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

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

(Stock Code: 6821)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司) (the "**Company**" or "**Asymchem**", and together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2023 (the "**Corresponding Period**"). The consolidated financial statements of the Group for the Reporting Period have been reviewed by the Board and the Audit Committee and audited by the Company's auditors.

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

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

This announcement is prepared in English. In case of any divergence of interpretations, the English version shall prevail.

FINANCIAL HIGHLIGHTS

Revenue for the year ended 31 December 2024 (the "**Reporting Period**") was approximately RMB5,804,657 thousand, representing a decrease of 25.40% from approximately RMB7,781,436 thousand for the year ended 31 December 2023 (the "**Corresponding Period**").

Gross profit margin for the Reporting Period was approximately 41.03%, representing a decrease of 9.86 percentage points from 50.89% for the Corresponding Period.

Net profit attributable to shareholders of the parent for the Reporting Period amounted to approximately RMB948,950 thousand, representing a decrease of 58.17% from approximately RMB2,268,811 thousand for the Corresponding Period.

Non-IFRS adjusted net profit attributable to shareholders of the parent for the Reporting Period amounted to approximately RMB803,069 thousand, representing a decrease of 65.12% from approximately RMB2,302,089 thousand for the Corresponding Period.

The Board proposed the 2024 profit distribution plan of the Company (the "**2024 Profit Distribution Plan**") as follows: a dividend of RMB11.00 (tax inclusive) per 10 ordinary Shares for the year ended 31 December 2024, with the total amount of the proposed final dividend amounting to approximately RMB390,367,340.00 (tax inclusive). The proposed 2024 Profit Distribution Plan is subject to the approval of the Shareholders at the annual general meeting of the Company ("**AGM**").

	For the year ended 31 December	
	2024	2023
	RMB'000 (except percentages)	
Results of Operations:		
Revenue	**5,804,657**	7,781,436
Gross profit	**2,381,710**	3,959,636
Profit for the year	**935,756**	2,250,820
Net profit attributable to shareholders of the parent	**948,950**	2,268,811
Profitability:		
Gross profit margin	**41.03%**	50.89%
Net profit margin attributable to shareholders of parent	**16.35%**	29.16%
Non-IFRS		
Adjusted net profit attributable to shareholders of the parent	**803,069**	2,302,089
Adjusted net profit margin attributable to shareholders of the parent	**13.83%**	29.58%
Earnings per share (RMB):		
– Basic	**2.69**	6.26
– Diluted	**2.69**	6.26

	As at 31 December	
	2024	2023
	RMB'000 (except percentages)	
Total assets	**19,288,556**	19,767,159
Total liabilities	**2,425,984**	2,257,180
Total equity	**16,862,572**	17,509,979
Equity attributable to owners of the parent	**16,845,384**	17,479,717
Cash and bank balances	**5,789,408**	7,109,987
Gearing ratio *(Note 2)*	**12.58%**	11.42%

Note 1: Please refer to "Management Discussion and Analysis – II. Financial Review – (xxiv) Adjusted Non-IFRS Measures."

Note 2: Gearing ratio is calculated by dividing total liabilities by total assets.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

In 2024, the Company comprehensively implemented the business principle of "deepening cooperation with major clients, expanding into small and medium-sized customer segments, advancing market presence in Europe, and enhancing cost efficiency and efficacy." This involved upgrading the management and operational systems to ensure order delivery capabilities, reinforcing relationships with key clients, and actively pursuing growth opportunities in international and domestic markets. By leveraging iterative technological advancements, we successfully promoted the advantages of small molecule drug CDMO services, expanded into chemical macromolecule CDMO, drug product services, clinical research services, biological macromolecule CDMO, new technology exporting and synthetic biology technology. During the Reporting Period, the Company's small molecule CDMO business has effectively absorbed the resources surplus resulting from the ending of large orders, and its profitability has returned to the historical level. The chemical macromolecule CDMO business has shown a positive trend in areas such as peptides, nucleic acids, and ADCs. In the fourth quarter of 2024, revenue from this business segment accounted for more than 45% of the total annual revenue of this business segment. The Company continues to intensify its efforts in business expansion, with a 20% year-on-year increase in new orders signed in 2024. Particularly, orders from customers in the U.S. and European markets grew at a faster pace than the overall order growth, and the order backlog continuous to remain an upward trend. As of the date of the annual results announcement, the Company has secured a total order backlog of US$1,052 million, marking a year-on-year increase of over 20%, in addition to the recognized orders revenue during the Reporting Period, laying a solid foundation for the steady operation of the Company.

During the Reporting Period, the Company achieved a total revenue of RMB5,804.66 million, decreasing by 25.40%, with an increase of 8.28% year-on-year excluding large orders. In the small molecule CDMO business, revenue reached RMB4,570.73 million, which increased by 9.23% year-on-year excluding large orders. Additionally, the emerging business segment contributed RMB1,226.37 million in revenue, experiencing a year-on-year increase of 4.80%. Among this, overseas expansion was actively progressing, with revenue from overseas customers reaching RMB246.01 million, rising by 15.41% year-on-year; the revenue from domestic customers was RMB980.37 million, with a slight increase of 2.44% year-on-year. The slow growth in domestic revenue was mainly attributed to the slower-than-expected recovery in the domestic biotech financing.

In the fourth quarter of 2024, the Company experienced a year-on-year increase of 15.83% and a quarter-on-quarter increase of 19.37% in revenue. The net profit attributable to the shareholders of the parent company was RMB238.62 million, representing a quarter-on-quarter growth of 12.99%. The net profit attributable to shareholders of the parent company for the Reporting Period was RMB948.95 million, representing a year-on-year decrease of 58.17%. The primary reasons were as follows: i) the large orders delivered in the same period last year generated higher profits, with no corresponding income this year; ii) emerging businesses were in the ramp-up phase, resulting in relatively low capacity utilization, while the domestic market is highly competitive, leading to lower gross margins for emerging businesses; iii) after the UK Sandwich site was put into operation in the second half of 2024 in a ramming up stage, and the Boston R&D center has not yet completed the ramp up process; iv) the Company continued to maintain investment in advanced technology R&D and the cultivation of new businesses, leading to higher R&D expenses.

The Company is accelerating its global expansion with its first R&D center and pilot production base in Europe now in operation. The Company has demonstrated steady organic revenue growth and positive trends, underscoring the operational strength and progress, as well as the growing visibility of internal organic revenue growth and a solid global customer base. Looking ahead, we are committed to further scaling the Company to new heights, even as large orders conclude.

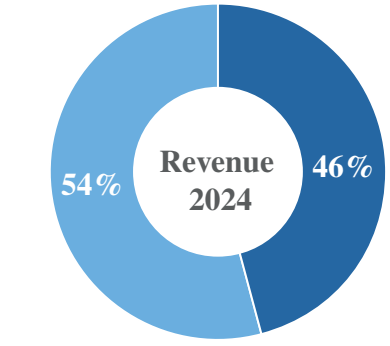
Market Expansion and Diversified Customer Base

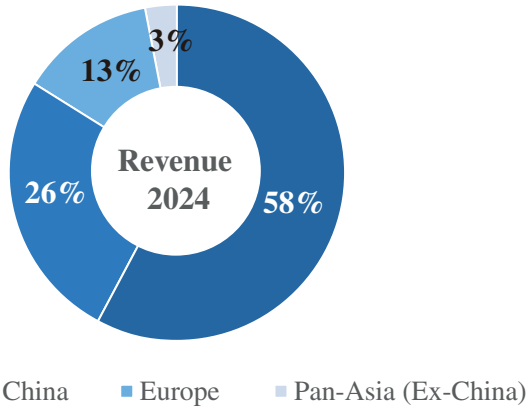
Market expansion remains one of the Company's key focuses, and accelerated progress has been achieved in the market sector. In 2024, the Company expanded over 200 CDMO customers and continued to grow its service's customer base.

Adhering to the principle of "deepening cooperation with major clients", the Company gradually extended its service chain. During the Reporting Period, revenue from big pharmaceutical ("**Big Pharma**") companies was RMB2,690.61 million, representing a 46.06% decrease compared to the same period last year, primarily attributed to the completion of large orders at the end of the third quarter in 2023. Excluding the impact of large orders, the year-on-year increase was 4.78%

Upholding "expanding into small and medium-sized customer segments", the Company reserves potential projects. In 2024, despite fluctuations in biotech funding trends, we achieved revenue of RMB3,114.04 million from the small to medium-sized companies, reflecting a 11.50% increase as compared to 2023.

The Company accelerated its global expansion, and our first R&D and pilot base in Europe commenced operation. During the Reporting Period, our overseas business generated a total annual revenue of RMB4,284.75 million. While this represents a 32.46% decrease compared to the same period last year, the drop was attributed to the conclusion of large orders. Excluding large orders, our overseas revenue manifested a growth of 9.20% compared to the same period last year. Notably, the revenue derived from the U.S. customers reached RMB3,370.91 million, showing a year-on-year growth of 18.41% compared to the same period last year excluding large orders. The European market experienced a breakthrough in revenue, with a substantial growth of 101.33% compared to 2023. The Company's revenue from domestic customers was RMB1,519.91 million, experiencing a year-on-year increase of 5.75%.





i. Small Molecule CDMO Business

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

During the Reporting Period, despite facing many industry challenges, our Company has relied on the continuously optimized R&D platform, industry-leading operation system and excellent delivery track record to increase revenue scale and global market share, while maintaining stable development in the small molecule CDMO business. As of 31 December 2024, the small molecule CDMO business achieved 504 projects with an increase of 18.31% compared to 2023. In 2024, revenue amounted to RMB4,570.73 million, with a gross profit margin of 46.39%. Excluding large orders, revenue of small molecules CDMO business experienced a year-on-year increase of 9.23%. The Company's small molecule CDMO business has effectively absorbed the resource surplus resulting from the completion of large orders, bringing profit levels back to a historically strong position.

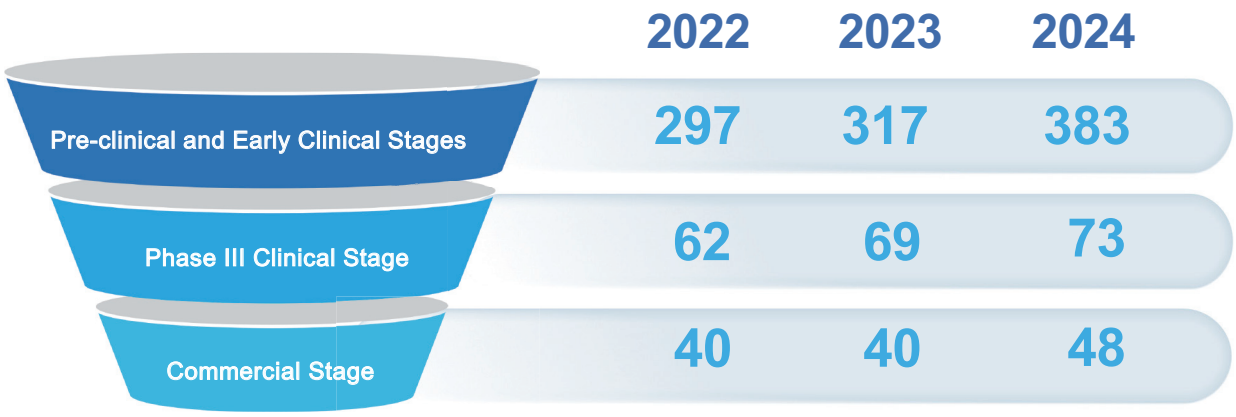
Positioning Firmly in Commercialization Projects as the Backbone to Continues Revenue Growth

As of 31 December 2024, the Company successfully progressed 48 small molecule commercialization projects resulting in recognized revenue of RMB2,803.95 million. This ongoing good performance largely attributed to the Company's effective measures to improve efficiency and control costs, thereby balancing capacity utilization after the conclusion of large orders.

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

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

As of 31 December 2024, the Company had a total of 456 clinical stage projects of small molecule CDMO business, which is 70 more projects compared to last year, including 73 clinical phase III, and 383 pre-clinical and early clinical stage projects. The recognized revenue from clinical projects reached RMB1,766.78 million with a year-on-year increase of 17.97%. In order to secure mandates for commercial stage projects later and build customer relationships, clinical stage CDMO has been an important part of our Company's growth strategy, providing services in process development and optimization, analytical services, and scale-up manufacturing. Our Company has put more effort in its early-stage project development, adhering to the funnel effect, laying the foundation for long-term growth.



Spot on the Potential Therapeutics to Reinforce the Growth Visibility

The Company strategically reserves potential bulk projects, and clinical phase III projects served by the Company involved several popular targets and promising novel targets, securing project reserves for the continued commercialization orders of bulk drugs. We are actively involved in the development of leading projects in obesity field such as GLP-1, and we recognize the emerging and recently approved obesity treatment pipelines and associated advances in drug delivery technologies and rising fundings, may provide clinical trial landscape of the growing market scale of anti-obesity drug candidates. According to the current small molecule clinical stage orders on hand, it is expected that 12 projects will reach the process performance qualification ("**PPQ**") stage by 2025, which has established a sufficient reserve of commercial orders, providing strong support for long-term and steady performance growth.

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

We have upheld a customer-centric business philosophy and have a diverse, high-quality, and loyal customer base. Rather than just an outsourced service provider, we are regarded as a reliable partner by our customers. Our primary focus lies in serving pharmaceutical and Biotech Companies with headquarters located in the United States, Europe, China, etc. Notably, our clientele includes a large group of renowned multinational pharmaceutical companies. For the regional market expansion, the U.S. and Europe market kept a positive growth with the in-depth cooperation with existing customers being continuously improved and new customers being developed in an orderly manner. With the service projects gradually entering the late and commercialization stage, our revenue has grown rapidly.

Moving forward, our approach involves: i) deepening our services vertically to encompass new projects for existing multinational pharmaceutical companies while continuing ongoing commercial projects; ii) proactively re-establishing communication and collaboration with dormant clients who may have shifted their focus toward pipeline concentration rather than small molecule CDMO business, particularly those interested in licensing new novel target pipelines in small molecules; iii) expanding and diversifying our customer base of multinational pharmaceutical companies; and iv) leveraging on our extensive experience in serving multinational pharmaceutical companies, we will also collaborate with leading biotech companies and a wide range of small and medium-sized global pharmaceutical companies.

ii. Emerging Business

Throughout the Reporting Period, these emerging business lines generated RMB1,226.37 million in revenue, representing a 4.80% increase compared to the same period ended 31 December 2023. The gross profit margin was 21.18%, and some businesses were still in the capacity ramp-up phase. As capacity utilization continues to improve, gross profit margin in the second half of 2024 has exhibited a positive trend. As of the date of the annual results for the year, it is expected that the PPQ of emerging business will reach 13, forming a sufficient reserve of commercial orders.

Chemical Macromolecule CDMO Business

The peptide business is developing swiftly. During the Reporting Period, revenue from chemical macromolecule CDMO business (including peptide, oligonucleotide, toxin linker and lipid) grew by 15.66% year-on-year, with a notable quarter-on-quarter increase of over 200%. In 2024, the Company completed 227 projects and enlarged the client pool for 61 new clients. As of the date of this announcement, the order backlog has risen by over 130%, with overseas orders accounting for over 260%. The Company participated in multiple global polypeptide projects in obesity from the early stage to the late stage, assisted several small nucleic acid and ADC customers in licensing-out deals, and continued to serve overseas customers. We continuously expanded projects in the middle and later stages of various sectors and expected over 10 PPQ projects in 2025. We supported a major domestic client in smoothly passing the first GLP-1 peptide project's dynamic verification, laying the foundation for delivery of the first commercial peptide project in 2025. We advanced in the construction of delivery capacity, continuously strengthened technological reserves, and developed and reserved multiple peptide and small nucleic acid synthesis technology platforms, including enzyme-linked platforms. These platforms complement each other to address issues in different types of synthesis technologies and have made technological reserves in various types of purification and separation techniques.

Drug Product CDMO Business

During the Reporting Period, the revenue slightly declined due to the domestic investment and financing environment and intensified market competition. In 2024, the drug product CDMO business made steady progress, with nearly 200 projects successfully delivered and more projects expected in the later stage. The Company completed 5 pre-approval inspection ("**PAI**") and added 6 new NDA projects, currently serving 27 NDA stage projects, along with 1 new commercialized project. As of the date of this announcement, the order backlog has increased by approximately 30% year-on-year. In addition to the traditional small molecule drug products, the number of oligonucleotide projects was doubled with multiple oral peptides, topical peptides, and topical nucleic acid projects achieving clinical stage delivery. The Company had continued to advance the accumulation of new formulation technologies, including complex formulations, new molecular type drug products, and delivery technologies.

Clinical Research Service (CRO) Business

During the Reporting Period, affected by environmental factors, revenue from CRO business decreased slightly year-on-year. The Company successfully undertook 197 new projects and maintained ongoing in-depth exploration in rare diseases. The Company strengthened its established expertise in oncology, immunology, infectious diseases, orthopedics, respiratory system, hematology and gynecology. At the same time, new breakthroughs have been achieved in metabolism, digestion, dermatology, ophthalmology, urology and genesiology. In terms of data intelligence, the Company applied a full-process intelligent pharmacovigilance platform to over 10 innovative drug projects, along with the establishment of clinical trial project management and laboratory management platforms.

During the Reporting Period, we continued to implement our "One-stop Integrated Development Services" Grand Strategy, seamlessly connecting CMC, non-clinical, and clinical services to support customers in new drug research and development. We successfully secured 5 implied China IND approvals. Our overseas business continued to grow with 12 new overseas application and clinical services orders. In addition, we initiated 2 U.S. IND registration and application projects for cell therapy, with 1 project successfully approved. We also contributed to 4 implied FDA IND approvals for our customers and facilitated 17 projects in obtaining implied China IND approvals. Furthermore, we assisted 1 Phase III oncology project, IDMC, in passing European Medicines Agency ("**EMA**") review. As of 31 December 2024, the Company was conducting 269 clinical research projects, including 94 phase II and later-stage projects.

Biological Macromolecule CDMO

In 2024, biological macromolecule CDMO achieved a year-on-year revenue increase of 17.36%. Regarding project delivery and orders, the Company added 15 ADC IND projects and 3 BLA projects, further expanding the ADC project pipeline and laying a solid foundation for future business. The Company assisted various customers' clinical projects in license-out, showcasing its international service capabilities. As of the date of this announcement, biological macromolecule CDMO hold almost 60 orders (including IND, clinical and several BLA stage projects) in hand, with ADC projects taking up for over 60% of the total orders, increasing by 56% year-on-year. In 2024, the Company undertook several overseas orders, demonstrating its leadership in the ADC field and its global service capabilities.

Adhering to the rigorous quality control system and incorporating the characteristics of biological macromolecule drugs, the Company established a comprehensive international biological quality control system. In February 2024, the Company passed the EU QP audit and received the GMP compliance statement. Throughout the year, the Company also underwent dozens of customers' and third-party audits, with no significant findings, further strengthening its excellent reputation for quality control. These achievements have established a solid foundation for the Company's future sustainable development.

Export of New Technologies

2024 marked a year for CFCT to build its foundation and forged ahead. While promoting market expansion, we focused on ensuring the implementation and delivery of orders, technological innovation and upgrading, service capability extension and management system upgrading and optimization. During the Reporting Period, CFCT engaged with approximately 150 customers across medicine, pesticides, materials and other fine chemical fields, and undertook nearly 20 new technology output projects, with new customers' contribution accounting for 80% out of the total orders.

During the period of industry adjustment, CFCT continued to upgrade and optimize its management and operation system, focusing on enhancing service capabilities by improving efficiency, and provides customers with a comprehensive "service + product" solution. Additionally, the Company continued to explore innovative cooperation business models. On one hand, CFCT deployed a full product line and established collaborative relationships with target customers and their upstream and downstream partners to explore project opportunities deeply. On the other hand, CFCT further offered innovative service models during the implementation phase, delivering customers a full-process cycle service of "R&D + design+ manufacturing + installation".

Synthetic Biology Technology

In 2024, synthetic biology technology has generated an increased revenue of 33.54% year-on-year growth, with 80% revenue resulting from overseas customers. Synthetic biology technology engaged with nearly 100 new customers and collaborated with several MNC to pioneer early stage technical pathways for enzyme engineering.

Multiple enzyme technologies have been utilized in the pharmaceutical synthesis processes internationally renowned multinational pharmaceutical companies. Immobilized enzyme continuous reaction technology has successfully been applied in the production of multiple ton-scale products. Compared to batch reactions, this technology elevates production capacity up to 1,500 times and saving the amount of enzyme by over 70%. These technologies reduce the three wastes and offer significant advantages in terms of cost and yield compared to traditional chemical methods.

iii. R&D Platform Construction

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

With a strategic emphasis on the "development" component of CDMO services, Asymchem has been focusing on developing a top-tier technology platform and is among the CDMO companies that contribute the most to R&D per Frost & Sullivan. As at the end of the Reporting Period, our Group has obtained a total of 487 authorized patents both domestically and internationally, including 383 patents in China and 104 patents in other jurisdictions such as the United States, the European Union, Japan, South Korea, and India. Among these, 159 are in the field of synthetic biology and 183 in the continuous flow technology, respectively. Especially for the latter, our Company was one of the earliest companies to apply continuous manufacturing in drug production and is also one of the few that can apply the technology at the ton-level instead of gram-level. The applications of these patents simplified procedures, reduced processing duration and raw material cost and gave Asymchem a strong competitive edge. This continued focus on R&D has made Asymchem one of the few companies that can provide a one-stop solution platform.

Our research papers on new technologies have been published multiple times in the most authoritative scientific journals in the field of natural sciences such as Nature, as well as other important journals in the industry including Journal of the American Chemical Society, Angewandte Chemie (Germany Applied Chemistry), Journal of Organic Chemistry, Organic Letters, and other leading international journals. As of the end of the Reporting Period, a total of 47 papers have been published, among which 14 papers have impact factors exceeding 10. Asymchem published a cover paper in the prestigious academic journal Chemistry Europe- "Continuous Synthesis of Polyethylene Alycol Oligomer Sulfate Esters via Multi-Stage Cascade Continuous Stirred Tank Reactors ("**CSTR**")". This technological achievement was developed by the Center of Excellence for Process Science ("**CEPS**"), marking another significant advancement for Asymchem in the field of continuous synthesis.

For the year ended 31 December 2024, our R&D expenses amounted to was RMB614.49 million, representing 10.59% of our total revenue. As we anticipate future revenue growth, we also plan to allocate a proportional increase in our R&D expenses.

iv. Investments and Constructions of Capacity Expansion

We possess advanced manufacturing sites which were built from the ground up to stringent standards. As of 31 December 2024, we had multiple R&D centres, manufacturing sites, production facilities and branches/offices across China, the United States, the United Kingdom, and other regions, and secured the first research and manufacturing site in Europe. The following map illustrates the locations of our manufacturing sites, as well as our offices across China, the United States and the United Kingdom.

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

2024 is the key year for the Company's accelerated global strategy. During the Reporting Period, we had successfully obtained the former Pfizer research and active pharmaceutical ingredients ("**API**") pilot production facility located in Sandwich, Kent U.K. (the "**Sandwich Site**"). Its drug synthesis route rapid design, HTS and DoE experimental design, mature process and analytical development capabilities, as well as production and operational management capabilities, are at the world-class level. Building on its strengths in process R&D analysis, production plant equipment, a talent team with an average of over 15 years of professional experience, and comprehensive drug R&D technologies, the site has undergone a comprehensive upgrade. Integrating with the Company's quality system and operational management system, the capabilities of the site have been optimized and officially began operation in early August 2024.

After commencing operations, the Sandwich Site achieved multiple orders for analysis, process development and kilo production. Additionally, the pilot plant began receiving production orders in the fourth quarter of 2024. As of the date of the announcement, several production orders have been successfully progressing. Several major clients from Europe and the U.S. have visited the site and placed inquires and orders, which covered not only small molecule CDMO business but also multiple fields such as peptides, biocatalysis, etc.

Based on the clients' R&D and production needs, the Sandwich Site is further expanding and strengthening its technical platform capabilities and business scope on the foundation of its world-class HTS ability. Meanwhile, the Company is promoting the implementation of the Group's innovative technology platform at the Sandwich Site. Continuous flow reaction equipment and technology platform development capabilities have already been successfully injected into the laboratory development process before the announcement was disclosed. Green advanced manufacturing technologies, including synthetic biology and enzyme catalysis technologies, are also in preparation and planning. The Company will further expand into peptides, nucleic acids, and other areas to efficiently empower drug R&D and production across more fields, meeting the broader drug R&D and production needs of global partners.

The operation of the Sandwich Site is a milestone in the Company's overseas capacity layout. The Company will utilize this as a foundation to further promote the commercial production capacity expansion overseas, accelerate the promotion and application of the new technologies to serve more clients, and form a new global supply network for Asymchem, offering efficient, flexible and high quality CDMO one-stop integrated solutions for more partners.

In terms of the emerging services business segment, significant progress was made in the chemical macromolecule project. During the Reporting Period, we generally completed the construction of our solid-phase polypeptide synthesis capacity as planned. The total solid-phase peptide synthesis capacity expanded to approximately 21,000L by the end of 2024 and is projected to reach 30,000L in the second half of 2025. Furthermore, we expedited the construction of high potency capacity. An additional Occupational Exposure Band 5 ("**OEB5**") plant and R&D building will be added in 2025 to meet the escalating demand for toxin-linker projects in later stage.

The construction of new drug product capacity accelerated. The construction of pre-filled syringes and pen syringes production and β-lactam solid drug product was initiated and will be put into production successively in 2025, offering more comprehensive production services to a wider range of customers.

The newly operational CFCT equipment test workshop features nearly 1,000 square meters testing areas and comprehensive supporting facilities, enabling multiple sets of continuous equipment for design verification and performance testing. This further strengthens capabilities in process development, project undertaking, technological innovation and delivery.

To enhance our synthetic biology technology, the construction of 500L GMP fermentation workshop and 5,000L GMP workshop has been completed, and they are currently undergoing testing and validation. The new capacities are expected to be officially put into use in the first quarter of 2025. The overall production capacity exceeds 20,000L, meeting the production requirements for a various range of biological products simultaneously, including enzymes, recombinant proteins, peptides and biobased small molecules.

The Company advanced the construction of conjugate drugs commercialization capacity. As of the date of this announcement, the biological pharmaceutical CDMO R&D and commercial production site in Fengxian, Shanghai has been put into use, providing global partners with CDMO development and manufacture services for biological drugs, including antibodies and nanobody drug conjugates ("**NDCs**").

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

v. Cultivation of Our Team of Talents

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

In 2024, to achieve our goals, we implemented a tailored talent strategy for each of our key business segments. We offered internal training programs to equip our employees with the latest technology advancements, industry know-how, and regulatory developments. We inspired our employees to develop a strong sense of ownership and encouraged them to work on industry-defining and landmark projects. Moreover, we offered competitive compensation and compelling career development opportunities to motivate and retain our high-quality talent base.

The Company firmly upholds and adheres to the strategy of talent introduction by optimizing various employment mechanisms such as talent selection, training, utilization, evaluation, incentive, and retention. We established talent management systems for small molecule CDMO business and strategic emerging business and accelerated the introduction of talents including business leaders and key technical positions in emerging business segments. In 2024, we recruited 245 experts, including 78 Ph.D., 31 senior executives and above, and 136 returnees and personnel with working backgrounds in overseas pharmaceutical companies. As of 31 December 2024, our total workforce comprised 9,595 employees (including senior management and excluding interns, individuals with disabilities and rehired retirees, etc.), with around 78% possessing an undergraduate degree and/or above, and 24% possessing a master's degree/Ph.D. and/or above. Additionally, the R&D and analyst team consisted of 4,653 employees, accounting for approximately 48.49% of the total workforce, with 96.78% holding at least an undergraduate degree. Among them, 1,539 had a master's degree and 274 held a Ph.D.. Notably, the proportion of senior researchers with a master's degree and Ph.D. diploma within the R&D team increased by approximately 2% year-on-year. We believe that our employees are the valuable wealth of the Company, and we serve as the platform for employees to showcase their talents and realize their values.

In terms of talent risk management, we have established the *Values and Code of Conduct* at the Company level integrating a *Supply Chain Code of Conduct* to ensure compliance and monitor business development comprehensively, as well as provide fundamental principles and guidelines for employees to align their actions with the Company's value. The *Diversity, Equity and Inclusion Policy* established for employees undergoes periodic reviews and updates as the Company grows, aiming to safeguard the fundamental rights and interests of our employees.

vi. Social Responsibility and Sustainable Development

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

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

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

We have established "Teda-Asymchem Scholarship" in several colleges and universities to support students' academic studies and research, showing our concern for the growth of young students and encouragement to them. Particularly, we have set up special scholarships for financially disadvantaged students across many universities and colleges. We have also instituted fellowships for outstanding achievements in drug synthesis in some universities and colleges and sponsored various academic conferences and symposiums.

For more details regarding social responsibility and sustainable development information, please refer to the 2024 ESG Report to be published in April 2025.

II. FINANCIAL REVIEW

In 2024, the Company realized revenue of RMB5,804.66 million, representing an increase of 8.28% compared to the same period last year excluding large orders. The gross profit margin in 2024 was 41.03%, down by 9.86 percentage points or 1.68 percentage points excluding large orders from the same period last year. The adjusted net profit attributable to shareholders of the parent amounted to RMB803.07 million, representing a decrease of 65.12% as compared with 2023. During the Reporting Period, the small molecule CDMO business generated revenue of RMB4,570.73 million, a year-on-year increase of 9.23% excluding large orders. Revenue from the emerging business was RMB1,226.37 million in 2024, a decrease of 4.80% from the same period last year. Domestic revenue reached RMB1,519.91 million in 2024, showing an increase of 5.75% from the same period last year. The Company continued to invest in the R&D platform, with an expenditure of RMB614.49 million in 2024, a decrease of 13.19% from 2023, accounting for 10.59% of the total revenue.

i. Revenue

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

	2024		2023		Change ratio
	RMB'000	**Proportion**	*RMB'000*	Proportion	*%*
Commercial stage CDMO solutions	**2,803,949**	**48.31%**	5,107,487	65.64%	(45.10)
Clinical and pre-clinical stage CDMO solutions	**1,766,779**	**30.44%**	1,497,658	19.25%	17.97
Emerging business	**1,226,374**	**21.13%**	1,170,199	15.04%	4.80
Total revenue from principal business	**5,797,102**	**99.87%**	7,775,344	99.92%	(25.44)
Other businesses	**7,555**	**0.13%**	6,092	0.08%	24.02
Total revenue	**5,804,657**	**100.00%**	7,781,436	100.00%	(25.40)

During the Reporting Period, the Company had 48 commercialization projects for which the revenue has been recognized, achieving revenue of RMB2,803.95 million, representing a year-on-year decrease of 45.10%. If the large orders are excluded, the other revenue represented a year-on-year increase of 4.35%. The Company's R&D, production, analysis, supply chain management, quality and other departments and teams achieved seamless cooperation and worked in coordination to fully satisfy the needs of customers for pharmaceutical supply, further enhancing the level of fine management and the advantages of the platform system. The Company continuously developed key processes and technologies for green pharmaceuticals and increased the use of new technologies and intelligent equipment to continuously enhance its competitive advantage in the commercialization of small molecule CDMOs. Many industry-leading commercialization projects were continuously implemented, and the Company's good track record in delivery will further drive deeper collaboration with numerous domestic and international clients on commercial projects.

During the Reporting Period, the Company had a total of 456 clinical stage projects for which the revenue has been recognized, including 383 pre-clinical and early clinical projects and 73 clinical phase III projects, achieving revenue of RMB1,766.78 million, representing a year-on-year increase of 17.97%. The Company has put more effort into its early-stage project development, laying the foundation for long-term growth. The Company strategically reserves potential bulk projects, and the clinical phase III projects served by the Company involved many popular targets or major drug targets, securing project reserves for the continued acquisition of bulk commercial orders of drugs.

Leveraging our competitive advantages accumulated in the small molecule CDMO segment, the Company accelerated the construction of its talent team and capabilities, promoted the fast development of new business such as chemical macromolecule CDMO, drug products, export of new technology, synthetic biology technology, clinical research services, biological macromolecule CDMO and other strategic emerging segments. During the Reporting Period, the strategic emerging segments recorded revenue of RMB1,226.37 million, representing a year-on-year increase of 4.80%. With the enhancement of service capacity in emerging business, certain business segments achieved breakthroughs in overseas orders.

During the Reporting Period, the Company's revenue by countries or regions where our customer operates was as follows:

	2024		2023		Change ratio
	RMB'000	**Proportion**	*RMB'000*	Proportion	%
Domestic (China)	**1,512,353**	**26.05%**	1,431,182	18.39%	5.67
Foreign countries (including North America, Europe, and Asia Pacific except China)	**4,284,749**	**73.82%**	6,344,162	81.53%	(32.46)
Total revenue from principal business	**5,797,102**	**99.87%**	7,775,344	99.92%	(25.44)
Domestic revenue from other businesses	**7,555**	**0.13%**	6,092	0.08%	24.02
Total revenue	**5,804,657**	**100.00%**	7,781,436	100.00%	(25.40)

Our revenue in domestic (China) market from principal business increased by 5.67% compared with the same period last year. Our revenue in foreign countries (including North America, Europe and Pan-Asia ex China) reached RMB4,284.75 million in 2024, representing a decrease of 32.46% from the same period of 2023, or a year-on-year increase of 9.20% after excluding large orders. The Group is prioritizing market development, and its market business has shown positive progress. During the Reporting Period, revenue from American customers amounted to RMB3,370.91 million, and if the large orders are excluded, the other revenue represented a year-on-year increase of 18.41%; revenue from Asia Pacific (except China) customers amounted to RMB178.37 million, representing a year-on-year decrease of 74.93% due to the macroeconomics and currency volatility; revenue from European customers amounted to RMB735.46 million, representing a year-on-year increase of 101.33%.

ii. Cost of Sales and Services

Our costs of sales and services include costs of raw materials, direct personnel costs, manufacturing expenses and other related expenditures. Raw materials costs cover direct and indirect materials required for production. Manufacturing expenses include depreciation of plant and equipment, energy costs, testing and release expenses, among others. The category of "Others" includes transportation and insurance costs directly linked to sales, as well as associated taxes and fees. In 2024, our cost of sales and services was RMB3,422.95 million, representing a decrease of 10.44% from 2023, primarily attribute to revenue decline compared to the same period last year.

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

	2024	2023	Change ratio
	RMB'000	*RMB'000*	*%*
Commercial stage CDMO solutions	**1,350,899**	2,041,368	(33.82)
Clinical and pre-clinical stage CDMO solutions	**1,099,403**	893,098	23.10
Emerging business	**966,663**	881,727	9.63
Total cost of principal business	**3,416,965**	3,816,193	(10.46)
Other business costs	**5,982**	5,607	6.69
Total operating cost	**3,422,947**	3,821,800	(10.44)

iii. Gross Profit and Gross Profit Margin

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

	2024	2023	Change
	%	*%*	*%*
Commercial stage CDMO solutions	**51.82**	60.03	(8.21)
Clinical and pre-clinical stage CDMO solutions	**37.77**	40.37	(2.60)
Emerging business	**21.18**	24.65	(3.47)
Total gross profit margin of principal business	**41.06**	50.92	(9.86)

During the Reporting Period, the Group's revenue of principal business decreased by 25.44% and the cost decreased by 10.46%, leading to the decrease of principal business gross profit margin by 9.86 percentage points compared with the same period last year. This was mainly attributed to the conclusion of the large orders. Excluding large orders, gross profit margin of the Company in 2024 decreased slightly by 1.68 percentage points compared with the same period last year.

The overall revenue gross profit margin for our Company was 41.06% in 2024. Similarly, the gross profit margin for small molecule CDMO clinical projects stood at 37.77%, reflecting an increase of 2.60 percentage points compared to last year, while the gross profit margin for small molecule CDMO commercialized projects stood at 51.82%, reflecting a decrease of 8.21 percentage points compared to last year.

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

	2024	2023	Change
	%	*%*	*%*
Domestic (China)	**19.90**	22.50	(2.60)
Foreign countries (including North America, Europe, and Asia Pacific except China)	**48.52**	57.33	(8.81)
Total gross profit margin of principal business	**41.06**	50.92	(9.86)

Notes:

(1) Our gross profit margin of principal business from domestic (China) in 2024 was 19.90%, which decreased by 2.60 percentage points compared with the same period last year.

(2) Our gross profit margin of principal business from foreign countries (including North America, Europe and Pan-Asia ex China) in 2024 was 48.52%, with a decrease of 8.81 percentage points compared to the same period last year, mainly due to the conclusion of large orders.

iv. Other Income and Gains

The increase in other income and gains from RMB409.85 million in 2023 to RMB480.72 million in 2024 was primarily attributed to the increase in exchange gain and interest income.

v. Selling and Marketing Expenses

In 2024, our sales expenses were RMB243.39 million, demonstrating an increase of 23.91% from the same period last year, mainly due to the increase in the number of sales staff of the Group in the current period compared to the same period last year, as the Group expanded in size. This year, the Company actively cultivated overseas markets and customers, while expanding emerging business sectors, and enhancing domestic and foreign promotional and publicity efforts. Our overall sales activities increased compared with the same period last year.

vi. Administrative Expenses

Our administrative expenses in 2024 were RMB861.42 million, which increased by 5.11% compared with RMB819.58 million for the same period last year.

vii. R&D Expenses

Our R&D expenses amounted to RMB614.49 million in 2024, decreasing by 13.19% compared with the same period last year. The decrease is primarily attributed to the decrease in revenue, but the proportion of R&D investment to revenue increased from 9.10% in 2023 to 10.59% in 2024.

viii. Impairment Loss on financial and contract assets

The Group recorded an impairment provision for credit losses on financial assets measured and recognized using the expected credit loss approach. In 2024, the reversal of our impairment losses amounted to approximately RMB11.67 million, compared with the recognition amounted to RMB9.90 million in 2023, mainly attributed to the decrease in trade receivables.

ix. Finance Costs

Our finance costs primarily consist of interest expenses on bank borrowings and interest expenses on lease liabilities. In 2024, our finance costs totaled RMB9.51 million, increasing by 60.77% compared with RMB5.91 million for the same period last year. The increase was mainly attributed to the recognition of newly added right-of-use assets this year.

x. Income Tax Expense

Our income tax expense amounted to RMB136.63 million in 2024, reflecting a decrease of 55.40%. This reduction aligns with the Group's profit decline trend and is primarily attributed to the decrease in revenue.

xi. Net Profit and Net Profit Margin

Our net profit decreased by 58.43% from RMB2,250.82 million in 2023 to RMB935.76 million in 2024. In 2024, the net profit attributable to shareholders of the listed company amounted to RMB948.95 million, representing a decrease of 58.17% as compared with RMB2,268.81 million in 2023. In 2024, the net profit margin attributable to shareholders of the listed company was 16.35%, representing a decrease of 12.81 percentage points as compared with 29.16% for 2023.

xii. Basic and Diluted Earnings per Share

Our basic earnings per share decreased from RMB6.26 in 2023 to RMB2.69 in 2024. Our diluted earnings per share decreased from RMB6.26 in 2023 to RMB2.69 in 2024. The decrease in basic and diluted earnings per share was mainly due to the decrease in net profit.

xiii. Liquidity and Financial Resources/Cash and Bank Balances

During the Reporting Period, the Group's operations and investments were supported by our internal resources. The cash and bank balances of the Group, mainly denominated in RMB, as at 31 December 2024 decreased by RMB1,320.58 million or 18.57% from 31 December 2023, mainly due to the cash outflow used for share repurchase in 2024. We believe the Group has sufficient liquidity to meet the requirements of its daily liquidity management and capital expenditure, and to control internal operating cash flows.

As of 31 December 2024, we had bank borrowings of RMB0.00 million (as at 31 December 2023: approximately RMB12.23 million).

xiv. Analysis of Assets and Liabilities

	2024 ***RMB'000***	2023 *RMB'000*	Change ratio %	Reason
Current Assets				
Inventories	**1,193,346**	945,347	26.23	Primarily due to the fluctuations resulting from continuous delivery of orders.
Trade receivables	**1,836,887**	2,010,989	(8.66)	As a result of the recovery of accounts receivable.
Prepayments, deposits and other receivables	**586,795**	296,573	97.86	Primarily attributed to the due date of time deposits.
Non-Current Assets				
Property, Plant and Equipment	**5,939,832**	5,366,081	10.69	Primarily resulting from the construction of research and development equipment and plant infrastructure for operation.
Deferred tax assets	**248,353**	213,215	16.48	Primarily attributed to the increase in deferred tax assets recognized for deductible losses.
Prepayments, deposits and other receivables	**482,409**	688,479	(29.93)	Primarily attributed to the due date of time deposits.
Current Liabilities				
Other payables and accruals	**1,166,097**	1,275,184	(8.55)	Primarily to the the decrease in the liability for restricted Share repurchase.
Tax Payable	**50,177**	31,235	60.64	Primarily due to the time difference of advance tax payment.
Interest-bearing bank and other borrowings	**–**	12,228	(100.00)	There were no interest-bearing bank borrowings which are recognized by notes receivable discounted with recourses as at the end of the year.
Non-Current Liabilities				
Deferred income	**298,622**	232,599	28.38	Including grants received during the Reporting Period.
Deferred tax liabilities	**134,703**	117,292	14.84	Mainly recorded in respect of taxable temporary differences existing in the accelerated depreciation of fixed assets.

xv. Investment Analysis & Income Analysis of Long-term Equity Investment Under Equity Method

Financial assets at fair value through profit or loss (current portion and non-current portion)

Financial assets at fair value through profit or loss mainly consisted of short-term and low-risk wealth management products purchased from banks and investment in Sany Zhongzhi (Tianjin) Venture Capital Center (L.P.) and Sany Zhongzhi Phase II (Tianjin) Venture Capital Center (L.P.). The Group's financial assets at fair value through profit or loss among current and non-current assets decreased from RMB2,036.26 million as of 31 December 2023 to RMB1,697.57 million as of 31 December 2024, mainly due to the decrease in the purchase of short-term and low-risk wealth management products from the banks.

Income from long-term equity investment under equity method

During the Reporting Period, the income from long-term equity investment under equity method amounted to RMB24.86 million, compared with the loss of RMB2.17 million in 2023. This increase was mainly driven by the changes in net assets of Tianjin Haihe Asymchem Biomedical Industry Innovation Investment Fund (Limited Partnership) ("**Haihe Asymchem Fund**") (天津海河凱萊英生物醫藥產業創新投資基金(有限合夥)), in which the Group has invested, multiplied by the Group's shareholding ratio during the Reporting Period.

The Group's major joint venture, Haihe Asymchem Fund, primarily invests in the commercialization projects of the innovative field of biological medicine in the clinical stage. It is accounted for using the equity method and is strategically important to the Group's operations. The Group's other joint venture, Yugen Medtech, serves as a platform for scientific research CRO technology services, integrating innovative drug druggability research, pre-clinical and clinical stage systematic evaluation and registration services. It is also accounted for using the equity method and is strategically significant to the Group's operations. The Group's joint venture, Tianjin Haihe Asymchem Medical and Health Industry Investment Fund Partnership Enterprise (Limited Partnership) ("**Haihe Asymchem Medical and Health Fund**") (天津海河凱萊英醫療健康產業投資基金合夥企業(有限合夥)), primarily invests in the innovative biopharmaceutical industry. It is accounted for using the equity method and is strategically important to the Group's operations.

xvi. Goodwill

Goodwill with net carrying amount of approximately RMB146.18 million as at 31 December 2024, (as at 31 December 2023: approximately RMB146.18 million) is acquired through the Group's acquisition of Tianjin GoalGen Biotechnology Co., Ltd. and Beijing Improve-Quality Technology Co., Ltd. Management of the Group performed impairment reviews of goodwill annually or more frequently if events or changes in circumstances indicated a potential impairment. The recoverable amounts of the cash-generating units to which the goodwill relates were determined based on the value in use. These calculations required the use of estimates and professional judgements, and the management of the Group involved an external valuer in these calculations. The Group has conducted impairment assessment on goodwill and no signs of impairment have been found.

xvii. Pledge of Assets

As at 31 December 2024, the net book value of buildings, land and equipment pledged by the Group was nil (as at 31 December 2023: nil), and the pledged deposits amounted to approximately RMB61.67 million (as at 31 December 2023: approximately RMB8.96 million).

xviii. Funding and Treasury Policies

The Group's finance department is responsible for the funding and treasury policies with regard to the overall business operation of the Group. The Company expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to internal financing and external financing at reasonable market rates. The Group continues to seek improvements in the return on equity and assets while maintaining prudent funding and treasury policies.

xix. Capital Expenditure

During the Reporting Period, the Group's capital expenditure on property, plant and equipment, land use rights and other intangible assets amounted to approximately RMB1,130.01 million (In 2023: approximately RMB1,241.61 million).

xx. Capital Commitments

As at 31 December 2024, the Group had capital commitments of approximately RMB414.68 million (as at 31 December 2023: approximately RMB552.01 million), all of which were used for the purchase of property, plant and equipment.

xxi. Contingent Liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities and guarantees that would have a material impact on the financial position or operations of the Group.

xxii. Subsequent Events

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

xxiii. Gearing Ratio

As at 31 December 2024, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 12.58% (as at 31 December 2023: 11.42%).

xxiv. Adjusted Non-IFRS Measures

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

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

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

	2024	2023
	RMB'000	*RMB'000*
	(except percentage)	*(except percentage)*
Net profit attributable to the shareholders of the listed companies	**948,950**	2,268,811
Add: equity incentive amortization expense	**15,414**	53,912
Gain or loss on exchange rate fluctuations	**(142,267)**	(14,762)
Income tax effect	**(19,028)**	(5,872)
Adjusted net profit attributable to shareholders of the listed company	**803,069**	2,302,089
Adjusted net profit margin attributable to shareholders of the listed company	**13.83%**	29.60%

Notes:

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

(1) share-based compensation expense;

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

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

xxv. Foreign Exchange Risk

The majority of our revenues are derived from sales denominated in USD, while most of our service and operating costs and expenses are denominated in Renminbi, and our financial data is presented in Renminbi. Consequently, when the Renminbi strengthens against the USD, our margins come under pressure, potentially limiting our ability to price our service contracts, especially those with our U.S. customers, in currencies other than the USD.

The Group managed the foreign exchange risk by conducting regular reviews of the Group's net foreign exchange exposures and would consider the use of foreign exchange contracts to mitigate foreign exchange risk.

xxvi. Cash Flows

During the Reporting Period, the Group's net cash flows operating activities amounted to RMB1,254.34 million, representing a decrease of RMB2,295.39 million as compared to the Corresponding Period of last year, mainly due to the decrease in our revenue and profit in 2024.

During the Reporting Period, the Group's net cash flows used in investing activities amounted to RMB1,184.33 million, representing a decrease of RMB1,506.90 million as compared to the Corresponding Period of last year. The decrease was mainly due to the decrease in the purchase amount and frequency of wealth management products during the Reporting Period.

During the Reporting Period, the Group's net cash flows used in financing activities amounted to RMB1,928.19 million, as compared to RMB542.03 million for the net cash flows from financing activities of the Corresponding Period of last year. The change was mainly due to the cash outflow for share repurchase in 2024.

xxvii. Capital Structure

Total equity attributable to Shareholders amounted to approximately RMB16,862.57 million as at 31 December 2024, as compared to approximately RMB17,509.98 million as at 31 December 2023.

III. MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not have any significant acquisition or disposal of subsidiaries, associates and joint ventures of the Company. As of 31 December 2024, the Group didn't hold any investment (including any investment in an investee company with a value of 5 percent or more of the Group's total assets as of 31 December 2024).

IV. EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2024, the Group had 9,595 employees (including senior management and excluding interns, individuals with disabilities and rehired retirees, etc.), whose salaries and allowances were determined based on their performance, experience and the prevailing market remuneration. We have invested in continuing education and training programs for all employees, which encompass a leadership development program and a structured three-stage training program consisting of orientation training, probation period basic skills training and on-the-job training skills enhancement training. In response to multiple business demands, we have also tailor-made specific personnel training programs for targeted departments. These initiatives form a dedicated talent development framework aimed at cultivating specific talents within our management team and other employees to continuously elevate their skills and knowledge.

The Company is dedicated to developing a comprehensive and market-competitive compensation system for all employees, with a particular focus on key positions. We have established a multi-dimensional compensation structure comprising fixed salaries, performance-based bonuses, diverse welfare benefits and long-term incentives. We have made contributions to social security insurance funds (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds, while providing diversified cash and non-cash benefits, such as supplementary commercial insurance, annual health check-ups and holiday benefits for our employees.

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

V. FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of the date of this announcement, the Company does not have any existing plan for material investments or acquisition of capital assets.

VI. OUTLOOK AND PROSPECT

i. Core Advantages

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

Drawing on our extensive industry knowledge, well-established R&D platforms, manufacturing capabilities, and stellar reputation with customers, we have enhanced our CDMO offerings to encompass cutting-edge drug modalities. These include peptides, oligonucleotides, monoclonal antibodies ("**mAbs**"), antibody-drug conjugates ("**ADCs**"), and messenger RNA ("**mRNA**"). Furthermore, we have expanded our service portfolio to encompass chemical macromolecule CDMO solutions, drug product solutions, biosynthesis solutions, and clinical CRO solutions, collectively referred to as our Emerging Services.

Our vision is to become a reliable partner for the global pharmaceutical industry providing superior one-stop CDMO services and solutions throughout the full lifecycle of drugs from their development to commercialization.

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

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

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

- **We have laid the groundwork for revenue growth and a broad project funnel through strong customer retention and expanding customer base.** Our Company has successfully retained its top global pharma companies' client base, which are favorable diversified multinational pharmaceutical companies, through a cooperative relationship of more than ten consecutive years which demonstrate very strong customer loyalty. We have established partnerships with 16 out of the top 20 global pharmaceutical companies and have been providing continuous service to 8 of these companies for over a decade. Besides large pharmaceutical clients, our Company is also gaining traction in small to midsize pharmaceutical companies and leading biotechnology companies by upholding a customer-centric business philosophy. The robust and expanding customer base enables us to maintain an extensive pipeline of projects at various stages, creating a broad funnel to sustain a steady stream of small molecules business segments and increment of emerging services. Our commercial stage projects and later stage clinical project continue to increase, which substantially improved the stability and predictability of our revenue growth.

- **We have continued to focus on advancing and evolving eight R&D platforms for technology leadership based on our customer-focused innovation root.** With a strategic emphasis on the "development" component of CDMO, our Company has been focusing on developing a top-tier technology platform and is among the CDMO companies that contribute the most to R&D per Frost & Sullivan Analysis. Our Company was one of the earliest CDMOs to apply continuous flow technology in drug production and is also one of the few that can apply the technology at the ton-level instead of gram-level, leading to simplified procedures, reduced processing duration and raw material costs, improved yield and safety, and ultimately delivered cost efficiency for clients. As of the end of 2024, certain numbers of the middle and later stage clinical projects and commercial stage projects of the Company applied key technologies for green pharmaceuticals, including but not limited to continuous flow technology and synthetic biology technology, generating favorable economic benefits and efficiency. CBTI enhanced internal R&D, strengthened forward-looking capabilities, and streamlined process development. This continued focus on R&D has enabled Asymchem to maintain its competitive edge and technology leadership in small molecule CDMO sector while advancing the development of emerging businesses. Meanwhile, promoting the export of green technologies i.e. continuous flow technology and synthetic biology technology to external clients allows Asymchem to enhance the industrial image, drive industrial trends, and elevate to a higher level of revenue streams through technologies rather than customized manufacturing.

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

- **We have further enhanced our fully integrated platform from different aspects including talent introduction and capacity expansion.** In 2024, while keeping cost-effective and cost-efficient as one of our core principles, we continuously strengthened talent recruitment and cultivation, and constantly improved the employment mechanisms, accelerating the embracing talents including key technical personnel in emerging business segments and senior executive talents with professional working backgrounds and extensive experience in overseas pharmaceutical companies. In addition, we accelerated the construction of multiple production capacity expansion projects, including but not limited to the peptide commercial production, achieving a commercialized solid-phase synthesis capacity exceeding 20,000L to meet the growing demand for peptide production, prioritized the development of the exclusive production workshop for multiple pilot-to-commercialization production lines for oligonucleotide, initiated commercial production capacity renovation and expansion in biological macromolecules CDMO business. As of 31 December 2024, we had multiple manufacturing sites and branches/offices across China, the United States, the United Kingdom, and Japan.

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

- **We have maintained a healthy financial position with a long-term cash runway which provides flexibility for further development and overseas expansion.** After the completion of the global offering of the Company, having been successfully dual listed on the Main Board of the Hong Kong Stock Exchange, we have more than RMB5.79 billion cash and cash equivalents on hand. Our healthy financial positions and consistently efficient capital allocation provide us with flexibility on the long-term strategy i.e. rolling out our global footprint through overseas capacities, dual stock markets employees share schemes, and share buyback, etc.

ii. Long-term Development Strategy

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

Continue to invest in R&D and reinforce the "technology-driven" efforts

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

Continue to strengthen our service capabilities and advance our leadership position for small molecule CDMO solutions

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

Deepen our relationship with existing customers and broaden our customer base globally

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

Accelerate our expansion into new drug modalities and emerging businesses

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

Enrich our service offerings & capacities and expand our global footprint

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

Continue to attract, retain and incentivize talent

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

iii. 2025 Strategy Highlights

In 2025, despite the complex and volatile international landscape and the slow recovery of financing for small and medium-sized pharmaceutical companies both domestically and abroad, Artificial Intelligence ("**AI**") technology has accelerated the development of innovative drugs, bringing new opportunities and challenges to domestic CDMO companies, including Asymchem. After the conclusion of large orders, the Company has effectively managed the increase in resources caused by these orders. Following years of rapid growth, the Company now faces an urgent need to upgrade its management system to drive cost reduction and efficiency improvements. At the same time, the Company must expedite the expansion of overseas production capacity and deepen cooperation with overseas clients, especially multinational pharmaceutical companies. Although challenges persist, the industry as a whole has gradually emerged from its most difficult period. The mark has been significantly boosted by the growth potential of GLP-1 drugs, and the ongoing activity of drug categories such as ADC and small nucleic acids has also brought fresh opportunities to the industry. Moreover, the trend of specialized division of labor in the global pharmaceutical industry remains unchanged. In the face of both challenges and opportunities, the Company will focus on the following key initiatives in 2025.

Accelerating Overseas Expansion: Expanding global footprint in production capacities

As a leading Chinese CDMO company that was originally established in the United States early on and later built its own production capacities upon returning to China, Asymchem has been seeking suitable production capacities or bases outside of China in previous years to maintain robust production support. In 2024, we successfully obtained our first R&D and pilot production base in Europe. In 2025, we aim to acquire commercial production capacity of chemical small molecules and large molecules' APIs in Europe, or by investing in building our own for self-construction, to strengthen overseas laboratories and commercial production bases. This will expand our advantageous business areas, extend our service radius, and deepen cooperation with overseas customers, especially multinational pharmaceutical companies. Meanwhile, we will expedite the Boston R&D center to drive the expansion of American Biotech clients. We anticipate utilizing this as a lever to broaden our service areas and customer base, further attract domestic and international orders, continuously penetrate into the international market, accelerate our global footprint, and thereby further ensure future growth certainty and increase order visibility.

Optimizing Profitability: Reinforcing backbone business and overall operation

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

Building Capability: Advancing emerging services offerings

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

Technology Driven: Strengthen R&D platform capabilities

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

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

Looking back over the past decade, Asymchem has been able to seize opportunities every few years, undertaking and seamlessly completing high-quality orders with substantial amounts. The conclusion of large orders and the rapid development of AI in the healthcare industry present both new challenges and opportunities for the Company. We will consistently enhance the organizational and procedural development of operational management systems to drive continuous improvements in management efficiency. Additionally, we will reinforce the cultivation of corporate culture, emphasizing a people-centric approach to recruitment, further developing management talent, refining incentive structures, enhancing productivity, fostering unity, and boosting overall staff effectiveness. Additionally, we will retain a focus on excelling in the implementation of management digitization and digital transformation.

iv. Potential Risk Factors and Solutions

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

I. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the Listing Rules. During the Reporting Period, the Board is of the opinion that the Company had complied with all the code provisions in the CG Code except for code provisions C.2.1 (see the paragraph headed "Chairperson and Chief Executive Officer" below) and B.2.2 of the CG Code (see the paragraph headed "Appointment and Re-Election of Directors" below) during the Reporting Period.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code and maintain a high standard of the best practices.

II. CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the CG Code as set out in Appendix C1 to the Listing Rules, the roles of Chairperson and chief executive officer should be separate and should not be performed by the same individual.

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

The Group and the Board are committed to high standards of corporate governance. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether the separation of the roles of Chairperson and Chief Executive Officer is necessary.

III. APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the Articles of Association and code provision B.2.2 of the CG Code, the Directors (including non-executive Directors and independent non-executive Directors) are appointed for a specific term of three years, subject to re-election upon expiry. Directors shall be elected or replaced at general meetings with a term of office of three years, provided that the term of office of the independent non-executive directors shall not exceed a consecutive period of six years. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

As disclosed in the announcement of the Company dated 2 February 2024, the term of the fourth session of the Board and the board of supervisors of the Company ("**Board of Supervisors**") expired on 9 February 2024. As the relevant nomination of candidates for a new session of the Board and the Board of Supervisors is still in process, in order to ensure the continuity and stability of the work of the Board and the Board of Supervisors, the election of the fourth session of the Board and the Board of Supervisors will be postponed, and the terms of each Board committee and senior management of the Company will be extended accordingly. Before the completion of the election process, all the members of the fourth session of the Board and the Board of Supervisors, each special committee under the Board committee and the senior management of the Company will continue to perform their respective obligations and duties in accordance with relevant laws and regulations and the Articles of Association. The Company will fulfil the obligations of information disclosure based on the progress of the election.

As at the date of the announcement, all candidates for the Board and the Board of Supervisors have been selected. The appointment procedures are currently in progress, and the appointment will be implemented and finalized as soon as possible.

IV. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made of all the Directors and they have confirmed that they have complied with the Model Code during the year ended 31 December 2024. The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company during the year ended 31 December 2024.

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

i. A Share Repurchase

Pursuant to the repurchase plan approved by the Shareholders on 29 February 2024, the Company is in the process of repurchasing part of the A Shares with self-owned funds through centralized price bidding which will be used to implement the employee share ownership plan or the share incentive scheme of the Company and cancellation and reduction of the registered capital. The number of repurchased A Shares used to implement the employee share ownership plan or the share incentive scheme is no more than 60% of the total number of repurchased A Shares, and the number of repurchased A Shares used for cancellation and reduction of the registered capital is not less than 40% of the total number of repurchased A Shares. Such repurchase was financed entirely with the Company's self-owned funds, ensuring that the transaction price did not surpass the stipulated maximum limit of RMB157.00 per Share (inclusive) as outlined in the repurchase plan. For more details, please refer to the relevant announcements of the Company dated 31 January 2024 and 29 February 2024, and the circular of the Company dated 6 February 2024.

In light of the 2023 annual distribution of dividends, the Company adjusted such maximum repurchase price of the A Shares to RMB155.27 per Share accordingly pursuant to the requirements of China Securities Regulatory Commission and the Shenzhen Stock Exchange, with effect from 28 June 2024 (ex-rights and ex-dividend date). For further details, please refer to the relevant announcement of the Company dated 27 June 2024.

As of 18 February 2025, the aforementioned A Share repurchase had been completed, with its period spanning from 7 March 2024 to 18 February 2025. The Company had successfully accumulatively repurchased 12,300,701 A shares, representing 3.6161% of the Company's total A Share capital, through the centralized competitive bidding process on the Shenzhen Stock Exchange. The repurchase prices ranged from a minimum of RMB71.65 to a maximum of RMB102.00 per Share, utilizing a total of RMB999,644,601.56 in funds (excluding commissions and additional fees). The operation was conducted in full compliance with applicable laws and regulations, aligning with the predetermined repurchase strategy. Following the review and confirmation by the Shenzhen Branch of the China Securities Depository and Clearing Co., Ltd., the cancellation of the Company's repurchased A Shares was completed on 26 February 2025. For further details, please refer to the relevant announcements of the Company dated 18 February 2025 and 27 February 2025.

ii. Repurchase and Cancellation of Certain Restricted A Shares Granted Under the 2020 A Share Incentive Scheme and 2021 A Share Incentive Scheme

As certain participants of the A Share Incentive Scheme resigned, on 22 December 2023, the Board considered and approved the repurchase and cancellation of 1,260 restricted A Shares under the reserved grant of 2020 Restricted A Share Incentive Scheme at a repurchase price of RMB104.26 per A Share and the repurchase and cancellation of 100,520 restricted A Shares under the initial grant of the 2021 Restricted A Share Incentive Scheme at a repurchase price of RMB130.14 per A Share, respectively. All funds required for such repurchase and cancellation (i.e. RMB13,213,040.40) were derived from our internal funds. On 22 January 2024, the first extraordinary general meeting of 2024, the first A Shares class meeting of 2024 and the first H Shares class meeting of 2024 considered and approved such repurchase and cancellation of restricted A Shares. Such repurchase and cancellation of restricted A Shares will not have any material impact on the operating results or financial conditions of the Company. For further details, please refer to the relevant announcements of the Company dated 22 December 2023 and 22 January 2024, and the circular of the Company dated 2 January 2024. The above repurchase and cancellation of restricted A Shares had been completed as of 26 March 2024. For further details, please refer to the relevant announcement of the Company dated 26 March 2024.

As certain participants of the A Share Incentive Scheme resigned, on 15 March 2024, the Board considered and approved the repurchase and cancellation of a total of 420 restricted A Shares under the initial grant of the 2020 Restricted A Share Incentive Scheme at a repurchase price of RMB80.46 per A Share. All funds required for such repurchase and cancellation (i.e. RMB33,793.20) were derived from our internal funds. On 19 July 2024, the third extraordinary general meeting of 2024, the fourth A Shares class meeting of 2024 and the fourth H Shares class meeting of 2024 considered and approved such repurchase and cancellation of restricted A Shares. For details, please refer to the relevant announcements of the Company dated 15 March 2024 and 19 July 2024, and the circular of the Company dated 28 June 2024. The above repurchase and cancellation of restricted A Shares had been completed as of 14 August 2024. For further details, please refer to the relevant announcement of the Company dated 14 August 2024.

As certain participants of the A Share Incentive Scheme resigned, on 16 August 2024, the Board considered and approved the repurchase and cancellation of 1,680 restricted A Shares under the reserved grant of 2020 Restricted A Share Incentive Scheme at a repurchase price of RMB102.46 per A Share. All funds required for such repurchase and cancellation (i.e. RMB172,132.80) were derived from our internal funds. On 3 April 2024, the first extraordinary general meeting of 2025, the first A Shares class meeting of 2024 and the first H Shares class meeting of 2025 will consider such repurchase and cancellation of restricted A Shares. Such repurchase and cancellation of restricted A Shares will not have any material impact on the operating results or financial conditions of the Company. For further details, please refer to the relevant announcements of the Company dated 16 August 2024 and the circular of the Company dated 18 March 2025.

iii. Termination of the Implementation of the 2021 A Share Incentive Scheme and the Repurchase and Cancellation of Restricted A Shares

On 21 June 2024, the Board approved to terminate the 2021 Restricted A Share Incentive Plan. A total of 1,753,010 restricted A Shares under the initial grant of the 2021 Restricted A Share Incentive Scheme held by 245 eligible participants were proposed to be repurchased and cancelled. The repurchase price of the restricted A Shares under the initial grant of the 2021 A Share Incentive Scheme had been adjusted to RMB128.34 per restricted A Share according to the 2022 and 2023 Profit Distribution Plan of the Company as considered and approved at the 2022 and 2023 Annual General Meeting of the Company dated 9 June 2023 and 6 June 2024, respectively. The total amount of the funds to be used for such repurchase and cancellation, after the aforementioned adjustments, is RMB224,981,303.40, which was derived from the Company's internal funds. On 19 July 2024, the "Proposal on the Termination of the Implementation of the 2021 A Share Incentive Scheme and the Repurchase and Cancellation of Restricted A Shares" was considered and approved at the third extraordinary general meeting of 2024, the fourth A Shares class meeting of 2024 and the fourth H Shares class meeting of 2024. For further details, please refer to the relevant announcements of the Company dated 21 June 2024 and 19 July 2024, and the circular of the Company dated 28 June 2024. The above repurchase and cancellation of restricted A Shares had been completed as of 14 August 2024. For further details, please refer to the relevant announcement of the Company dated 14 August 2024.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of 31 December 2024, the Company held 12,838,703 treasury Shares which will be used to implement the employee share ownership plans or share incentive schemes of the Company and cancellation and reduction of the registered capital.

VI. USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

i. Use of Net Proceeds from the Global Offering

The net proceeds from the Global Offering (after deducting the underwriting fees and related listing expenses) (the "**Global Offering Proceeds**") amounted to approximately HKD7,318.07 million[(1)], and the balance of unutilized Global Offering Proceeds of approximately HKD1,563.73 million as of 31 December 2024.

The Global Offering Proceeds have been and will be utilized in accordance with the purposes set out in the Prospectus, except for the changes disclosed below the Company made to the main purposes of several projects in January 2024. The table below sets out the planned applications of the Global Offering Proceeds and actual usage up to 31 December 2024:

Use of Global Offering Proceeds		Allocation of Global Offering Proceeds (HKD million)	Allocation of Global Offering Proceeds (RMB million)	Unutilized amount (as of 1 January 2024) (HKD million)	Utilized amount during the Reporting Period (HKD million)	Utilized amount (up to 31 December 2024) (HKD million)	Unutilized amount (as at 31 December 2024) (HKD million)	Expected timeline for utilizing the remaining allocated Global Offering Proceeds
To further enhance the manufacturing capacity and capabilities of our small molecule CDMO solutions	20%	1,463.61	1,195.82	1,097.71	498.28	864.18	599.43	
– To construct comprehensive small molecule R&D and manufacturing site and to purchase relevant equipment and machinery	15%	1,097.71	896.86	1,097.71	498.28	498.28	599.43	In or before December 2025
– To upgrade the equipment and machinery and expand the capacity of our existing manufacturing sites in Tianjin and Dunhua	5%	365.90	298.96	–	–	365.90	–	N/A
To strengthen our Emerging Services and expand our service offerings	35%	2,561.32	2,092.68	365.90	331.87	2,527.29	34.03	
– To construct a R&D and manufacturing facility for oligonucleotides and polypeptides in Tianjin and invest in R&D and manufacturing facilities for recombinant DNA products (including mAb) and ADC	20%	1,463.61	1,195.82	–	–	1,463.61	–	N/A
– To improve our capabilities related to our biosynthesis solutions and drug products solutions	10%	731.81	597.91	–	–	731.81	–	N/A
– To improve our capabilities related to our biosynthesis solutions and drug products solutions and construct a R&D and manufacturing facility in Tianjin for oligonucleotides and polypeptides	5%	365.90	298.95	365.90	331.87	331.87	34.03	In or before December 2025
To invest in R&D initiatives and maintain our technology leadership	20%	1,463.61	1,195.82	–	–	1,463.61	–	
– To upgrade our flow and continuous technology platform	10%	731.81	597.91	–	–	731.81	–	N/A
– To fund the R&D initiatives led by our Center of Biosynthesis Technology (CBST)	10%	731.80	597.91	–	–	731.80	–	N/A
To strategically set up foreign subsidiaries, engage in overseas investments to further expand production capacities, enhance overseas sales centers, and acquire equity interests in target companies	15%	1,097.71	896.86	1,097.71	167.44	167.44	930.27	In or before December 2025
For working capital and general corporate purposes	10%	731.81	597.91	–	–	731.81	–	N/A
	100%	7,318.06	5,979.09	2,561.32	997.59	5,754.33	1,563.73	

Note:

(1) The total Global Offering Proceeds included approximately HKD6,844.28 million from the Global Offering in December 2021 and HKD473.79 million from the partial exercise of over-allotment option in January 2022 as disclosed in the announcement of the Company dated 2 January 2022.

ii. Changes in Part of the Uses of Global Offering Proceeds

In light of market conditions and the Company's business needs, the Board resolved to make the following changes to the use of the remaining unutilized Global Offering Proceeds, which was approved by the Shareholders on 22 January 2024.

Original proposed main purposes	**Proposed main purposes after the changes**	**Proportion**	**Amount of the allocated Global Offering Proceeds (RMB million)**
To construct phase II of the comprehensive small molecule R&D and manufacturing site in Zhenjiang, and purchase relevant equipment and machinery (the "**Zhenjiang Project**")	To construct comprehensive small molecule R&D and manufacturing site and to purchase relevant equipment and machinery	15%	896.86
To build up our capabilities related to advanced therapy medicinal products (the "**ATMP Project**")	To improve our capabilities related to our biosynthesis solutions and drug products solutions and construct a R&D and manufacturing facility in Tianjin for oligonucleotides and polypeptides	5%	298.95
To selectively pursue strategic investments and acquisitions (the "**Strategic Investments and Acquisitions Project**")	To strategically set up foreign subsidiaries, engage in overseas investments to further expand production capacities, enhance overseas sales centers, and acquire equity interests in target companies	15%	896.86

Reasons For Changes

The Change to the Zhenjiang Project

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

The Change to the ATMP Project

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

The Change to the Strategic Investments and Acquisitions Project

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

For more details on the changes in part of the use of the Global Offering Proceeds, please refer to the announcements of the Company dated 22 December 2023 and 22 January 2024, and the circular of the Company dated 2 January 2024.

iii. Use of Net Proceeds from A Share Non-Public Offering

The Company issued 10,178,731 A Shares with an offering price of RMB227.00 per Share to designated investors in September 2020 and raised net proceeds (the "**A Share Non-Public Offering Proceeds**") of RMB2,274,960,656.06 (net of expenses related to the A Share Non-Public Offering). The following table sets out the projects funded by the A Share Non-Public Offering Proceeds and the use of the A Share Non-Public Offering Proceeds for such projects as of 31 December 2024:

Project name	**Investment amount proposed to be funded by the A Share Non-Public Offering Proceeds** ***(RMB0'000)***	**Accumulated investment amount as of 31 December 2024** ***(RMB0'000)***	**Expected timeline to fully utilize the allocated A Share Non-Public Offering Proceeds**
Expansion Project of One-stop Service Platform for Innovative Drugs of Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)	**2,204.63**	2,204.63	N/A
Construction Project of R&D and Production Platform for Biological Macromolecule Innovative Drugs and Preparations	**6,551.69**	6,551.69	N/A
Biomedical R&D and Production Integration Base Project of Asymchem Pharmacy (Jiangsu) Co., Ltd.	**60,000.00**	6,021.28	On or before 30 June 2026
Chemical Macromolecule Project of Asymchem Life Science (Tianjin) Co., Ltd.	**40,000.00**	40,000.00	December 2023
Key Green Technology Development and Industrialization Project of Tianjin Asymchem Biotechnology Co., Ltd.	**13,257.10**	13,257.10	June 2024
To supplement working capital	**66,057.20**	66,057.20	N/A
Pharmaceutical R&D Center Project of Asymchem Life Science (Jiangsu) Co., Ltd. (凱萊英生命科學技術(江蘇)有限公司)	**20,000.00**	9,021.25	On or before 30 June 2026
High-end Formulation Pilot and Industrialization Project of Tianjin Asymchem Biotechnology Co., Ltd.	**10,000.00**	3,624.39	On or before 30 June 2026
Phase I Project of the Construction of Continuous Reaction Technology Service Platform of Asymchem Life Science (Tianjin) Co., Ltd.	**10,000.00**	9,997.33	On or before 30 June 2025
	228,070.62	156,734.87	

iv. Changes in Part of the Uses of A Share Non-Public Offering Proceeds

Based on the dynamics of the domestic and international small molecule CDMO industry and market, consistency with the Company's development strategy, and for the purpose of effectively improving the efficiency of the use of the A Share Non-Public Offering Proceeds, on 26 June 2024, the Board proposed, with the Shareholders' approval obtained on 19 July 2024, to reduce the investment amount of A Share Non-Public Offering Proceeds committed to be used for the Biomedical R&D and Production Integration Base Project of Asymchem Pharmacy (Jiangsu) Co., Ltd. (the "**Taixing Project**"), and extend the date of reaching expected conditions for use to 30 June 2026. The reduced amount will be used to fund the Pharmaceutical R&D Center Project of Asymchem Life Science (Jiangsu) Co., Ltd. (the "**R&D Center Project**"), the High-end Formulation Pilot and Industrialization Project of Tianjin Asymchem Biotechnology Co., Ltd. (the "**Formulation Pilot and Industrialization Project**"), and the Phase I Project of the Construction of Continuous Reaction Technology Service Platform of Asymchem Life Science (Tianjin) Co., Ltd. (the "**Continuous Reaction Technology Project**") (the "**Proposed Changes**").

Project name	**Investment amount proposed to be funded by the A Share Non-Public Offering Proceeds (before the Proposed Change)** *(RMB0'000)*	**Unused A Share Non-Public Offering Proceeds (before the Proposed Change)** *(RMB0'000)*	**Investment amount proposed to be funded by the A Share Non-Public Offering Proceeds (after the Proposed Change** *(RMB0'000)*	**Expected timeline to fully utilize the allocated A Share Non-Public Offering Proceeds**
The Taixing Project	100,000.00	5,153.57	60,000.00	on or before 30 June 2026
The R&D Center Project	–	–	20,000.00	on or before 30 June 2026
The Formulation Pilot and Industrialization Project	–	–	10,000.00	on or before 30 June 2026
The Continuous Reaction Technology Project	–	–	10,000.00	on or before 30 June 2025

The R&D Center Project

- Project name: the Pharmaceutical R&D Center Project of Asymchem Life Science (Jiangsu) Co., Ltd.
- Project implementation entity: Asymchem Life Science (Jiangsu) Co., Ltd.
- Project implementation location: Suzhou Industrial Park, Jiangsu, China
- Project construction period: 36 months

- Project investment amount: RMB300.00 million, including approximately RMB284.74 million for fixed assets investment and approximately RMB15.26 million for initial working capital. The Company intends to use RMB200.00 million of the A Share Non-Public Offering Proceeds to implement the project, with the remaining balance settled through self-financing of the Company

- Project construction: The project involves the construction of a new office and research building, within which a small molecule drug R&D center and a bio-synthesis R&D center will be established for R&D experiments

The Formulation Pilot and Industrialization Project

- Project name: High-end Formulation Pilot and Industrialization Project of Tianjin Asymchem Biotechnology Co., Ltd.

- Project implementation entity: Tianjin Asymchem Biotechnology Co., Ltd. (天津凱萊英生物科技有限公司)

- Project implementation location: No. 6, Xinzhang Road, Western District of the Economic – Technological Development Area, Tianjin, China

- Project construction period: 24 months

- Project investment amount: RMB110.0 million, including approximately RMB107.8255 million for construction investment and approximately RMB2.2 million as initial working capital. The Company intends to use RMB100.0 million of the A Share Non-Public Offering Proceeds to implement the project, with the difference settled through self-financing of the Company

- Project construction content: The project involves the construction of a new three-story drug product workshop and auxiliary supporting engineering facilities; the purchase of 30 sets of principal manufacturing equipment and devices and auxiliary engineering equipment

The Continuous Reaction Technology Project

- Project name: Phase I Project of the Construction of Continuous Reaction Technology Service Platform of Asymchem Life Science (Tianjin) Co., Ltd.

- Project implementation entity: Asymchem Life Science (Tianjin) Co., Ltd.

- Project implementation location: Western District of the Economic – Technological Development Area, Tianjin, China

- Project construction period: 12 months

- Project investment amount: RMB120.0 million, including RMB108.55 million for construction investment and RMB11.45 million as initial working capital. The Company intends to use RMB100.00 million of the A Share Non-Public Offering Proceeds to implement the project, with the difference settled through self-financing of the Company.

- Project construction content: The project involves the construction of a new R&D and production workshop and auxiliary public and environmental engineering facilities; the purchase of more than 600 sets of R&D and production auxiliary equipment.

For more details on the change and delay in the use of the A Share Non-Public Offering Proceeds and relevant new projects, please refer to the announcements of the Company dated 26 June 2024 and 19 July 2024, and the circular of the Company dated 28 June 2024.

The expected timeline for utilizing the remaining proceeds from the Global Offering and the A Share Non-Public Offering is set on the basis of the best estimation of the Company taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to changes.

VII. CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

On 30 September 2024, the Company entered into the Equity Transfer Agreement with Asymchem No.1 Enterprise Management, agreeing to sell approximately 1.98% of equity interests in BioLink Pharmaceutical Technology (Shanghai) Co. Ltd. (百林科醫藥科技(上海)有限公司) ("**BioLink**") held by the Company at a consideration of RMB33.00 million to Asymchem No.1 Enterprise Management (凱萊英壹號企業管理). Upon the completion of the equity disposal, the Company will not hold any equity interests in BioLink. As of 30 September 2024, Asymchem No.1 Enterprise Management was managed by its general partner Haizunchuang Enterprise Management, which was in turn managed by its general partner, Tianjin Zunji Investment Management Co., Ltd (天津尊濟投資管理有限公司) ("**Tianjin Zunji**"). Tianjin Zunji was owned as to 70.0% by Tu Zhiwei (塗智煒), the spouse of our former independent non-executive Director, Mr. Wang Qingsong. Mr. Wang Qingsong ceased to be an independent non-executive Director with effect from 29 February 2024 (within 12 months prior to the date of the equity transfer agreement). As such, Asymchem No.1 Enterprise Management is an associate of Mr. Wang Qingsong and therefore a connected person of the Company under the Listing Rules. Accordingly, the Equity Disposal constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Equity Disposal are more than 0.1% but less than 5%, the Equity Disposal is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements. For details, please refer to the announcement of the Company dated 30 September 2024.

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

VIII. RELATED PARTY TRANSACTIONS

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

IX. MATERIAL LITIGATION

During the Reporting Period, the Company was not engaged in any material litigation or arbitration of material importance, or the Directors were not aware of any material litigation or claim pending or threatened against the Group.

X. CHANGES IN INFORMATION OF DIRECTORS AND BOARD COMMITTEE MEMBERS

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

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

XI. BOARD COMMITTEES

The Company has established four Board committees, namely the Audit Committee, the Remuneration and Examination Committee, the Nomination Committee, and the Strategy Committee.

All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with D.3.3 of the CG Code and the relevant laws and regulations of the PRC. The Audit Committee is mainly responsible for reviewing and overseeing the financial reporting procedure and internal control system of the Group.

As at 31 December 2024, the Audit Committee consisted of three members, namely a non-executive Director Ms. Zhang Ting, and independent non-executive Directors Dr. Sun Xuejiao and Dr. Hou Xinyi, with Dr. Sun Xuejiao serving as the chairperson of the Audit Committee. Previously, Mr. Wang Qingsong, an independent non-executive Director experiences, served as a member of the Audit Committee. Mr. Wang Qingsong tendered his resignation as a member of the Audit Committee on 5 February 2024, which became effective on 29 February 2024, and Dr. Hou Xinyi filled the vacancy.

During the year ended 31 December 2024, the Audit Committee held four meetings to, among others, review the annual financial results and report, the interim financial results and report, the quarterly financial report, the effectiveness of risk management and internal control policies and internal audit function, the appointment of auditors and arrangements for employees to report potential misconduct.

Remuneration and Examination Committee

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

As at 31 December 2024, the Remuneration and Examination Committee consisted of three members, executive Director Mr. Zhang Da, and independent non-executive Directors Dr. Sun Xuejiao and Dr. Hou Xinyi, with Dr. Hou Xinyi serving as the chairperson of the Remuneration and Examination Committee since 29 February 2024. Previously, Mr. Wang Qingsong, an independent non-executive Director served as the chairperson of the Remuneration and Examination Committee. Mr. Wang Qingsong tendered his resignation as the Chairperson of the Remuneration and Examination Committee on 5 February 2024, which became effective on 29 February 2024, and Dr. Hou Xinyi filled the vacancy.

During the year ended 31 December 2024, the Remuneration and Examination Committee held a total of four meetings to, among others, review the remuneration policies and structure of the Company, make recommendations to the Board on the remuneration packages of the Directors and senior management and review the share incentive during the Reporting Period.

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with B.3.1 of the CG Code and the relevant laws and regulations of the PRC. The Nomination Committee is mainly responsible for identifying, screening and recommending to the Board qualified candidates to serve as the Directors and monitoring the procedures for evaluating the performance of the Board.

As at 31 December 2024, the Nomination Committee consisted of three members, namely executive Director Mr. Hong Liang, and independent non-executive Directors Dr. Hou Xinyi and Mr. Lee, Kar Chung Felix, with Mr. Lee, Kar Chung Felix serving as the chairperson of the Nomination Committee. Previously, Mr. Wang Qingsong, an independent non-executive Director experiences, served as a member of the Nomination Committee. Mr. Wang Qingsong tendered his resignation as a member of the Nomination Committee on 5 February 2024, which became effective on 29 February 2024, and Dr. Hou Xinyi filled the vacancy.

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

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

During the year ended 31 December 2024, the Nomination Committee held three meetings to, among others, review the structure, size and composition of the Board and the independence of the independent non-executive Directors and Board diversity, as well as to nominate Directors and the Company's senior management for appointment.

Strategy Committee

The Company has established the Strategy Committee. The Strategy Committee is mainly responsible for reviewing and advising on long-term strategies and major investment plans of the Company.

As at 31 December 2024, the Strategy Committee consisted of three members, namely executive Directors Dr. Hao Hong and Ms. Yang Rui and an independent non-executive Director Mr. Lee, Kar Chung Felix, with Dr. Hao Hong serving as the chairperson of the Strategy Committee.

During the year ended 31 December 2024, the Strategy Committee held one meeting to, among others, discuss and optimize the development strategy and forward planning of the Group in 2024 and review the 2023 ESG report of the Company.

XII. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

In view of (i) the changes of the registered capital of the Company as a result of the repurchase and cancellation of restricted A shares of the Company, details of which were set out in the announcements of the Company dated 18 July 2023, 13 September 2023 and 22 December 2023, 15 March 2024 and 21 June 2024; (ii) the updates on requirements and interpretation of applicable PRC laws, administrative regulations and normative documents (including Guidelines on the Bylaws of Listed Companies (2022 Revision) (《上市公司章程指引(2022年修訂)》), the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Guidance No. 1 of Shenzhen Stock Exchange on Self-regulation by Listed Companies – the Standardized Operation of Listed Companies on the Main Board (2023 Revision) (《深圳證券交易所上市公司自律監管指引第1號－主板上市公司規範運作(2023年修訂)》) and the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (August 2023 Revision) (《深圳證券交易所股票上市規則(2023年8月修訂)》) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Regulation Updates**"), and for the purpose of improving the corporate governance of the Company, the Board proposed to amend the Articles of Association (the "**Proposed Amendments to the Articles of Association**") on 22 December 2023 and 21 June 2024. The Proposed Amendments to the Articles of Association were approved at the first extraordinary general meeting of 2024, the first A Shares class meeting of 2024, the first H Shares class meeting of 2024 held on 22 January 2024 and the third extraordinary general meeting of 2024, the fourth A Shares class meeting of 2024, the fourth H Shares class meeting of 2024 held on 19 July 2024 as special resolutions. As a result, the amended and restated memorandum and articles of association of the Company became effective on 22 January 2024 and 19 July 2024 respectively. For details, please refer to the relevant announcements of the Company dated 22 December 2023, 22 January 2024, 21 June 2024 and 19 July 2024 and the circulars of the Company dated 2 January 2024 and 28 June 2024.

XIII. ANNUAL GENERAL MEETING

The forthcoming AGM will be held on 11 June 2025. A notice convening the AGM will be published on the Company's website and website of the Hong Kong Stock Exchange or dispatched to the Shareholders (if requested) in accordance with the requirements of the Listing Rules in due course.

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

If any Shareholders prefer to receive printed communications, they may send an email to asymchem.ecom@computershare.com.hk, specifying their name, address, and language preference (English or Chinese) for printed materials. Any instructions to receive future communications in printed form will remain valid for one year from the date of the Shareholder's initial request.

XIV. CLOSURE OF REGISTER OF MEMBERS

In order to determine the rights of H Shareholders to attend and vote at the AGM of the Company to be held on Wednesday, 11 June 2025, the register of members of H Shares of the Company will be closed from Friday, 6 June 2025 to Wednesday, 11 June 2025 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. Members whose names appear on the register of members of the Company on Wednesday, 11 June 2025 will be entitled to attend and vote at the AGM. In order to be eligible for attending the AGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 5 June 2025.

XV. PROFIT DISTRIBUTION PLAN

The Board proposed the following 2024 Profit Distribution Plan: distribute a dividend of RMB11.00 per 10 ordinary Shares (tax inclusive) (2023: RMB18.00 per 10 ordinary shares (tax inclusive)) to the Shareholders as at the record date for determining Shareholders' entitlements to the 2024 Profit Distribution Plan. Based on a total of 360,595,400 Shares in issue as at 28 March 2024 and excluding 5,716,000 Shares repurchased by means of centralized price bidding, the total amount of the proposed final dividend is approximately RMB390,367,340.00 (tax inclusive) (2023: RMB641,939,094.00 (tax inclusive)).

The 2024 Profit Distribution Plan is subject to the approval of the Shareholders at the AGM and the above profit distribution is expected to be paid to the eligible Shareholders no later than two months after the AGM.

Information on the closure period of the register of members of the Company in relation to the proposed 2024 Profit Distribution Plan and the record date for determining entitlements to the 2024 Profit Distribution Plan will be announced in due course.

The Board is not aware of any Shareholder who has waived or agreed to waive any dividends.

XVI. SIGNIFICANT EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2024

On 24 January 2025, the Board has resolved to propose the adoption of the H Share Restricted Share Scheme and the 2025 A Share Scheme, and the conditional grant of Incentive Shares pursuant to the H Share Restricted Share Scheme. Such share incentive schemes will be considered at the first extraordinary general meeting of 2025, the first A Shares class meeting of 2024 and the first H Shares class meeting of 2025 scheduled to take place on 3 April 2025. For further details, please refer to the relevant announcement of the Company dated 24 January 2025 and the circular of the Company dated 18 March 2025.

On 26 February 2025, the Company had completed the cancellation of 7,122,703 A Shares held in the specific repurchase securities account, representing 2.09% of the Company's total amount of A Share and 1.94% of the Company's total Shares before cancellation. Upon the completion of cancellation of repurchased Shares, the issued share capital of the Company had been reduced to 360,595,400 Shares, including 333,042,140 A Shares and 27,553,260 H Shares.

On 28 March 2025, the Board held a meeting to consider and approve the 2024 Profit Distribution Plan. For further details, please refer to "CORPORATE GOVERNANCE AND OTHER INFORMATION – XV. Profit Distribution Plan".

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

XVII. SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
REVENUE	*4*	**5,804,657**	7,781,436
Cost of sales		**(3,422,947)**	(3,821,800)
Gross profit		**2,381,710**	3,959,636
Other income and gains	*4*	**480,715**	409,854
Selling and distribution expenses		**(243,391)**	(196,424)
Administrative expenses		**(861,422)**	(819,580)
Research and development expenses		**(614,490)**	(707,863)
Impairment losses on financial and contract assets, net		**(11,668)**	(9,904)
Other expenses		**(74,428)**	(70,508)
Finance costs	*6*	**(9,505)**	(5,912)
Share of profits/(loss) of associates		**24,860**	(2,169)
PROFIT BEFORE TAX	*5*	**1,072,381**	2,557,130
Income tax expense	*7*	**(136,625)**	(306,310)
PROFIT FOR THE YEAR		**935,756**	2,250,820
Attributable to:			
Owners of the parent		**948,950**	2,268,811
Non-controlling interests		**(13,194)**	(17,991)
		935,756	2,250,820
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (expressed in RMB per share)	*9*	**2.69**	6.26
Diluted (expressed in RMB per share)	*9*	**2.69**	6.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**935,756**	2,250,820
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**4,256**	5,908
Equity investments at fair value through other comprehensive income:		
Changes in fair value Income tax effect	**(415)**	415
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**3,841**	6,323
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**939,597**	2,257,143
Attributable to:		
Owners of the parent	**952,791**	2,275,134
Non-controlling interests	**(13,194)**	(17,991)
	939,597	2,257,143

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,939,832**	5,366,081
Right-of-use assets		**699,765**	526,467
Goodwill		**146,183**	146,183
Other intangible assets		**27,490**	53,568
Deferred tax assets		**248,353**	213,215
Investments in associates		**536,587**	260,144
Prepayments, other receivables and other assets		**482,409**	688,479
Financial assets at fair value through profit or loss		**157,762**	130,476
Equity investments at fair value through other comprehensive income		**–**	30,488
Total non-current assets		**8,238,381**	7,415,101
CURRENT ASSETS			
Inventories		**1,193,346**	945,347
Trade and bills receivables	*10*	**1,836,887**	2,010,989
Contract assets		**101,470**	80,829
Prepayments, other receivables and other assets		**586,795**	296,573
Tax recoverable		**1,928**	2,554
Financial assets at fair value through profit or loss		**1,539,809**	1,905,779
Amounts due from related parties		**532**	–
Cash and bank balances		**5,789,408**	7,109,987
Total current assets		**11,050,175**	12,352,058
CURRENT LIABILITIES			
Trade payables	*11*	**449,516**	452,365
Other payables and accruals		**1,166,097**	1,275,184
Interest-bearing bank borrowings		**–**	12,228
Lease liabilities		**42,225**	28,535
Tax payable		**50,177**	31,235
Amounts due to related party		**1,330**	1,256
Total current liabilities		**1,709,345**	1,800,803
NET CURRENT ASSETS		**9,340,830**	10,551,255
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,579,211**	17,966,356

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Deferred income		**298,622**	232,599
Lease liabilities		**282,529**	106,486
Deferred tax liabilities		**134,703**	117,292
Provision		**785**	–
Total non-current liabilities		**716,639**	456,377
Net assets		**16,862,572**	17,509,979
EQUITY			
Equity attributable to owners of the parent			
Share capital	*12*	**367,716**	369,472
Treasury shares		**(1,232,758)**	(494,010)
Reserves		**17,710,426**	17,604,255
		16,845,384	17,479,717
Non-controlling interests		**17,188**	30,262
Total equity		**16,862,572**	17,509,979

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

The directors of the Company consider the controlling shareholders of the Company are Asymchem Laboratories, Incorporated ("ALAB") and Dr. Hao Hong and Dr. Ye Song, who are spouses and also controlling shareholders of ALAB. Through ALAB and their direct holdings, they held and controlled 35.19% of the equity shares of the Company.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, wealth management products and equity investments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 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, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

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 impact of the revised IFRS 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.

3. OPERATING SEGMENT INFORMATION

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

Operating segment

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

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**1,519,908**	1,437,274
Overseas	**4,284,749**	6,344,162
Total revenue	**5,804,657**	7,781,436

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

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**7,543,073**	6,986,387
United States	**54,218**	54,535
United Kingdom	**234,976**	–
Total non-current assets	**7,832,267**	7,040,922

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

Information about a major customer

In 2024, revenue derived from a single customer was 0 (2023: RMB3,255,341,000), including a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Transfer of goods and services	**5,797,102**	7,775,344
Others	**7,555**	6,092
Total	**5,804,657**	7,781,436

In 2024, revenue from sale of goods amounted to RMB4,568,527,000 (2023: 6,485,278,000).

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	**2024**	2023
	RMB'000	*RMB'000*
Types of goods or services		
Commercial stage CDMO solutions	**2,803,949**	5,107,487
Clinical stage CDMO solutions	**1,766,779**	1,497,658
Emerging services	**1,226,374**	1,170,199
Others	**7,555**	6,092
Total	**5,804,657**	7,781,436
Geographical markets		
Mainland China	**1,519,908**	1,437,274
Overseas	**4,284,749**	6,344,162
Total	**5,804,657**	7,781,436
Timing of revenue recognition		
Goods and services transferred at a point in time	**5,479,959**	7,457,986
– Commercial stage CDMO solutions	**2,803,949**	5,107,487
– Clinical stage CDMO solutions	**1,665,069**	1,411,641
– Emerging services	**1,003,386**	932,766
– Others	**7,555**	6,092
Services transferred over time	**324,698**	323,450
– Clinical stage CDMO solutions	**101,710**	86,017
– Emerging services	**222,988**	237,433
Total	**5,804,657**	7,781,436

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

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

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	**221,204**	277,330
Total	**221,204**	277,330

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Other income			
Government grants*		**39,289**	59,286
Bank interest income		**210,401**	160,138
Foreign exchange gain		**131,945**	21,122
Others		**839**	146
Total other income		**382,474**	240,692
Gains			
Gain on wealth management products		**59,635**	107,208
Gain on disposal of a associate		**(967)**	32,556
Gains on financial assets at fair value through profit or loss		**39,573**	29,398
Total gains		**98,241**	169,162
Total other income and gains		**480,715**	409,854

5. PROFIT BEFORE TAX

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

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Cost of sales*		**3,422,947**	3,821,800
Depreciation of property, plant and equipment*		**461,752**	431,998
Depreciation of right-of-use assets*		**54,839**	45,512
Amortisation of other intangible assets*		**9,184**	9,349
Research and development costs:			
Current year expenditure		**614,490**	707,863
Lease payments not included in the measurement of lease liabilities		**39,450**	37,013
Auditor's remuneration		**5,900**	5,730
Employee benefit expense (excluding directors' and chief) executive's remuneration:			
Wages and salaries		**1,772,936**	1,655,459
Share-based payment expense		**15,414**	54,590
Pension scheme contributions		**195,112**	190,701
Bank interest income		**(210,401)**	(160,138)
Fair value gain on financial assets at fair value through profit or loss		**(39,573)**	(29,398)
Fair value loss on financial assets at fair value through profit or loss		**–**	12,092
Loss on disposal of items of property, plant and equipment and other intangible assets		**6,044**	12,056
Loss on disposal of right-of-use assets		**(72)**	(14)
Impairment losses on inventories		**47,064**	10,812
Impairment losses on items of property, plant and equipment and other intangible assets		**17,830**	7,245
Impairment losses on financial and contract assets, net		**11,668**	9,904

6. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest expenses on bank borrowings	**–**	94
Interest on lease liabilities	**9,505**	5,818
Total	**9,505**	5,912

7. INCOME TAX EXPENSE

The provision for Mainland China current income tax is based on a statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China, that were accredited as "High and New Technology Enterprises" and "Western Development Policy" and entitled to a preferential rate is 15% in 2024.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates. The group entities incorporated in U.S. were subject to the federal corporate tax at a rate of 21% for the years ended 31 December, 2023 and 2024. The group entities incorporated in the U.K. were subject to tax at a rate of 19% for the years ended 31 December, 2023 and 2024.

	2024	2023
	RMB'000	*RMB'000*
Current	**154,246**	313,643
Deferred	**(17,621)**	(7,333)
Total tax charge for the year	**136,625**	306,310

8. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposed final – RMB1.10 (2023: RMB1.80) per ordinary share	**633,866**	663,897

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 352,106,000 (2023: 362,026,000) outstanding during the year, as adjusted to reflect the rights issue during the year.

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

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

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**948,950**	2,268,810
Less: Cash dividends attributable to the shareholders of restricted shares expected to be unlocked in the future	**(2,499)**	(3,934)
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**946,451**	2,264,876

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**352,106***	362,026
Effect of dilution – weighted average number of ordinary shares: Restricted A shares	**2**	202
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**352,108**	362,228

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

* The weighted average number of shares was after taking into account the effect of treasury shares held.

10. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade and bills receivables	**1,939,914**	2,116,812
Impairment	**(103,027)**	(105,823)
Total	**1,836,887**	2,010,989

The Group's trading terms with its customers are mainly on credit. The ordinary credit period is up to 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**1,759,490**	1,970,446
1 to 2 years	**74,247**	37,041
2 to 3 years	**3,150**	3,502
Total	**1,836,887**	2,010,989

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

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**105,823**	102,810
Impairment losses recognised	**(122)**	3,013
Disposal of subsidiaries	**(333)**	–
Amount written off as uncollectible	**(2,341)**	–
At end of year	**103,027**	105,823

10. TRADE AND BILLS RECEIVABLES *(CONTINUED)*

	2024			
	Carrying amount		Impairment losses	
	RMB'000	***Rate%***	***RMB'000***	***Rate%***
Provision on a separate basis	**5,185**	**–**	**5,185**	**100**
Provision according to credit risk characteristics	**1,934,729**	**100**	**97,842**	**5**
Total	**1,939,914**	**100**	**103,027**	**5**

	2023			
	Carrying amount		Impairment losses	
	RMB'000	*Rate%*	*RMB'000*	*Rate%*
Provision on a separate basis	10,143	–	10,143	100
Provision according to credit risk characteristics	2,106,669	100	95,680	5
Total	2,116,812	100	105,823	5

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at 31 December 2024

	Within 1 year	**Over 1 year but Within 2 year**	**Over 2 year but within 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**2.23%**	**33.75%**	**60.88%**	**100.00%**	**5.06%**
Gross carrying amount (RMB'000)	**1,799,672**	**112,077**	**8,053**	**14,927**	**1,934,729**
Expected credit losses (RMB'000)	**40,182**	**37,830**	**4,903**	**14,927**	**97,842**

As at 31 December 2023

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

11. TRADE PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**358,342**	354,539
1 to 2 years	**56,497**	86,523
Over 2 years	**34,677**	11,303
Total	**449,516**	452,365

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

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

12. SHARE CAPITAL

Shares

	2024	2023
	RMB'000	*RMB'000*
Issued and fully paid:		
367,716,423 (2023: 369,471,533) ordinary shares	**367,716**	369,472

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

	Number of shares in issue	**Share capital** *RMB'000*
At 1 January 2023	369,916,845	369,917
Forfeiture of restricted A Shares	(183,848)	(184)
Cancellation of repurchased A Shares	(261,464)	(261)
At 1 January 2024	369,471,533	369,472
Forfeit of restricted A Shares (Note (a))	(2,100)	(2)
Cancellation of Repurchased Restricted A Shares (Note (b))	(1,753,010)	(1,754)
At 31 December 2024	**367,716,423**	**367,716**

Notes:

(a) During the year ended 31 December 2024, the Company repurchased and cancelled the restricted shares due to the employee turnover, lead to a reduction in the registered share capital.

(b) On 19 July 2024, the Group held a general meeting of shareholders, which deliberated and approved the "Proposal on the Termination of the Implementation of the 2021 A Share Incentive Scheme and the Repurchase and Cancellation of Restricted A Shares". The Group repurchased and cancelled 1,753,010 Restricted A Shares granted but not yet unlocked at an average repurchase price of RMB128.34 per share.

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

This results announcement is published on the Company's website (www.asymchem.com) and website of the Hong Kong Stock Exchange (www.hkexnews.hk). The 2024 annual report of the Company containing all relevant information required under the Listing Rules will be despatched to the Shareholders (if requested) and published on the afore-mentioned websites in due course.

DEFINITIONS AND GLOSSARIES

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

"Actionable Corporate Communications"	any corporate communication that seeks instructions from the Company's shareholders on how they wish to exercise their rights or make an election as the Company's shareholders
"ADC"	antibody-drug conjugates
"AGM" or "Annual General Meeting"	the annual general meeting of the Company to be held on 11 June 2025
"API"	active pharmaceutical ingredient
"ATMP"	advanced therapy medicinal products
"ATMP Project"	projects to build up our capabilities related to advanced therapy medicinal products (ATMPs), including cell therapy and gene therapy
"Articles of Association"	the articles of association of the Company, as amended from time to time
"A Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 per share, which are listed for trading on the Shenzhen Stock Exchange and traded in Renminbi
"Audit Committee"	the audit committee of the Board
"BLA"	Biologics License Applications, a request made to the USFDA for permission to introduce, or deliver for introduction, of a biological product into interstate commerce in the United States
"Board"	the board of directors of the Company
"Board of Supervisors"	the board of supervisors of the Company

"CDMO"	Contract Development Manufacturing Organization, a company that mainly provides CMC, drug development and drug manufacturing services in the pharmaceutical industry
"CEO" or "Chief Executive Officer"	the chief executive officer of the Company
"CFO" or "Chief Financial Officer"	the chief financial officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairperson"	the Chairperson of the Board or the Chairperson of the Board
"China" or the "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Clin-nov Medical"	Tianjin Clin-nov Medical Technology Development Co., Ltd. (天津凱諾醫藥科技發展有限公司) (formerly known as Tianjin Asymchem Medical Technology Development Co., Ltd. (天津凱萊英醫藥科技有限公司) with the name changed in August 2020), a wholly-owned subsidiary of the Company
"CMC"	Chemistry, Manufacturing and Controls, an important and detailed section detailing the characteristics of a therapeutic and its manufacturing and quality testing process in a dossier used to support clinical studies and marketing applications
"Company," "our Company," "the Company," "Asymchem", or "Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司)"	Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司), was established under the laws of the PRC as an enterprise legal person on October 8, 1998, the A Shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Hong Kong Stock Exchange
"Corresponding Period"	for the year ended 31 December 2023
"Director(s)"	the director(s) of the Company
"EMA"	European Medicines Agency
"Employee Share Ownership Plan"	the 2022 Employee Share Ownership Plan of the Company adopted at the fifth extraordinary general meeting of 2022

"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"GLP-1"	glucagon-like peptide-1 agonists are a class of medications utilized in the treatment of type 2 diabetes and obesity
"GMP"	good manufacturing practice
"Group," "our Group," "we," "us," or "our"	our Company and its subsidiaries
"Haihe Asymchem Fund"	Tianjin Haihe Asymchem Biopharmaceutical Industry Innovation Investment Fund (Limited Partnership) (天津海河凱萊英生物醫藥產業創新投資基金(有限合夥))
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "HKEx"	The Stock Exchange of Hong Kong Limited
"HTS"	high-throughput screening
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or clinical trial notification
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended or supplemented from time to time
"LNP"	lipid nanoparticle technology
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NDA"	new drug application
"NDC"	nanobody drug conjugates

"Nomination Committee"	the nomination committee of the Board
"2024 Profit Distribution Plan"	profit distribution plan for the year ended 31 December 2024
"PAI"	pre-approval inspection
"Prospectus"	the prospectus of the Company dated November 30, 2021
"R&D"	research and development
"Reporting Period"	for the year ended 31 December 2024
"RMB" or "Renminbi"	the lawful currency of the PRC
"RMB Share Issue"	the Company's initial issue of 2,821,590,000 RMB Shares which have been listed on the Shenzhen Stock Market Main Board since 9 November 2016
"Shares"	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of Shares(s)
"Strategy Committee"	the strategy committee of the Board
"SZSE"	the Shenzhen Stock Exchange
"Teda"	Tianjin Economic-Technological Development Area
"United Kingdom" or "U.K."	the United Kingdom of Great Britain and Northern Ireland, commonly known as the United Kingdom (UK) or Britain, its territories, its possessions, and all areas subject to its jurisdiction
"United States" or "U.S."	the United States of America, its territories, its possessions, and all areas subject to its jurisdiction
"US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. FDA" or "FDA"	U.S. Food and Drug Administration
"Yugen Medtech"	Tianjin Yugen Medtech Co., Ltd. (天津有濟醫藥科技發展有限公司)
"Zhenjiang Project"	project to construct phase II of the comprehensive small molecule R&D and manufacturing site in Zhenjiang, and purchase relevant equipment and machinery

APPRECIATION

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

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

Tianjin, the PRC, 28 March 2025

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