1,198,017
Less:		
Pledged time deposits for letters of credit	**–**	(150,000)
Pledged time deposits for notes payable	**(27,689)**	(11,695)
Cash and cash equivalents	**941,581**	1,036,322
Denominated in RMB	**706,328**	553,055
Denominated in US$	**173,147**	423,658
Denominated in HK$	**32,890**	35,187
Denominated in AU$	**2,100**	4,388
Denominated in GBP	**19,986**	17,189
Denominated in other currencies	**7,130**	2,845
Cash and cash equivalents	**941,581**	1,036,322

The RMB is not freely convertible into other currencies, however, under the Mainland China Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

14. FINANCIAL ASSETS AT FVTPL

	2024	2023
	RMB'000	*RMB'000*
Listed equity securities	**1,811**	2,861
Unlisted investments at FVTPL	**939,430**	992,420
Total	**941,241**	995,281
Analysed for reporting purposes as:		
Current assets	**–**	–
Non-current assets	**941,241**	995,281
Total	**941,241**	995,281

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

	RMB'000
At January 1, 2023	1,046,616
Acquired	38,291
Recognised from SFE revenue	13,542
Loss on fair value change	(11,682)
Disposal	(100,401)
Exchange adjustment	8,915
At December 31, 2023 and January 1, 2024	995,281
Acquired	20,147
Recognised from SFE revenue	7,782
Gain on fair value change	83,728
Disposal	(172,778)
Exchange adjustment	7,081
At December 31, 2024	941,241

15. TRADE AND BILLS PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**157,944**	129,454
3 months to 1 year	**149,246**	108,466
Over 1 year	**2,165**	7,836
Total	**309,355**	245,756

The trade and bills payables are non-interest-bearing and are normally settled on 90-day terms.

16. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	*RMB'000*
Other payables		
– Payable for construction in progress	**46,512**	101,522
– Advance of intention payments	**15,000**	–
– Others	**25,440**	24,950
Subtotal	**86,952**	126,472
Salary and bonus payables	**87,245**	123,681
Other taxes payable	**8,393**	7,611
Interest payable	**2,317**	2,054
Total	**184,907**	259,818

Other payables are non-interest-bearing.

17. INTEREST-BEARING BANK BORROWINGS

	2024			2023		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank loans – unsecured	**One-year 0.8-3.60**	**2025**	**260,712**	One-year 1.2-3.60	2024	239,529
	–	**–**	**–**	One-year Loan prime rate ("**LPR**")-40 Basepoints ("**bps**")	2024	50,000
	–	**–**	**–**	One-year LPR-20bps	2024	50,000
Bank loans – secured	**–**	**–**	**–**	One-year LPR-45bps	2024	50,000
Bank loans – secured	**–**	**–**	**–**	One-year 3.80	2024	148,500
Current portion of long term bank loans – secured and guaranteed (a)	**–**	**–**	**–**	One-year LPR+55bps	2024	192,000
Current portion of long term bank loans – secured and guaranteed (a)	**One-year LPR-45bps**	**2025**	**224,998**	One-year LPR-45bps	2024	100,000
Current portion of long term bank loans – secured (b)	**–**	**–**	**–**	One-year LPR-10bps	2024	84,843
Current portion of long term bank loans – secured (b)	**One-year LPR+10 bps**	**2025**	**34,140**	One-year LPR+10 bps	2024	34,640
bank loans – unsecured	**One-year LPR+5 bps**	**2025**	**400**	–	–	–
bank loans – unsecured	**One-year LPR+0 bps**	**2025**	**200**	–	–	–
Current portion of long term bank loans – unsecured	**One-year LPR+15 bps**	**2025**	**28,940**	–	–	–
Subtotal			**549,390**			949,512

	2024			2023		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Non-current						
Bank loans – unsecured	**One-year LPR+5 bps**	**2026**	**69,100**	–	–	–
Bank loans – unsecured	**One-year LPR+0 bps**	**2026**	**29,550**	–	–	–
Bank loans – secured and guaranteed (a)	**One-year LPR-45 bps**	**2025-2028**	**425,000**	One-year LPR-45 bps	2025-2028	156,000
Bank loans – secured and guaranteed (a)	**–**	**–**	**–**	One-year LPR+55 bps	2025-2026	448,000
Bank loans – secured (b)	**–**	**–**	**–**	Five-year LPR+10 bps	2025	34,640
Bank loans – secured (b)	**Five-year LPR+10 bps**	**2026-2029**	**43,172**	Five-year LPR+10 bps	2026-2027	115,684
Bank loans – secured and guaranteed (b)	**One-year LPR-40 bps**	**2026-2029**	**139,099**	–	–	–
Bank loans – secured and guaranteed (b)	**–**	**–**	**–**	One-year LPR-10 bps	2,026	167,688
Subtotal			**705,921**			922,012
Total			**1,255,311**			1,871,524

	2024	2023
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**549,390**	949,512
In the second year	**484,728**	493,777
In the third to fifth years, inclusive	**221,193**	428,235
Total	**1,255,311**	1,871,524

Notes:

(a) To finance the acquisition of the 20% equity interest in Langhua Pharmaceutical, the bank loans incurred are pledged with the 100% equity interest in Langhua Pharmaceutical as collateral and guaranteed by the Company.

(b) Certain property, plant and equipment as well at the right-of-use assets of the Group at December 31, 2024 and 2023 that have been pledged as collateral to secure the bank borrowings in relation to construction of the Group.

18. SHARE CAPITAL/TREASURY SHARES

Shares

	2024	2023
	RMB'000	*RMB'000*
Issued and fully paid:		
2,161,366,305 shares of US$0.000025 each (2023: 2,161,366,305 shares of US$0.000025 each) ordinary shares	**367**	367

Share capital

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

	Number of shares in issue	**Share capital** *RMB'000*
At January 1, 2023	1,935,036,805	326
Share repurchase and cancellation	(8,670,500)	(1)
Share issued upon conversion of convertible bonds	235,000,000	42
At December 31, 2023, January 1, 2024 and December 31, 2024	2,161,366,305	367

Treasury shares

	Number of shares repurchased	**Treasury shares** *RMB'000*
At January 1, December 31, 2023 and January 1, 2024	19,600,000	134,651
Share repurchase*	28,604,500	23,019
At December 31, 2023, January 1, 2024 and December 31, 2024	48,204,500	157,670

* The Company exercised its powers under the repurchase mandate to repurchase shares of the Company passed on June 26, 2024 at the annual general meeting of the Company. A total of 28,604,500 shares were repurchased at a total consideration of HK$25,211,000 (equivalent to approximately RMB23,019,000) for the year ended December 31, 2024 and then were cancelled on March 27, 2025 (2023: A total of 8,670,500 shares were repurchased at a total consideration of HK$11,197,000 (equivalent to approximately RMB10,274,000) and then were cancelled.).

DEFINITIONS

In this announcement, unless the context otherwise indicated, the following expressions shall have the following meanings:

"2025 AGM"	the 2025 annual general meeting of the Company to be held on Thursday, June 12, 2025
"API"	active pharmaceutical ingredients
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board of Directors
"Board of Directors" or "Board"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"CDMO"	contract development manufacture organization
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"CGU"	cash-generating units
"China" or "PRC"	the People's Republic of China, which, for the purpose of this annual report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"CMC"	chemistry, manufacturing and control
"Company" or "our Company"	Viva Biotech Holdings (维亚生物科技控股集团), an exempted company with limited liability incorporated in the Cayman Islands on August 27, 2008
"Convertible Bonds due December 2025"	US$280 million 1.00% guaranteed convertible bonds due December 2025 issued by Viva Biotech BVI with the debt stock code 40514
"Convertible Bonds due February 2025"	US$180 million 2.50% guaranteed convertible bonds due February 2025 issued by Viva Incubator HK with the debt stock code 40144
"CRO"	contract research organization

"CXO"	contract organization providing a range of contract functions including those provided by CRO and CDMO
"Directors"	the director(s) of the Company or any one of them
"GFA"	gross floor area
"GPCR"	G-protein-coupled receptor
"Group", "our Group", "we" or "us"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK$"	Hong Kong dollars and cents, each being the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Langhua Pharmaceutical"	Zhejiang Langhua Pharmaceutical Co., Ltd.
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved and adopted by the Company on April 14, 2019 and modified on June 24, 2022
"Pre-IPO Share Incentive Scheme(s)"	the pre-IPO stock incentive plans approved and adopted by the Company on July 1, 2009 and June 21, 2018
"R&D"	research and development
"Reporting Period" or "Year"	the year ended December 31, 2024

"Restricted Share Unit Scheme"	the restricted share unit scheme approved by the Company on June 5, 2020
"RMB"	Renminbi, the lawful currency of the PRC
"U.S. dollars" or "US$"	United States dollars and cents, each being the lawful currency of the United States of America
"United States" or "USA"	the United States of America
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.000025 each
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Synthesis HK"	SYNthesis med chem (Hong Kong) Limited
"Viva Biotech BVI"	Viva Biotech Investment Management Limited, a wholly owned subsidiary of the Company
"Viva Incubator HK"	Viva Incubator Investment Management Limited, a wholly owned subsidiary of the Company

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

Hong Kong, March 27, 2025

As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Mao Chen Cheney (Chairman), Mr. Wu Ying and Mr. Ren Delin; two Non-executive Directors, namely, Mr. Wu Yuting and Mr. Wang Stephen Hui; and three Independent Non-executive Directors, namely, Mr. Fu Lei, Ms. Li Xiangrong and Mr. Wang Haiguang.