



维亚生物科技控股集团  
VIVA BIOTECH HOLDINGS

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

Stock Code: 1873

# ANNUAL REPORT 2024





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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. MAO Chen Cheney (*Chairman of the Board*)  
Mr. WU Ying  
Mr. REN Delin

### Non-Executive Directors

Mr. WU Yuting  
Mr. WANG Stephen Hui

### Independent Non-Executive Directors

Mr. FU Lei  
Ms. LI Xiangrong  
Mr. WANG Haiguang

## AUDIT COMMITTEE

Ms. LI Xiangrong (*Chairman*)  
Mr. WANG Haiguang  
Mr. FU Lei

## REMUNERATION COMMITTEE

Ms. LI Xiangrong (*Chairman*)  
Mr. WANG Haiguang  
Mr. FU Lei

## NOMINATION COMMITTEE

Mr. MAO Chen Cheney (*Chairman*)  
Mr. WANG Haiguang (*resigned on March 27, 2025*)  
Mr. FU Lei  
Ms. LI Xiangrong (*appointed on March 27, 2025*)

## JOINT COMPANY SECRETARIES

Ms. FEI Xiaoyu  
Ms. CHAU Hing Ling (*a fellow member of the Chartered Governance Institute and the Hong Kong Chartered Governance Institute*)

## AUTHORIZED REPRESENTATIVES

Mr. WU Ying  
Ms. CHAU Hing Ling (*a fellow member of the Chartered Governance Institute and the Hong Kong Chartered Governance Institute*)

## AUDITOR

Ernst & Young  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## LEGAL ADVISERS

O' Melveny & Myers (*as to Hong Kong law*)  
Maples and Calder (Hong Kong) LLP  
(*as to Cayman Islands laws*)

## PRINCIPAL BANKS

Agricultural Bank of China Shanghai Branch  
The Hong Kong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited  
JP Morgan Chase Bank, N.A.  
Citibank N.A., Hong Kong Branch

## REGISTERED OFFICE

PO Box 309  
Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands



## Corporate Information

### **CORPORATE HEADQUARTERS**

735 Ziping Road  
Zhoupu Town  
Pudong New District  
Shanghai, PRC

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 1901, 19/F  
Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

### **PRINCIPAL SHARE REGISTRAR**

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
17/F, Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong

### **STOCK CODE**

1873

### **COMPANY WEBSITE**

[www.vivabiotech.com](http://www.vivabiotech.com)

# Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the 2024 annual report of the Group.

Looking back on 2024, as global biopharmaceutical investment and financing activities gradually picked up, companies engaged in novel drug development also saw a turnaround in pipeline advancement and R&D investments, leading to revenue rebounds across the CRO industry at a quarterly pace. With respect to the Group's CRO business, leveraging its global leadership in protein structure determination, it continued to enhance its technology platforms and expand its worldwide business development (BD) teams while prioritizing AI-driven empowerment of drug discovery platforms to sustain growth in both the number and scale of new projects through integrated wet-lab and dry-lab approaches. Regarding its CDMO business, the Group was steadily advancing CDMO capacity expansion at Langhua Pharmaceutical to prepare for future commercialization of novel molecules, having largely completed the optimization and restructuring of its chemistry, manufacturing, and controls (CMC) operations. Furthermore, the Group continued to benefit from investment returns and synergistic effects generated by its investment incubation initiatives. Overall, throughout the past year, the Group has consistently provided one-stop integrated services spanning from early-stage structure-based drug research and development to commercial drug production, achieving robust financial performance growth.

I hereby wish to look back on our results and operating highlights achieved in 2024 together with you:

- During the Reporting Period, the Group achieved revenue of RMB1,986.7 million, gross profit of RMB687.4 million and net profit of RMB222.0 million, a significant turnaround from the net loss of RMB99.8 million for the corresponding period of last year, mainly benefiting from the elimination of relevant financial adjustments due to the full repayment of convertible bonds. Besides, the Group achieved adjusted net profit of RMB314.6 million, representing a year-on-year increase of nearly 50.6%. This was mainly attributable to an increase in operating profit margin driven by the recovery of CRO business growth and the improving operational efficiency in the second half of the year, as well as the recognition of investment income from milestone payments received by the Group during the year.
- The Group's subsidiary Viva Shanghai was successfully restructured into a joint stock limited company on September 27, 2024. Currently, the Group holds approximately 72.9% of its total issued share capital. During the Reporting Period, the Group's management and strategic investors launched a range of collaborations based on mutual trust, leveraging strengths of the strategic investors in global vision, capital market and strategic resources to empower continuous enhancement in the Group's corporate governance, business operations, investment, financing and strategic planning.



## Chairman's Statement

- As a globally leading structure-based drug discovery service provider, during the Reporting Period, the Company delivered approximately 17,681 new protein structures and initiated research on 112 new independent drug targets. The cumulative number of clients increased to 1,568, and our utilization of synchrotron radiation source reached 1,867 hours throughout the year.
- Regarding CRO business, we are leveraging our artificial intelligence technology accumulated and developed over the years to empower the entire drug R&D platform. Our AI capability has covered the entire FIC drug discovery workflow, and is gradually reengineering the logical paradigm of drug discovery through end-to-end capability integration. With a focus on new targets, novel mechanisms of action (MOA) and new modality, a unique AI-enabled capability has been developed to facilitate the evolution from “AI-assisted” to “AI-driven” of our one-stop R&D service platform for innovative novel drugs.
- With new CDMO commercialization projects soon to be launched, the optimization and adjustment of CMC operations have been largely completed. On the CDMO front, the Group continued to advance capacity expansion to prepare for future commercialization of new molecules, with two major new commercialization projects expected to launch in 2025 and 2026, currently in the process performance qualification (PPQ) stage. Additionally, plans are underway to add 400 cubic meters of new production capacity between 2024 and 2025 to support commercial-scale manufacturing of new molecules. On the CMC side, the focus will shift toward synthesis and analytical services, driving continuous profitability improvement through cost reduction, efficiency enhancement, and customer portfolio optimization. In addition, the projects channeled by the Group progressed smoothly, and one pipeline has rapidly advanced to Phase III clinical trials, fully showcasing the success of the Group's integrated strategy.
- The investment and incubation business continued to expand its pipeline, with successful exits from several incubation portfolio companies. In 2024, the total R&D pipelines of incubation portfolio companies increased to 227, of which 41 have entered clinical stages. During the Reporting Period, the Company invested in and incubated 93 startups, with partial exits achieved for six incubation portfolio companies, generating cumulative returns of approximately RMB162.5 million. Furthermore, the Group may have several potential exits of our portfolio companies, and it can also be foreseen that a peak season of investment exits will arrive in the next three years.
- Currently, the Company has established well-equipped laboratories, factories and supporting facilities in Shanghai, Chengdu, Jiaxing, Suzhou, Ningbo and Taizhou to meet the demands of business development and workforce expansion, while providing stable R&D, production and operational sites. Additionally, the Company maintains reserve properties in Chengdu.

## Chairman's Statement

In 2024, against the backdrop of a recovery in global biopharmaceutical investment and financing, accelerated advancement of novel drug development pipelines, and sustained R&D investment resurgence, Viva Biotech achieved remarkable operational results by fostering innovation and deeply integrating resources. On behalf of the Board of Directors and the management, I would like to take this opportunity to express my sincere gratitude to our clients, partners, and Shareholders, and to our employees for their diligence and dedication. Our growth is indispensable from your long-term support, trust, and supervision. Looking ahead to 2025, we will press forward relentlessly, leveraging our distinctive edge in structure-based drug discovery (SBDD) to enhance synergy between our biological and chemical operations, while continuously strengthening the development of our integrated one-stop innovative drug R&D and production service platforms, deepening the synergy between CRO and CDMO business, improving the capacity for front-end businesses, further demonstrating the funnel effect, and speeding up the channel for back-end businesses. We proactively strive to establish an open eco-system for global biopharmaceutical innovators, and in turn, maximize the value of the Company and Shareholders' returns.

Dr. Mao Chen Cheney  
*Chairman and Chief Executive Officer of Viva Biotech*  
March 27, 2025





# Financial Summary and Highlights

	For the Year Ended December 31,				2024
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	RMB'000
<b>Operating results</b>					
Revenue	696,958	2,104,083	2,379,631	2,155,578	<b>1,986,651</b>
Gross profit	304,866	650,981	815,679	738,432	<b>687,399</b>
Gross profit margin	43.7%	30.9%	34.3%	34.3%	<b>34.6%</b>
Net (loss)/profit	(378,870)	300,560	(504,220)	(99,790)	<b>221,987</b>
Net (loss)/profit margin	(54.4)%	14.3%	(21.2)%	(4.6)%	<b>11.2%</b>
Adjusted non-IFRS net profit/ (loss)	252,318	321,091	(133,859)	208,835	<b>314,612</b>
Adjusted non-IFRS net profit/ (loss) margin	36.2%	15.3%	(5.6)%	9.7%	<b>15.8%</b>
<b>Earnings/(Loss) per share (RMB)</b>					
Earnings/(Loss) per share – Basic	(0.25)	0.15	(0.28)	(0.06)	<b>0.08</b>
Earnings/(Loss) per share – Diluted	(0.25)	0.08	(0.28)	(0.14)	<b>0.06</b>
Adjusted non-IFRS earnings/ (loss) per share – Basic	0.16	0.16	(0.08)	0.10	<b>0.12</b>
Adjusted non-IFRS earnings/ (loss) per share – Diluted	0.16	0.16	(0.08)	0.09	<b>0.09</b>

	As at December 31,				2024
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	RMB'000
Total assets	8,154,080	8,044,758	7,920,855	7,449,912	<b>7,050,594</b>
Equity attributable to owners of the Company	3,756,831	3,913,356	3,604,714	3,687,912	<b>3,802,377</b>
Total liabilities	4,397,249	4,131,402	4,316,141	3,762,000	<b>3,234,373</b>
Bank balances and cash	2,308,452	800,947	678,569	1,036,322	<b>941,581</b>
Gearing ratio	53.9%	51.4%	54.5%	50.5%	<b>45.9%</b>



## Financial Summary and Highlights

During the Reporting Period, we recorded revenue of approximately RMB1,986.7 million, representing a decrease of 7.8% from approximately RMB2,155.6 million for the same period of 2023.

During the Reporting Period, we recorded gross profit of approximately RMB687.4 million, representing a decrease of 6.9% from approximately RMB738.5 million for the same period of 2023.

During the Reporting Period, we recorded net profit of approximately RMB222.0 million, as compared to a net loss of approximately RMB99.8 million for the same period of 2023.

During the Reporting Period, we recorded adjusted Non-IFRS net profit of approximately RMB314.6 million, as compared to an adjusted Non-IFRS net profit of approximately RMB208.8 million for the same period of 2023.

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

## NON-IFRS MEASURE

To supplement the Group's audited condensed consolidated financial statements which are presented in accordance with the IFRS Accounting Standards, the Company has provided adjusted Non-IFRS net profit as additional financial measures, which are not required by, or presented in accordance with, the IFRS Accounting Standards. The Company believes that the adjusted Non-IFRS financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS Accounting Standards. You should not view the adjusted results on a stand-alone basis or as a substitute for results under the IFRS Accounting Standards. Additional information is provided below to reconcile adjusted Non-IFRS net profit.

## Financial Summary and Highlights

### Adjusted Non-IFRS Net Profit

	2024 RMB'000	2023 RMB'000
Net Profit/(Loss)	221,987	(99,790)
Add: amortization of acquired assets from acquisition	47,969	48,144
Add: impairment losses on Property, Plant and Equipment	30,763	—
Add: subsidiary's share incentive expenses	12,057	—
Add: transaction costs of restructuring	1,836	36,646
Add: fair value gain on financial liabilities at fair value through profit or loss ("FVTPL")	—	(174,323)
Add: interest expenses of the debt components of the Convertible Bonds	—	124,386
Add: loss on repurchase of the Convertible Bonds	—	222,758
Add: foreign exchange loss	—	51,014
Adjusted Non-IFRS Net Profit (Note i)	314,612	208,835

*Note:*

- i. In order to better reflect the key performance of the Group's current business and operations, the adjusted Non-IFRS net profit is calculated on the basis of net profit/(loss), excluding:
  - a) Fair value gain on financial liabilities at FVTPL, and amortization of acquired assets, which the management believes are non-cash items;
  - b) Impairment losses on Property, Plant and Equipment, subsidiary's share incentive expenses, interest expenses of the debt instruments of the Convertible Bonds, loss on repurchase of the Convertible Bonds, transaction costs of restructuring and foreign exchange loss, which the management believes are non-recurring items or have no direct correlation to the our business operation.

# Management Discussion and Analysis

## BUSINESS REVIEW

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

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

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

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

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

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

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

## Management Discussion and Analysis

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

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

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

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

As at December 31, 2024, Langhua Pharmaceutical had served a total of 897 clients, with the top ten clients accounting for 61.1% of its total revenue and a 100% retention rate of top ten clients. In addition to natural growth in its existing commercialization projects, Langhua Pharmaceutical’s CDMO business has two important new commercialization projects currently in the process performance qualification (PPQ) stage, which are expected to be commercially launched in 2025 and 2026 respectively, providing a new growth driver to its CDMO business in the future. During the Reporting Period, in respect of production capacity, our current available total capacity has reached 860 cubic meters. Furthermore, Langhua Pharmaceutical plans to establish a new production capacity of 400 cubic meters between 2024 and 2025 to cater to commercial production of new molecules. The civil engineering work and internal fire control facilities have been completed. For equipment procurement, it is in process of equipment selection, while procurement for certain equipment has started. This endeavor will provide sufficient assurance for the Company’s revenue growth with the launch of new products and release of reserved capacity. Langhua Pharmaceutical continues to adhere to the principle of customer first and prioritising legal compliance in quality management, strengthens cooperation with high-quality customers, and constantly improve and enhances the guidance and operability of the quality system. During the Reporting Period, it passed the re-audits of on-site inspection by WHO and FDA, which fully shows that Langhua Pharmaceutical’s quality system is further aligned with international system standards, and serves as a guarantee to provide high-quality, safe and reliable CDMO services for international first-class pharmaceutical enterprises.

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

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

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

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

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

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

## Management Discussion and Analysis

### TECHNOLOGICAL HIGHLIGHTS AND R&D BREAKTHROUGHS

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

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

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





## Management Discussion and Analysis

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

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

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

## Management Discussion and Analysis

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

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

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

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

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

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

## Management Discussion and Analysis

### STAFF AND FACILITIES

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

- The Group's new headquarters in Zhoupu, Shanghai with a total area of approximately 40,000 square meters had been put into full operation.
- The incubation center located in Faladi Road, Shanghai has an actual usable area of approximately 7,576 square meters, including 5,552 square meters of laboratory area.
- The park in Chengdu has a GFA of approximately 64,564 square meters, of which 12,210 square meters of properties had been put into use as at December 31, 2024, including 10,800 square meters of laboratory area.
- A park in Suzhou with a total GFA of approximately 7,545 square meters, including nearly 5,305 square meters of laboratory area.
- A park in Jiaxing with a GFA of approximately 6,362 square meters, including nearly 5,335 square meters of laboratory area.
- Shanghai Supercomputing Center has been officially put into operation in 2021. At present, it can support computer-aided drug discovery (CADD) computation, artificial intelligence in drug discovery (AIDD) related computation, and crystal structure and Cryo-EM (Micro-ED) computation.
- The factory of Langhua Pharmaceutical in Taizhou, Zhejiang has a GFA of approximately 35,168 square meters, including the Taizhou R&D center with an area of approximately 2,500 square meters. The R&D center of Ningbo Nuobai has an area of approximately 1,300 square meters and the office building of Ningbo Nuobai has an area of approximately 1,500 square meters.

## FUTURE STRATEGIES AND OUTLOOK

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

## DISCUSSION OF RESULTS OF OPERATION

### Revenue

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

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

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

## Management Discussion and Analysis

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

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

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

### Cost of Sales

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

### Gross Profit and Gross Profit Margin

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

## Management Discussion and Analysis

### Other Income and Gains

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

### Selling and Distribution Expenses

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

### Administrative Expenses

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

### Research and Development Expenses

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

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

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



## Management Discussion and Analysis

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

### Impairment Losses under Expected Credit Model, Net of Reversal

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

### Other Expenses

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

### Finance Costs

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

### Fair Value Gain on Financial Liabilities at FVTPL

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

### Income Tax Expense

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

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

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

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

### Liquidity, Financial Resources and Gearing Ratio

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

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

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

### Pledge of Assets

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

## **Management Discussion and Analysis**

### **Capital Expenditure**

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

### **Future Plan for Material Investment and Capital Assets**

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

### **Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies**

Save as disclosed in this report, there was no material acquisition and disposal of subsidiaries and associated companies by the Company during the Year. The Group did not hold any significant investments in assets with a value of more than 5% of the Group's total assets as of December 31, 2024.

### **Contingent Liability**

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

### **Currency Risk**

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



## Management Discussion and Analysis

### Goodwill

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

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

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

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

# Report of Directors

The Board of the Company is pleased to present this report of Directors together with the audited consolidated financial statements of the Group for the year ended December 31, 2024.

## DIRECTORS

The Directors who held office during the year ended December 31, 2024 and up to the date of this report are:

### Executive Directors:

Mr. MAO Chen Cheney (毛晨) (*Chairman*)

Mr. WU Ying (吳鷹)

Mr. REN Delin (任德林)

### Non-Executive Directors:

Mr. WU Yuting (吳宇挺)

Mr. WANG Stephan Hui (王暉)

### Independent Non-executive Directors:

Mr. FU Lei (傅磊)

Ms. LI Xiangrong (李向榮)

Mr. WANG Haiguang (王海光)

Biographical details of the Directors and senior management of the Group are set out in the section headed “Directors and Senior Management” on pages 41 to 48 of this report.

## GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on August 27, 2008 as an exempted limited liability company. The Shares were listed on the Main Board of the Stock Exchange on May 9, 2019.



## Report of Directors

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in providing the structure-based drug discovery services to biotechnology and pharmaceutical customers worldwide for their pre-clinical stage innovative drug development.

The activities and particulars of the Company's principal subsidiaries are shown under Note 1 to the consolidated financial statements. An analysis of the Group's revenue and net results for the year ended December 31, 2024 by principal activities of the Group is set out in the section headed "Management Discussion and Analysis" in this report.

### BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Management Discussion and Analysis" of this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Important Events After The Reporting Date" in this report.

### PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control.

- **Risks in relation to Intensified Competition in Pharmaceutical R&D Service Industry**

At present, the global pharmaceutical research and development service market is getting increasingly competitive. Competitors of the Company in specific service fields mainly include various professional CRO/CMO institutions or the research and development departments of large pharmaceutical enterprises, most of which are international large pharmaceutical enterprises or research and development institutions and they may have stronger financial resources, technical capabilities and customer coverage than the Company. In addition to the mature competitors mentioned above, the Company also faces competition from new market players, who either have stronger financial strength, more effective business channels, or stronger research strength in business segments. If the Company cannot continue to strengthen its own comprehensive research and development technology advantages and various commercial competitive advantages, it will face risks caused by intensified competition in the pharmaceutical market and weakening of its own competitive advantages.

## Report of Directors

- **Risks in relation to Turnover of Core Technicians/Chief Executives**

The Company's core technicians and chief executives are an important part of the Company's core competitiveness, and are also the foundation and key to the Company's survival and development. Whether the Company can maintain the stability of the technical staff and senior management team, and continuously attract outstanding talents depends on whether the Company can continue to maintain its technological leading edge in the industry, as well as the stability and durability of research and development and production services. We will continue to attract and retain highly skilled scientists, management personnel and other technical personnel. However, if the Company's salary level loses its competitive advantage compared with competitors in the same industry, the incentive mechanism for core personnel cannot be implemented, or the human resources control and internal promotion system cannot be effectively implemented, the Company's core technical personnel and senior management will be lost, thus adversely affecting the Company's reputation, business, core competitiveness and sustainable profitability.

- **Risks in relation to Decline in Market Demand for Pharmaceutical R&D Services**

The Company's business depends on the number and scale of drug discovery service contracts of clients (including multinational pharmaceutical companies, biotechnology companies, start-ups, scholars and non-profit research institutions, etc.). In the past, thanks to the continuous growth of the global bio-pharmaceutical market, the increase in the R&D budget of customers and the increase in the proportion of customer outsourcing, customers' demand for the Company's services continued to rise. If the development trend of the industry slows down in the future, or the outsourcing ratio drops, it may have adverse effects on the Company's business. In addition, the merger and consolidation of bio-pharmaceutical industry and budget adjustment may also affect the R&D expenditure and outsourcing demand of customers and adversely affect the Company's business.

- **Risks in relation to Foreign Exchange**

During the Reporting Period, revenue from the Company's primary business was derived from sales denominated in US dollars, and foreign currency risks were mainly related to US dollars. Most of our service costs, operating costs and expenses are denominated in Renminbi. If Renminbi continues to appreciate significantly in the future, our profits will be under pressure, and we may not be able to price service contracts in currencies other than US dollars. Although we purchased various bank foreign exchange wealth management products to hedge against our exposure to currency risk during the Reporting Period, the possibility and effectiveness of hedging are limited, so we may not be able to successfully hedge currency risks.





## Report of Directors

- **Risks in relation to Lower-than Expected Incubation Portfolio Returns**

Our incubation portfolio companies are mainly start-ups engaged in new drug research and development. Given that these companies are still in development stage with high possibility of failure. These companies may also have a short operating history and need a large amount of funds to develop their business and enhance their market strength. Our investment in these companies at early stage of development is speculative and involves many risks. Whether the incubation portfolio companies can achieve satisfactory business and financial performance is affected by a number of factors beyond our control. We may not be able to realize the expected return on such incubation portfolio companies, and may even lose some or all of our investment.

- **Risks in relation to Operating Results Subject to Changes in Fair Value of Incubation Portfolio Companies**

Incubation portfolio companies under the EFS model are private companies, of which the market price generally cannot be determined. Therefore, the fair value of our investment may vary depending on the valuer, the valuation method used and other factors. Due to significant uncertainties in the valuation or value stability of illiquid investments, the fair market value may not reflect the actual liquidation value of the equity of the incubation portfolio companies that we may acquire when the investment is realized. Therefore, there is significant uncertainty in the amount and timing of revenue recognized under EFS model, and the profit and loss arising from changes in the fair value of these equities will affect our operating results during the period when the changes occur, and the impact may be significant.

- **Risks in relation to Uncertainty of Global Political and Economic Environment**

During the Reporting Period, the Company's overseas revenue accounted for a large proportion of its revenue from primary business. For example, laws and regulations of the countries and regions where the overseas business is located (including but not limited to investment requirements or restrictions on foreign companies), major changes in industrial policies or political and economic environment, or unpredictable factors such as international tensions, wars, trade sanctions, foreign investment and changes in export control laws and regulations, or other force majeure which may affect the overseas business status, may lead to a decline in the Company's service demand and bring potential adverse effects on the future sustainable development.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

## Report of Directors

### ENVIRONMENTAL POLICIES AND PERFORMANCE

Our operations and facilities are subject to extensive environmental protection and health and safety laws and regulations, which govern, among other things, the generation, storage, handling, use and transportation of hazardous materials and the handling and disposal of hazardous and biohazardous waste generated at our facilities. These laws and regulations generally impose liability regardless of the negligence or fault of a responsible party, unless it has legally defined immunities. These laws and regulations also require us to obtain permits from governmental authorities for certain operations.

Our environmental, safety and health department is responsible for overseeing the implementation of our measures and procedures to ensure our compliance with the applicable environmental protection and health and safety laws and regulations and the health and safety of our employees. These measures and procedures include (i) adopting protective measures at our facilities, (ii) promulgating safety operation procedures relating to various aspects of our integrated services, such as the use and storage of chemicals and operation of equipment, (iii) promulgating specific rules about the purchase, storage, handling, use and transportation of hazardous materials and the handling and disposal of hazardous and biohazardous waste generated at our facilities, (iv) engaging professional waste-disposal companies to manage the disposal of hazardous and biohazardous waste, (v) providing regular safety awareness training to our employees, and (vi) maintaining a system of recording and handling accidents and implementation of relevant policies, and a health and work safety compliance record.

We have formulated a Procedures for Identification and Evaluation of Environmental Factors for identifying, evaluating, and managing environmental factors to ensure that the Company is able to control important environmental factors in a timely manner and promote the development and implementation of corresponding improvement plans. This helps us identify potential environmental risks more accurately and take effective measures to address them.

In terms of daily office management, we have issued an Energy Conservation and Emission Reduction Initiative and Green Office Initiative to our staff to promote a series of green office measures. We encourage our staff to take the lead in promoting energy and resource conservation and creating a greener and more environmentally friendly office environment. We also actively carry out environmental protection training and promotion through various channels and forms.

In terms of environmental management system construction, during the Reporting Period, Langhua Pharmaceutical achieved ISO 14001 system certification and obtained a low-risk rating in the audit of the ES module by the Pharmaceutical Supply Chain Initiative (PSCI). The achievement fully demonstrates the maturity and integrity of our environmental management system, and also lay a solid foundation for us to achieve more accomplishments in the field of environmental protection in the future.

The Group is committed to the long term sustainability of the environment and communities. The Group endeavours to comply with relevant laws and regulations regarding environmental protection and related matters.

### COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2024, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

### RETIREMENT BENEFITS SCHEME

The Group does not have any employee who is required to participate in the Mandatory Provident Fund in Hong Kong. The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

The Group maintains a government mandated program to cover employees of its wholly owned subsidiaries in Australia for superannuation. The subsidiary operating in Australia is required to contribute a certain percentage of its payroll costs to the superannuation. The contribution are charged to profit or loss as they become payable in accordance with the rules of the superannuation.

Details of the pension obligations of the Company are set out in Note 2.4 to the consolidated financial statements in this report.

### RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTION

On December 15, 2023, Viva Shanghai entered into a capital increase agreement with Mr. Ren Delin (being a Director and a connected person of the Company), Ms. Zhao Huixin (being the spouse of a Director and connected person of the Company) and Bu Xianyong, Wang Zheren, Cai Jianhua, Qian Dongming, Shen Jian, Zhao Yanlong, Wang Lishan, Cai Mengting, Fei Xiaoyu (each being employees of the Group and independent third party) pursuant to which they agree to inject RMB30,016,000 to the capital of Viva Shanghai, representing approximately 0.75% of its registered capital upon completion of the investment.

The investment provided additional funding to support Viva Shanghai's long-term business expansion plan and growth strategies, as well as enhancing the participants' commitment to Viva Shanghai and align their interest with the Group, which would be beneficial for the Group's long term development. For further details of the investment, please refer to the Company's announcement dated December 15, 2023.

## Report of Directors

Details of the related party transactions of the Group for the year ended December 31, 2024 are set out in Note 40 to the consolidated financial statements contained herein.

None of the related party transactions constitute a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

Saved as disclosed in this annual report, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules during the year ended December 31, 2024.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2024, the revenue amounts from the Group's five largest customers accounted for 33.8% (2023: 28.1%) of the Group's total revenue and the revenue amount from our single largest customer accounted for 26.8% (2023: 19.6%) of the Group's total revenue.

For the year ended December 31, 2024, purchases from the Group's five largest suppliers accounted for approximately 25.0% (2023: 21.5%) of the Group's total purchase amount in the same year. The Group's largest supplier for the year ended December 31, 2024 accounted for approximately 10.7% (2023: 10.1%) of the Group's total purchase amount for the same year.

None of the Directors, their respective close associates, or any shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest customers or suppliers.

During the year ended December 31, 2024, the Group did not experience any significant disputes with its customers or suppliers.



### RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

The Group actively maintains sound relationships with customers and endeavors to provide quality services to customers. Our project team communicates with customers through e-mail, reports and regular teleconferences. Our project management strictly abides by the gist of our strategy to protect the intellectual property rights and other confidential information of customers. We often conduct satisfaction surveys with certain major customers, which enables us to improve relevant rules, implementation, evaluation and support to ensure sustainable development. During the Reporting Period, there were no major or material disputes between the Group and its customers.

The Group regards suppliers as significant business partners and is committed to safeguarding the interests and long-term relationship of both parties to ensure that the Group obtains reasonable prices and stable supplies. We mainly purchase raw materials and equipment from several suppliers located in China or with branches or subsidiaries in China. The Group continuously strengthens management of suppliers and maintains stable business relationship with suppliers. During the Reporting Period, there was no material impact on the operation of the Group as result of dependence on any of its major suppliers.

### FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 7 of this report. This summary does not form part of the audited consolidated financial statements.

## **Report of Directors**

### **PRE-EMPTIVE RIGHTS**

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

### **TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES**

The Company is not aware of any tax relief or exemption available to the Shareholders of the Company by reason of their respective holding of the Company's securities.

### **SUBSIDIARIES**

Particulars of the Company's principal subsidiaries are set out in Note 1 to the consolidated financial statements.

### **PROPERTY, PLANT AND EQUIPMENT**

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2024 are set out in Note 14 to the consolidated financial statements.

### **SHARE CAPITAL**

Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in Note 35 to the consolidated financial statements.

### **SUFFICIENCY OF PUBLIC FLOAT**

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

## DEBENTURE ISSUED

### Issue of US\$280 Million December 2025 Convertible Bonds

On December 17, 2020, Viva Biotech BVI, a wholly-owned subsidiary of the Company as issuer and the Company as guarantor and J.P. Morgan Securities plc, Credit Suisse (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited and The Hongkong and Shanghai Banking Corporation Limited (collectively the “**Second Issue Managers**” and each a “**Second Issue Manager**”) entered into a subscription agreement (the “**Second Issue Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Viva Biotech BVI has agreed to issue, and the Second Issue Managers have agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the 1.00% Guaranteed convertible bonds in a principal amount of US\$280 million, guaranteed by the Company. The issue price of the December 2025 Convertible Bonds was 100% of the principal amount. The initial conversion price per conversion share is HK\$11.6370, which represents (i) a premium of 35.0% over the last closing price of HK\$8.62 per Share as quoted on the Stock Exchange on December 17, 2020 (being the trading day on which the Second Issue Subscription Agreement was signed) and (ii) a premium of approximately 39.4% over the average closing price of HK\$8.35 as quoted on the Stock Exchange for the five consecutive trading days up to and including December 17, 2020. On December 30, 2020, under Second Issue the Subscription Agreement, all of the conditions for the December 2025 Convertible Bonds have been satisfied and/or waived and completion of the December 2025 Convertible Bonds in the principal amount of US\$280 million took place. The December 2025 Convertible Bonds were offered to no less than six independent placees (who are independent individual, corporate and/or institutional investors). Assuming full conversion of the December 2025 Convertible Bonds at the initial Conversion Price of HK\$11.6370 per Share, the Bonds will be convertible into approximately 186,519,893 Shares. The December 2025 Convertible Bonds are listed on the Stock Exchange on December 31, 2020. The net proceeds, after deducting the transaction costs of US\$4.2 million (equivalent to RMB27.5 million), were US\$275.8 million (equivalent to RMB1,801.6 million). During the year ended December 31, 2023, an aggregate principal amount of US\$250,000,000 convertible bonds were repurchased/redeemed by Viva Biotech Investment at a total consideration of US\$256,521,000 (equivalent to RMB1,785,937,000). The convertible bonds were withdrawn from listing on the Stock Exchange on January 10, 2024.



## Report of Directors

### EQUITY-LINKED AGREEMENTS

The Company has established various equity incentive schemes which subsist as of December 31, 2024 as set out in Note 36 to the consolidated financial statements.

Save for the equity incentive schemes as set out in this report and save as disclosed above, no equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2024.

### RESULTS AND DIVIDEND

The consolidation results of the Group for the year ended December 31, 2024 are set out on pages 95 to 232 of this report.

The Directors do not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: Nil). No dividend was proposed for the six months ended June 30, 2024.

### PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director, Auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

Such permitted indemnity provision has been in force for the year ended December 31, 2024. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

### DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group and the Company during the year ended December 31, 2024 are set out on page 100 to 101 and 232, respectively, to the consolidated financial statements. The distributable reserves of the Company as at December 31, 2024 were RMB3,874.2 million (2023: RMB3,874.2 million).

### BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2024 are set out in the section headed “Management Discussion and Analysis” in this report and Note 32 to the consolidated financial statements.



## Report of Directors

### **DIRECTORS' SERVICE CONTRACTS**

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years, which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company.

Mr. WANG Stephen Hui has entered into an appointment letter with the Company. The term of Mr. WANG's service as a non-executive Director is for three years commencing on January 18, 2024.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years, which may be terminated by not less than three months' notice in writing served by either the non-executive Director/independent non-executive Director or our Company.

None of the Directors has a service contract which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

### **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

None of the Directors (including Directors who have resigned during the Reporting Period) nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting has entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation) during or at the end of the year ended December 31, 2024.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

## Report of Directors

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

Details of the shares repurchased are as follows:

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

*Note:*

(1) Aggregate consideration inclusive of expenses.

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



## Report of Directors

### ISSUANCE OF CONVERTIBLE BONDS

In December 2020, Viva Biotech BVI issued the December 2025 Convertible Bonds. For further details, please refer to the section headed “Debenture Issued” in this report.

Save as disclosed in this report, neither the Company nor any member of the Group purchased, sold or redeemed any of the Shares during the year ended December 31, 2024. Please also refer to the section headed “Share Incentive Schemes – Pre-IPO Share Incentive Scheme” for information in relation to the issue of Shares pursuant to options exercised under the Pre-IPO Share Incentive Scheme.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this report and other than the Pre-IPO Share Incentive Schemes and the Post-IPO Share Option Scheme as disclosed under the section headed “Share Incentive Schemes” in this report, at no time during the year under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group’s operating results, individual performance and comparable market statistics.

Details of the Directors’ emoluments and emoluments of the five highest paid individual in the Group are set out in Notes 10 and 11 to the consolidated financial statements on pages 164 to 168 of this report.

For the year ended December 31, 2024, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the year ended December 31, 2024.

## Report of Directors

The Company has also adopted the Pre-IPO Share Incentive Schemes and the Post-IPO Share Option Scheme as incentive for Directors and eligible employees. Details of the said schemes are set out under the section headed “Share Incentive Schemes” in this report and in Note 36 to the consolidated financial statements on pages 199 to 208 of this report.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2024, by the Group to or on behalf of any of the Directors.

## MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2024.

## MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended December 31, 2024.

## CHANGE OF AUDITOR

There has been no change in the Company’s auditor in any of the preceding three years. The consolidated financial statements of the Group for the year ended December 31, 2024 was audited by Ernst & Young who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

## ANNUAL GENERAL MEETING

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

## CLOSURE OF THE REGISTER OF MEMBERS

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

# Directors and Senior Management

The Board consists of three executive Directors, two non-executive Directors and three independent non-executive Directors.

## DIRECTORS

### Executive Directors

**Mr. MAO Chen Cheney (毛晨)**, aged 63, was appointed as the Chairman, chief executive officer and an executive Director of our Company on July 3, 2018. He is mainly responsible for the overall strategic planning and business development of the Group. Mr. Mao has over 28 years of experience in the CRO industry. Mr. Mao joined the Group in August 2008 and currently serves as the Chairman of Viva Shanghai. He serves as a director at Viva Incubator HK, Viva Biotech BVI, Nuobai Hong Kong and Shanghai Langhua. Additionally, he serves as an executive director positions at Weizongchen Pharmaceutical, Langhua Pharmaceutical and Nuobai Pharm. Mr. Mao's work experience prior to joining our Group is set forth below.

- From July 1997 to February 2003, he served as a director of the Department of Structural Biology of Parker Hughes Institute, a research institute devoted to structure-based drug discovery.
- From August 2002 to August 2003, he served as a reviewer on the U.S. National Institutes of Health Review Panel ZRG1 AARR-1 (50) in relation to AIDS-related structural biology projects grants.
- From August 2003 to May 2008, Mr. Mao served as the vice president of Medicilon Inc. and its subsidiary Shanghai Medicilon Inc., which are companies primarily engaged in biomedical research and development. Mr. Mao was also one of the founders of Medicilon Inc. and Shanghai Medicilon Inc. and was responsible for the overall operations of the group and leading research projects.

Mr. Mao obtained his bachelor's degree in radiochemistry and master's degree in physical chemistry from Fudan University (復旦大學) in the PRC in July 1983 and July 1986, respectively. He was a lecturer and an assistant researcher at Shanghai Institute of Organic Chemistry of the Chinese Academy of Sciences (中國科學院上海有機化學研究所) in the PRC from September 1986 and August 1987 and from September 1987 to August 1990, respectively. He obtained his Ph.D. degree in biochemistry from Cornell University in the U.S. in May 1995 and was a postdoctoral research associate at Cornell University in the U.S. from September 1991 to May 1995. He was a postdoctoral research associate in biochemistry at Duke University Medical Center in the U.S. from May 1995 to October 1997. Mr. Mao has published about 45 research papers on topics including structure-based drug design. Mr. Mao is also the brother of Ms. Mao Jun (a substantial Shareholder), cousin of Mr. Wu Ying, and cousin-in-law of Mr. John Wu Jiong (a substantial Shareholder).

## Directors and Senior Management

**Mr. WU Ying (吳鷹)**, aged 62, was appointed as a Director of our Company in September 2009 and was redesignated as an executive Director and appointed as our executive vice president on July 3, 2018, and is mainly responsible for the daily operation of the Group and customer relations. Mr. Wu has approximately 16 years of experience in the CRO industry. Mr. Wu joined our Group in August 2008 as a vice president of Viva Shanghai and currently serves as a director of Viva Shanghai. Mr. Wu also serves as a director of Viva Biotech HK, Viva Incubator HK, Viva Management and Viva GT and the manager of Jiaxing Viva. From August 1982 to February 2008, Mr. Wu worked at Shanghai Teachers College for Vocational Studies (上海成人教師進修學院). Mr. Wu obtained his college diploma in mathematics from Shanghai Normal University (上海師範大學) in the PRC in July 1982. Mr. Wu obtained his graduate diploma in business administration from Hong Kong International Business College in Hong Kong in June 2010. Mr. Wu attended the advanced training course for chief financial officer offered by Shanghai University of Finance and Economics (上海財經大學) in the PRC from October 2013 to September 2014.

Mr. Wu is cousin of Mr. Mao Chen Cheney and Ms. Mao Jun (a substantial Shareholder), and cousin-in-law of Mr. John Wu Jiong (a substantial Shareholder).

**Mr. REN Delin (任德林)**, aged 65, was appointed as an executive Director of our Company on July 3, 2018 and concurrently served as the president of our Company from July 3, 2018 to December 1, 2023, mainly responsible for the overall management of our CRO business. Mr. Ren has approximately 15 years of experience in the CRO industry. Mr. Ren served as the vice president of the Department of Biology of Viva Shanghai from May 2009 to August 2017 and has served as the general manager of Viva Shanghai from August 2017 to December 2023. He has also served as the chief executive officer of Viva Shanghai since December 2023. Mr. Ren's work experience prior to joining our Group is set forth below.

- From January 1999 to April 2001, Mr. Ren served as a research scientist in the Warner-Lambert Pharmaceuticals LLC, an American pharmaceutical company which merged with Pfizer Inc. in 2001.
- Mr. Ren worked at the Global Research and Development Center of Pfizer Inc., an American pharmaceutical company, and served as a research scientist in the Metabolic Disease Division from January 2000 to April 2001, a senior scientist focusing on research and development of innovative drugs for central nervous system diseases from April 2001 to December 2003, a principal scientist focusing on research and development of innovative drugs for dermatology therapeutics from December 2003 to June 2007 and a principal scientist focusing on research and development of innovative drugs for cardiovascular and metabolic diseases and exploratory diabetes from July 2007 to April 2009.

Mr. Ren obtained his bachelor's degree in veterinary medicine from Shanxi Agricultural University (山西農業大學) in the PRC in July 1983. He obtained his master's degree in microbiology from Beijing Agricultural University (北京農業大學) in the PRC in July 1989. Mr. Ren obtained his Ph.D. degree in animal science from Michigan State University in the U.S. in December 1996 and was a post-doctoral research associate at the Department of Biochemistry of Michigan State University in the U.S. from January 1997 to December 1998. Mr. Ren has published about 10 research papers on topics including adipogenesis and fat-cell function in obesity and diabetes, among others.

## Directors and Senior Management

### Non-executive Directors

**Mr. WU Yuting (吳宇挺)**, aged 53, was appointed as a non-executive Director of our Company on November 14, 2022. Mr Wu was previously an investment director and partner of Fenghe Fund Management Pte. Ltd. since May 2010. He was a general manager at Shanghai Zhifang Electronic Technology Co., Ltd.\* (上海智方電子科技有限公司) from July 1997 to January 2006. He was also an engineer at Shanghai Changjiang Computer System Integration Company\* (上海長江計算機系統集成公司) from September 1994 to July 1997.

Mr. WU obtained his bachelor's degree in computer and application from the Shanghai Jiao Tong University (上海交通大學) in July 1994, and he further obtained his international master's degree in business administration from the Schulich School of Business of York University in June 2008.

Mr. WU is the brother of Mr. John WU Jiong (a substantial Shareholder).

**Mr. WANG Stephen Hui (王暉)**, aged 51, was appointed as a non-executive Director of the Company on January 18, 2024. Mr. Wang has served as the chief executive officer of HighLight Capital since 2014, leading the fund in investments in the healthcare and consumer technology industries. Prior to joining HighLight Capital, he served as a partner and a member of investment committee of CDH Investments from 2009 to 2014. He is currently a non-executive director of Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited with the stock code 2190.

Mr. Wang received a bachelor's degree in biology from the University of Science and Technology of China (中國科學技術大學) in the PRC in July 1996 and a master's degree in chemistry from New York University in the United States in May 1998, and an M.B.A. degree from London Business School in the United Kingdom in August 2007.

### Independent Non-executive Directors

**Mr. FU Lei (傅磊)**, aged 62, was appointed as an independent non-executive Director on April 14, 2019. He has served as the Dean of the School of Pharmacy of Xi'an Jiaotong-Liverpool University since 1 September 2023. Mr. Fu was a lecturer at Fudan University and was an invited scientist at Free University from September 1990 to August 1993. From November 1998, Mr. Fu served as a principal investigator of Pharmacyclics, Inc., a U.S. company focusing on the developing and commercializing small-molecule medicines for the treatment of cancers and immune-mediated diseases. He was a professor of pharmaceutical chemistry in the School of Pharmacy of Shanghai Jiao Tong University from 2006 to December 2024. Mr. Fu obtained his bachelor's degree in radiochemistry from Fudan University (復旦大學) in the PRC in July 1984. He obtained his Ph.D. degree in chemistry from Stanford University in the U.S. in September 1997.



## Directors and Senior Management

**Ms. LI Xiangrong (李向榮)**, aged 52, was appointed an independent non-executive Director on April 14, 2019. Ms. Li was employed with Unilever for various positions from 1993 to 2010, including serving as the financial controller for greater China region from 2007 to 2010. Ms. Li served as the chief financial officer of Hengdeli Holdings Ltd (HK.3389) from 2010 to August 2014. Ms. Li served as the chief financial officer of Homeinns Hotel Group (previously listed on NASDAQ with stock ticker HMIN) from August 2014 to April 2016. Following merger of Homeinns Hotel Group and Beijing Tourist Hotel (Group) Co., Ltd. (北京首旅酒店(集團)股份有限公司) in April 2016, Ms. Li has served as the deputy general manager and financial controller of Beijing Tourist Hotel (Group) Co., Ltd. (北京首旅酒店(集團)股份有限公司) (600258) since then. From September 2019 to May 2024, Ms. Li was appointed as an independent director and served on the board of directors for MakeMyTrip Limited, an Indian online travel company (listed on NASDAQ with the stock ticker MMYT). Since June 2024, Ms. Li was appointed as an independent director of Noah Holdings Private Wealth and Asset Management Limited (listed on HKEX with the stock code: 6686 and listed on NYSE with the stock ticker NOAH).

Ms. Li obtained a graduation certificate for her bachelor's degree in international accounting jointly awarded by the Shanghai University of Finance and Economics (上海財經大學) and Shanghai International Studies Institute (上海外國語學院, now known as Shanghai International Studies University (上海外國語大學)) in July 1993. She obtained a master's degree in executive management business administration from China Europe International Business School (中歐國際商學院) in September 2008 and is now a senior member of The Association of Chartered Certified Accountants and a member of The Chinese Institute of Certified Public Accountants (中國註冊會計師會).

**Mr. WANG Haiguang (王海光)**, aged 62, was appointed as an independent non-executive Director on April 14, 2019. Mr. Wang was a teacher at Hangzhou University (杭州大學) (now merged into Zhejiang University (浙江大學)) from April 1983 to April 1984. Mr. Wang worked at the Publicity Department of Zhejiang Provincial Party Committee of the Communist Party of China (the "CPC") from May 1984 to January 1990 and the General Office of the Party School of the CPC Central Committee from February 1990 to July 1995, respectively. From July 1995 to April 1997, Mr. Wang served as deputy general manager of Zhejiang World Trade Center Co., Ltd. (浙江世界貿易中心有限公司), and was primarily responsible for day-to-day operations of the company. From May 1997 to June 2006, Mr. Wang served as the executive president, primarily responsible for day-to-day operations of the company, at Nandu Group Holding Co., Ltd. (南都集團控股有限公司). Mr. Wang has served as the chairman of the board of directors of Narada Hotel Group, Zhejiang World Trade Center Co., Ltd. (浙江世界貿易中心有限公司), the executive president and director of Shanghai Nandu Group Co., Ltd. (上海南都集團有限公司) since June 2006, as well as the chairman of the board of directors of Zhejiang Vanke Nandu Real Estate Co., Ltd. (浙江萬科南都房地產有限公司) since October 2006.

Mr. Wang obtained his bachelor's degree in philosophy from Hangzhou University (杭州大學) (now merged into Zhejiang University (浙江大學)) in the PRC in July 1983. Mr. Wang currently serves as the vice president of The Zhejiang Province Real Estate Industry Association (浙江省房地產行業協會).

### SENIOR MANAGEMENT

Please refer to “– Board of Directors – Executive Directors” for the biographical details information of Mr. MAO Chen Cheney (毛晨) and Mr. WU Ying (吳鷹).

**Mr. YE Zhixiong (葉志雄)**, aged 65, was appointed as the chief scientific officer of our Company on July 10, 2018, and is mainly responsible for the research and development related matters. Mr. Ye served as the vice president of the Department of Chemistry in Viva Shanghai from September 2009 to July 1, 2017. Prior to joining our Group, Mr. Ye worked as a senior research fellow at Merck & Company, Inc. (NYSE: MRK), an American pharmaceutical company, for a period of over 14 years. During Mr. Ye’s employment with Merck & Company, Inc., he participated and directed drug research and development projects targeted at diabetes, obesity and endocrine related diseases.

Mr. Ye obtained his bachelor’s degree in chemistry from Fudan University (復旦大學) in the PRC in July 1982, and obtained his master’s degree in chemistry from the Montana State University in the U.S. in July 1991. Mr. Ye obtained his Ph.D. degree in chemistry from the University of Minnesota in the U.S. in July 1996.

**Mr. XIONG Wei (熊偉)**, aged 41, was appointed as a co-chief financial officer of the Group on December 1, 2023 and assumed the role as the Chief Financial Officer of the Group from September 27, 2024, and is primarily responsible for leading the Group’s financial management and capital market related affairs. Mr. Xiong joined our Group in November 2020 as part of the Group’s acquisition of Zhejiang Langhua Pharmaceutical Co., Ltd. (浙江朗華製藥有限公司, “**Langhua Pharmaceutical**”), he also currently serves as the financial director of Langhua Pharmaceutical and is primarily responsible for its financial management. Mr. Xiong joined Langhua Pharmaceutical in September 2018. Prior to that, Mr. Xiong was employed by Donghaixiang Group Co., Ltd. (東海翔集團有限公司) from November 2011 to September 2018 where he last served as the executive vice general manager and financial director. He was employed by Zhejiang Yongtai Technology Co., Ltd. (浙江永太科技股份有限公司) from May 2007 to November 2011 where he last served as the investment director and securities business representatives and by CITIC Securities where he last served as an industry analyst from July 2005 to November 2006.

Mr. Xiong graduated from the Huazhong University of Science and Technology School of Economics (華中科技大學經濟學院) with a degree in international economics and trade and from the Zhongnan University of Economics and Law (中南財經政法大學) with a degree in law in June 2005. He is qualified to serve as a board secretary for companies listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange, and has been qualified as a senior economist since November 2023.

## Directors and Senior Management

**Dr. DAI Han (戴晗)**, aged 45, joined our Group in April 2021, is currently the Chief Innovation Officer of the Company. Prior to joining the Company, Dr. Dai held research and development, business development and external innovation management roles in global pharmaceutical and biotech companies, including over 10 years of experience at GlaxoSmithKline as scientific leader and GSK Fellow, Executive Director of Discovery Biology at BeiGene and Senior Director of New Ventures at Johnson&Johnson Asia Pacific Innovation Center. Dr. Dai successfully led or co-led the discovery, preclinical development, translational research and biomarker studies as well as BD&L and biotech investment across many therapeutic areas, including oncology, immunology, metabolic, neurological and infectious diseases. Dr. Dai received his Ph. D. in Biomedical Sciences from University of Texas Southwestern Medical Center as a Frank and Sara McKnight fellow, and his bachelor of science in Biochemistry from Nanjing University. Dr. Dai completed his postdoctoral training in Harvard Medical School and Howard Hughes Medical Institute as a Helen Hay Whitney fellow. He has published more than 50 papers, book chapters, abstracts and patents in reputable journals and conferences. Dr. Dai served as scientific advisory board member of the Chemical Probes Portal, full faculty member of Faculty Opinions, former President of Sino-American Pharmaceutical Professional Association – Greater Philadelphia (SAPA-GP) and guest professor at High Magnetic Field Laboratory of the Chinese Academy of Sciences (CHMFL) & National Center for Translational Medicine (Shanghai) and Shanghai Jiao Tong University (SJTU).

**Mr. Sun Yi (孫毅)**, aged 52, was appointed as the co-executive vice president of our Group in January 2025 and primarily focused on the group operation management. Mr. Sun served as vice president of group operation from January 2021 and was responsible for the operations of the Group's enterprise intelligence, engineering, environmental health and safety (EHS) management, legal and public relations department. Prior to joining our Group, Mr. Sun worked at Alibaba (NYSE: BABA) and has nearly 20 years' experience in technology, infrastructure and operations, including Alibaba's global platform and North America CDN sites.

Mr. Sun obtained his master's degree in computer science from Northwestern University in December 2003.

### JOINT COMPANY SECRETARY

**Ms. FEI Xiaoyu (費曉玉)**, aged 38, was appointed as a joint company secretary of our Company on July 10, 2018. Ms. Fei joined our Group as an assistant to president in Viva Shanghai in July 2009. From November 2011 to April 2018, Ms. Fei served as assistant to president and officer manager in Viva Shanghai. From July 2018 to January 2024, Ms. Fei served as the Director of President Office. From January 2024, Ms. Fei was appointed as the vice president in Viva Shanghai. Since joining our Group, she has mainly been responsible for assisting the chairman and the chief executive officer of Viva Shanghai in the daily operations and administrative matters of Viva Shanghai and has participated in the discussions of material decisions of the Group. Ms. Fei obtained her bachelor's degree in Japanese language from Shanghai Normal University (上海師範大學) in July 2009, and obtained her graduate diploma for completing the courses of master of business administration from Hong Kong International Business College in June 2012.

**Ms. CHAU Hing Ling (周慶齡)**, aged 50, was appointed as a joint company secretary of our company on July 10, 2018. She joined Vistra Corporate Services (HK) Limited (“**Vistra**”) since June 2013 and now serves as an executive director of corporate services of Vistra, where she leads a team of professional staff to provide a full range of corporate services and listed company secretary services. Prior to joining Vistra, she was an associate director of corporate services of an international corporate services provider.

Ms. Chau has over 24 years of experience in the corporate services industry. She is currently the company secretary of several companies listed on the Stock Exchange. Ms. Chau received a Master of Laws degree majoring in corporate and financial law from The University of Hong Kong in November 2007. She has been a fellow member of the Chartered Governance Institute (formerly known as Institute of Chartered Secretaries and Administrators) and the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) since May 2013.

## **Directors and Senior Management**

### **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

On behalf of the Board

**MAO Chen Cheney**

*Chairman and Chief Executive Officer*

Hong Kong, March 27, 2025



# Corporate Governance Report

The Board of Directors is pleased to present the corporate governance report for the Company for the year ended December 31, 2024.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the CG Code (the “**CG Code**”) to ensure that the Company’s business activities and decision making processes are regulated in a proper and prudent manner.

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

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

Save as disclosed above, in the opinion of the Directors, the Company has complied with the code provisions contained in the CG Code during the year ended December 31, 2024.

## Corporate Governance Report

### COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its Vision, Mission and Values.

During 2024, the Company continued to strengthen its cultural framework by focusing on the following:

- **Vision:** To become a long-term partner of global innovative biotechnology research and development corporation.
- **Mission:** To be innovation-driven, to be empowered by cutting-edge technology, to strive for excellence, and to benefit patients all around the world.
- **Values:** Innovation

With the leading advantages in the field of Structure-Based Drug R&D technology, we actively build an innovative technology platform, continue to expand and optimize services, and help the global R&D and production of innovative drugs.

#### Integrity and Professionalism

Be honest and compliant, keep our promises, abide by professional ethics, and realize the improvement of self-worth and working ability.

#### Customer Success

To maximize value creation to customers, establish long-standing cooperative relations with them and empower them to achieve excellence.

#### Win-win Cooperation

To provide efficient and quality services to customers, empower them in drug R&D and production; share advantages with partners and strengthen synergy with them to facilitate the construction of technology platforms; remain focused on investment activities and incubate biopharmaceutical startups with potential to build an open, win-win ecosystem for biomedical innovators.



## Corporate Governance Report

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

### Anti-corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company adopts the anti-corruption policy in assisting the employees in recognising circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, any convicted cases will be reported to the Audit Committee.

### Whistleblowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g. suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistleblowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, any suspected cases will be reported to the Audit Committee.



## Corporate Governance Report

### MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

### BOARD OF DIRECTORS

The Board currently comprises three executive Directors, two non-executive Directors and three independent non-executive Directors.

The composition of the Board is as followings:

#### Executive Directors

Mr. MAO Chen Cheney (毛晨) (*Chairman*)

Mr. WU Ying (吳鷹)

Mr. REN Delin (任德林)

#### Non-executive Directors

Mr. WU Yuting (吳宇挺)

Mr. WANG Stephen Hui (王暉)

#### Independent non-executive Directors

Mr. FU Lei (傅磊)

Ms. LI Xiangrong (李向榮)

Mr. WANG Haiguang (王海光)

The biographical details of the Directors are set out in the section headed “Directors and Senior Management” on pages 41 to 48 of this report. Mr. WANG Stephen Hui, who has been appointed as a non-executive Director on January 18, 2024 has obtained legal advice referred to in Rule 3.09D of the Listing Rules on December 25, 2023. Mr. Wang has confirmed that he understood the obligations as a Director of the Company.

None of the members of the Board is related to one another.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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

### DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate liability insurance to indemnify the Directors and senior management of the Company for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

### BOARD MEETINGS AND COMMITTEE MEETINGS

Code provision C.5.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communications. Minutes of the Board meetings and committee meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

During the year ended December 31, 2024, eight Board meetings were held at which the Board considered and approved interim and annual results announcements, interim and annual reports and other business affairs of the Group. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

## Corporate Governance Report

A summary of the attendance record of the Directors at Board meetings and committee meetings is set out in the following table below:

Name of Director	Number of meeting(s) attended/number of meeting(s) held for the year ended December 31, 2024			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
<i>Executive Directors:</i>				
Mr. MAO Chen Cheney	8	N/A	N/A	1
Mr. WU Ying	8	N/A	N/A	N/A
Mr. REN Delin	8	N/A	N/A	N/A
<i>Non-executive Directors:</i>				
Mr. WU Yuting	8	N/A	N/A	N/A
Mr. WANG Stephen Hui	8	N/A	N/A	N/A
<i>Independent Non-executive Directors:</i>				
Mr. FU Lei	8	2	6	1
Ms. LI Xiangrong	8	2	6	N/A
Mr. WANG Haiguang	8	2	6	1

## NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received from each of the independent non-executive Directors a written annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent. Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years. Mr. WU Yuting has entered into an appointment letter with the Company for an initial term of three years commencing from November 14, 2022. Mr. WANG Stephen Hui has entered into an appointment letter with the Company for a term of three years commencing from January 18, 2024.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

All the Directors are subject to retirement by rotation and re-election at annual general meeting. Pursuant to the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office and be eligible for re-election at each annual general meeting, provided that every Director is subject to retirement by rotation at least once every three years. In addition, any new Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting and be subject to re-election.

### RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group.

To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee, the remuneration committee and the nomination committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its shareholders at all time.

The Group's senior management is responsible for the day-to-day management of the Group's business and is responsible for overseeing the general operation, business development, finance, marketing, and operations.

### BOARD COMMITTEES

We have established the following committees in our Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with terms of reference established by the Board.

#### Audit Committee

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of the CG Code. The audit committee consists of three independent non-executive Directors being Ms. LI Xiangrong, Mr. WANG Haiguang and Mr. FU Lei. The chairperson of the audit committee is Ms. LI Xiangrong. Ms. LI Xiangrong holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the audit committee are to review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

## Corporate Governance Report

For the year ended December 31, 2024, the audit committee convened two meetings. The attendance record of the Directors at meetings of the audit committee is set out in the table on page 54.

During the meetings, the audit committee:

- reviewed annual results of the Group for the year ended December 31, 2023;
- reviewed interim results of the Group for the six-months ended June 30, 2024;
- discussed and made recommendation as to the re-appointment of the Company's auditor for the year ended December 31, 2024; and
- reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and risk management and internal control systems and processes of the Group).

### Remuneration Committee

The Company has established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The remuneration committee consists of three independent non-executive Directors being Ms. LI Xiangrong, Mr. WANG Haiguang and Mr. FU Lei. The remuneration committee is chaired by Ms. LI Xiangrong. The remuneration committee has adopted the second model described in paragraph E.1.2(c) under the CG Code (i.e. make recommendation to the Board on the remuneration packages of individual executive Director and senior management member). The primary duties of the remuneration committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. Beginning in 2023, the Remuneration Committee will also have the responsibilities of reviewing and approving matters relating to share scheme in accordance with Chapter 17 of the Listing Rules.

For the year ended December 31, 2024, the remuneration committee convened six meetings. The attendance record of the Directors at meetings of the remuneration committee is set out in the table on page 54.

During the meetings, the remuneration committee reviewed the Company's policy and structure for the remuneration of all the Directors and senior management and the remuneration packages of the executive Directors and senior management of the Group.

In consideration of the benefits in incentivizing and rewarding employees, directors and senior management, having reviewed the existing share scheme of the Company, the remuneration committee considered that such scheme were appropriate.

## Corporate Governance Report

Details of the remuneration payable to each Director of the Company for the year ended December 31, 2024 are set out in Note 10 to the consolidated financial statements.

The remuneration of the members of senior management by band for the year ended December 31, 2024 is set out below:

Remuneration Bands (RMB)	Number of Persons
11,000,000 – 12,000,000	1
4,000,000 – 5,000,000	1
3,000,000 – 4,000,000	1
2,000,000 – 3,000,000	1
1,000,000 – 2,000,000	2
<b>Total</b>	<b>6</b>

### Nomination Committee

The Company has established a nomination committee with written terms of reference in compliance with paragraph B.3 of the CG Code. The nomination committee consists of one executive Director, being Mr. MAO Chen Cheney, and two independent non-executive Directors, being Mr. FU Lei and Ms. LI Xiangrong (appointed on March 27, 2025). The chairman of the nomination committee is Mr. MAO Chen Cheney. The primary duties of the nomination committee include, without limitation, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

For the year ended December 31, 2024, the nomination committee convened one meeting. The attendance record of the Director at meetings of the nomination committee is set out in the table on page 54.

During the meeting, the nomination committee reviewed the structure, size and composition of the Board as well as nomination of proposed director and the independence of independent non-executive Directors. The nomination committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

### Board Diversity Policy

The Company has adopted a board diversity policy (the “**Diversity Policy**”) which sets out the approach to achieve diversity of the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance.

## Corporate Governance Report

Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including, but not limited to, gender, age, culture and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Board currently comprises of eight directors, of which three are executive Directors, two are non-executive Directors and three are independent non-executive Directors. Among which, one Director is female and seven Directors are male and three in the age group of 50-59; five in the age group of 60-69. The Board has an appropriate mix of skills, experience and diversity that are relevant to the Company's strategy, governance and business, the Directors are severally in executive leadership & strategy, financial management and legal professionals/regulatory & compliance/risk management.

The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity based on the availability of candidates and the specific needs of the Board at the time of nominating and electing for new Directors. The Company will continue to ensure gender diversify in the recruitment of middle and senior staff so that our management include a wide range of genders, thereby allowing a diverse group of potential successors to succeed the Board in due course.

In identifying and selecting suitable candidates to serve as a director of the Company, the nomination committee would consider the above criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

The Board will consider setting measurable objectives to implement the Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Board has not set any measurable objectives.

The nomination committee will review the Diversity Policy, as appropriate, to ensure its effectiveness. Further details on the biographies and experience of the Directors are set out on pages 43 to 46 of this report.

The nomination committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

### Workforce diversity

The gender ratio in the workforce (including senior management) for the year ended December 31, 2024 is 0.55:0.45. The total gender diversity of the Group is balanced and the Group will continue to maintain the gender diversity in workforce. For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosure in the ESG report.

### Board Independence

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views. The current composition of the Board, comprising more than one third of the of the independent non-executive Directors and the members of the Audit Committee are all independent non-executive Directors exceed the independence requirements under the Listing Rules. The Remuneration Committee and Audit Committee are all chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

### Dividend Policy

We may declare and pay dividends by way of cash or by other means that we consider appropriate in the future. Distribution of dividends shall be formulated by our Board at its discretion and will be subject to shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under IFRS, our Articles of Association, the Companies Law and any other applicable law and regulations and other factors that our Directors may consider relevant. In addition, declaration and/or payment of dividends may be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

Our Board currently intends, subject to the approval of our shareholders and unless otherwise required by applicable laws, to distribute to our shareholders up to 40% of any distributable profit (excluding any unrealized fair value gains from our incubation portfolio companies) for the financial year ended December 31, 2024 and each year thereafter provided that the Company shall have sufficient working capital for business operations. There is, however, no assurance that dividends of such amount or any amount will be declared or distributed in such year or in any given year.



## Corporate Governance Report

### Nomination Policy

The Company has adopted a nomination policy (the “**Nomination Policy**”) which sets out the selection criteria and procedures to nominate board candidates. The Nomination Policy aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business.

Pursuant to the Nomination Policy, the nomination committee shall identify suitable board candidates and make recommendation to the Board, after accessing a number of factors of a proposed candidate, including, but not limited to, reputation, professional skills, independence of proposed independent non-executive Directors and diversity in all aspect. The Board shall have the final decision in relation to its nomination of any candidates to stand for election at a general meeting.

The nomination committee will review the Nomination Policy, as appropriate, and recommend revision to the Board for consideration and approval.

### CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

During the year, the Board reviewed the Company’s corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, and the Company’s compliance with the CG Code and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company may from time to time and as the circumstances require provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

### **DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December, 2024 and ensure that the consolidated financial statements give a true and fair view of the state of affairs of the Group and are prepared in accordance with statutory requirements and applicable accounting standards.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

### **CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS**

Pursuant to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Pursuant to the code provision C.1.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations.

During the year ended December 31, 2024 and up to the date of this report, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations.

All Directors, namely Mr. MAO Chen Cheney, Mr. WU Ying, Mr. REN Delin, Mr. WU Yuting, Mr. WANG Stephen Hui, Mr. FU Lei, Ms. LI Xiangrong and Mr. WANG Haiguang, have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary. The Directors are asked to submit a signed training record to the Company on an annual basis.

### **AUDITORS' RESPONSIBILITY AND REMUNERATION**

The Company appointed Ernst & Young as the external auditor for the year ended December 31, 2024. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 89 to 94.

## Corporate Governance Report

Details of the fees paid/payable in respect of the audit and non-audit services provided by Ernst & Young for the year ended December 31, 2024 are set out in the table below:

Services rendered for the Company	Fees paid and payable <i>RMB'000</i>
<b>Audit services:</b>	
Annual audit services	3,400
<b>Non-audit services:</b>	
Interim review services	1,200
Audit of joint stock reform and capital verification	660
Tax consultation services	100
<b>Total</b>	<b>5,360</b>

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness in order to achieve the Company's objectives. The Company adopted a series of internal control policies, measures, and procedures designed to provide reasonable assurance, which including effective standards, efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives. Below is a summary of the internal control policies, measures, and procedures we have implemented:

- The Company conducted, through its internal audit team, an annual audit of the internal controls of each business department, a review on the effectiveness of the risk management and internal control systems and considered them effective and adequate. The audit included reviewing the management of financial statements, sales and receivables, purchasing and payment, fixed assets and intangible assets, human resource, research and development, nature and extent of significant risks (and the Company's ability to respond to such risks and changes). The audit procedures could be summarized as below, including not limited:
  - (1) Interview with responsible personnel;
  - (2) Obtain and review the required documents;
  - (3) Test the design and operating effectiveness of the internal control system.



## Corporate Governance Report

- The Company published the risk management and internal control policies, measures and procedures to ensure that the Company maintained reasonable and effective internal controls and compliance with applicable laws and regulations. Besides, the Company insisted on monitoring the implementation of internal control policies, measures, and procedures, making sure that they were the most updated version based on the current business model.
- The Company implemented the relevant internal control policies, measures and procedures on the site and making quarterly and annual regular inspections about the on-site implementation of such policies, measures, and procedures for each stage of the Company's drug discovery and development process.
- The Company adopted various measures and procedures regarding each aspect of the Company's business operation, such as project management, quality assurance, environmental protection, and occupational health and safety. The Company provided the periodic training for the employees, which was one part of Employee Training Program. The Company also required the staff to carry out business activities in accordance with relevant laws, regulations and Company policies by regularly communicating updates and reminders through emails, staff meetings.
- The Company has developed internal policies that provide general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to prevent unauthorized access and use of inside information.
- The Company has also developed a risk management process to identify, evaluate and manage significant risks and to resolve material internal control defects. Senior management of the Group is responsible for the risk reporting process. Risks identified are documented and mitigation plans are devised. The risk assessment is reviewed by certain members of the senior management and presented to the Audit Committee and the Board for their review.
- The audit committee had the responsibility for monitoring the effectiveness of the risk management and internal control systems. It is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective internal control systems.

## Corporate Governance Report

### COMPANY SECRETARY AND PRIMARY CONTACT OF THE COMPANY

The Company engaged Ms. Chau Hing Ling, an executive director of Corporate Services of Vistra Corporate Services (HK) Limited (a company secretarial service provider), as a joint company secretary of the Company. Ms. Fei Xiaoyu is another joint company secretary of the Company, and is the primary contact of Ms. Chau Hing Ling at the Company.

In compliance with Rule 3.29 of the Listing Rules, Ms. Fei Xiaoyu and Ms. Chau Hing Ling both undertook not less than 15 hours of relevant professional training to update their skills and knowledge during the year ended December 31, 2024.

### GENERAL MEETING

For the year ended December 31, 2024, one annual general meeting and of the Company were held. The attendance record of the directors is set out in the table below:

Directors	Attended in person/ Eligible to attend
Mr. MAO Chen Cheney	1/1
Mr. WU Ying	1/1
Mr. REN Delin	1/1
Mr. WU Yuting	1/1
Mr. WANG Stephen Hui	1/1
Mr. FU Lei	1/1
Ms. LI Xiangrong	1/1
Mr. WANG Haiguang	1/1



### SHAREHOLDERS' RIGHTS

#### Convening of Extraordinary General Meetings ("EGM") by Shareholders

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. General meetings shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

General meetings may also be convened on the written requisition of any one member which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

## Corporate Governance Report

### Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: No. 735, Ziping Road, Zhoupu Town, Pudong New District, Shanghai 201318, China

Telephone: +86 21 60893288

Fax: +86 21 58243936

Email: [info@vivabiotech.com](mailto:info@vivabiotech.com)

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

The Company has maintained a website ([www.vivabiotech.com](http://www.vivabiotech.com)) as the platform to communicate with the Shareholders and investors of the Company. The financial information and other information of the Company is published on such website for Shareholders' inspection.

The Company reviewed the Group's shareholders and investor engagement and communication activities conducted during the Reporting Period and was satisfied with the implementation and effectiveness of the shareholders' communication policies of the Group.

### CHANGES IN CONSTITUTIONAL DOCUMENTS

The Articles of Association has been amended and restated with effect from June 26, 2024, and are available on the respective websites of the Stock Exchange and the Company.

Save as disclosed above, there is no other change in constitutional documents of the Company during the Reporting Period.

## Other Information

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at December 31, 2024, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### (i) Interest in Shares and underlying Shares

Name of Director	Nature of interest	Number of ordinary shares	Approximate percentage of the Company's issued share capital <sup>+</sup>
Mr. Mao Chen Cheney <sup>(2)</sup>	Beneficial owner	220,083,543 (L)	10.18%
	Beneficiary of a trust (other than a discretionary interest)	47,314,984 (L)	2.19%
	Interest of controlled corporation	90,925,000 (L)	4.21%
	Other	100,000,000 (L)	4.63%
Mr. Wu Ying <sup>(3)</sup>	Beneficial owner	17,857,473 (L)	0.83%
	Interest of spouse	4,324,654 (L)	0.20%
	Beneficiary of a trust (other than a discretionary interest)	1,920,000 (L)	0.09%
Mr. Ren Delin <sup>(4)</sup>	Beneficiary of a trust (other than a discretionary interest)	1,920,000 (L)	0.09%
	Beneficial owner	15,460,248 (L)	0.72%
Mr. WANG Stephen Hui <sup>(5)</sup>	Interest of controlled corporation	85,000,000 (L)	3.93%



## Other Information

*Notes:*

- (1) The letter “L” denotes the person’s long position in the Shares.
  - (2) Mr. Mao Chen Cheney is the investment manager of the Min Zhou 2018 Family Trust and the manager of MZFT, LLC who exercises the voting rights of the Shares directly held by MZFT, LLC. Mr. Mao Chen Cheney is also a beneficiary of Min Zhou 2018 Family Trust and The Chen Mao Charitable Remainder Trust. Pursuant to a proxy agreement, Mr. Mao Chen is entitled to exercise the voting rights on certain shares held by Ms. Zhou Min until such time as she cease to be a holder of the shares in question. Mr. Mao Chen Cheney is also a beneficiary of Viva Biotech Holdings Restricted Share Unit Scheme.
  - (3) Mr. Wu Ying is the spouse of Ms. Zhao Huixin. Under the SFO, Mr. Wu Ying is deemed to be interested in the same number of Shares in which Ms. Zhao Huixin is interested in. Mr. Wu Ying is also a beneficiary of Viva Biotech Holdings Restricted Share Unit Scheme.
  - (4) Mr. Ren Delin is a beneficiary of Viva Biotech Holdings Restricted Share Unit Scheme.
  - (5) Mr. Wang Stephen Hui is interested in 85,000,000 shares of the Company through HLC VGC Partners HK II Limited (“**HLC SPV**”), HLC SPV is in turn owned and controlled by VGC Fund IV L.P. (an exempted limited partnership formed under the laws of the Cayman Islands) whose general partner is HLC VGC GP IV Limited, which is ultimately owned by Mr. Wang.
- \* The percentage represents the number of ordinary shares/underlying shares interested divided by the number of the Company’s issued shares as at December 31, 2024.

## Other Information

### (ii) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/Nature of interest	Class of shares in which interested	Number of shares	Approximate percentage of holding of such class of shares
Mr. Mao Chen Cheney	Anji Pharmaceuticals Inc. <sup>(2)</sup>	Interest in controlled corporation	Ordinary	12,398,500	24.80%
	Clues Therapeutics Inc. <sup>(2)(3)</sup>	Interest in controlled corporation	Ordinary	20,257,515	17.73%
Mr. Wu Ying <sup>(4)</sup>	Viva Shanghai	Interest of spouse	Ordinary	814,589	0.18%
Mr. Ren Delin <sup>(5)</sup>	Viva Shanghai	Beneficial owner	Ordinary	3,281,971	0.74%
Mr. Wang Stephen Hui <sup>(6)</sup>	Viva Shanghai	Interest in controlled corporation	Ordinary	29,488,244	6.61%

*Notes:*

- (1) All shareholding interest as set out above are long position in the shares.
- (2) Mr. Mao Chen Cheney holds 100.0% equity interest in Chencheney Ltd. Therefore, Mr. Mao Chen Cheney is deemed to be interested in the shares of Anji Pharmaceuticals and Clues Therapeutics directly held by Chencheney Ltd.
- (3) On June 30, 2020, Mr. Mao Chen Cheney (through Chencheney Ltd) entered into a Convertible Note Purchase Agreement with Clues Therapeutics Inc. to subscribe for the 8% Convertible Promissory Note in the principal amount of US\$447,039,092. The conversion price under which the Convertible Note is convertible into shares is subject to adjustments in accordance with the mechanism of the Convertible Note and reflects the calculation made at the time of the Convertible Note Purchase Agreement.
- (4) Mr. Wu Ying is the spouse of Ms. Zhao Huixin. Under the SFO, Mr. Wu Ying is deemed to be interested in the same number of Shares in which Ms. Zhao Huixin is interested in.
- (5) Mr. Ren Delin is a grantee under Viva Shanghai's share option scheme.
- (6) For details of Mr. Wang Stephen Hui's interest, please also refer to footnote 5 of the preceding table.

## Other Information

Save as disclosed above, as at December 31, 2024, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2024, so far as the Directors are aware, the following persons (other than our Directors or chief executives of our Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares <sup>(1)</sup>	Approximate percentage of Company's issued share capital <sup>+</sup>
Ms. Mao Jun <sup>(2)</sup>	Interest in a controlled corporation	131,057,654 (L)	6.06%
Mr. John Wu Jiong <sup>(3)</sup>	Interest in a controlled corporation	216,144,544 (L)	10.00%
Fenghe Harvest Ltd <sup>(3)</sup>	Beneficial owner	154,821,323 (L)	7.16%
JPMorgan Chase & Co. <sup>(4)</sup>	Interest in a controlled corporation	88,029,291 (L)	4.07%
		88,029,500 (S)	4.07%
	Person having a security interest	6,507,000 (L)	0.30%
	Approved lending agent	4,665,948 (L)	0.22%
Tamasek Holdings (Private) Limited <sup>(5)</sup>	Interest in a controlled corporation	150,000,000 (L)	6.94%



## Other Information

### Notes:

1. The letter “L” and “S” denotes the person’s long position and short position in the Shares, respectively.
  2. Ms. Mao Jun holds 131,057,654 Shares through Mao and Sons Limited, Zhang and Sons Limited, JL and JSW Holding Limited and TIANL Holding Limited.
  3. Mr. John Wu Jiong holds 100.00% equity interest in each of Fenghe Harvest Ltd and Wu and Sons Limited. Therefore, Mr. John Wu Jiong is deemed to be interested in the Shares directly held by Fenghe Harvest Ltd and Wu and Sons Limited.
  4. Among the interests, 29,500 (S) is unlisted derivatives – cash settled.
  5. Huangshan Investments Pte. Ltd. and True Light Investments H Pte. Ltd., are each corporation controlled by Tamasek Holdings (Private) Limited.
- +
- The percentage represents the number of ordinary Shares interested divided by the number of the issued Shares as at December 31, 2024.

Save as disclosed above, as at December 31, 2024, the Company is not aware of any other person (other than the Directors and the chief executive of the Company) having any interests or short positions in the Shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## Other Information

### SHARE INCENTIVE SCHEMES

#### 1. Pre-IPO Share Incentive Schemes

##### (a) *Purpose and Principal Terms*

The purposes of the 2009 Stock Incentive Plan, the 2018 Stock Incentive Plan and the Pre-IPO Stock Incentive Plan are to enable the Group to grant options or awards to eligible persons (as determined by the Board or any committee designated by the Board to administer the scheme the “**Administrator**”) including employees, directors and consultants of the Company or any related entity for purpose of attracting and retaining the best available personnel. The principal terms of the 2009 Stock Incentive Plan, the 2018 Stock Incentive Plan and the Pre-IPO Stock Incentive Plan are substantially the same, except for the maximum number of Shares which may be issued under each plan. The principal terms of the Pre-IPO Share Incentive schemes are as follows:

- (i) Subject to any alterations set out under the Pre-IPO Share Incentive Schemes in the event of any share split, reverse share split, share dividend, combination or reclassification of Shares, increase or decrease of issued Shares effected without receipt of consideration by the Company and certain corporate transactions, the maximum number of Shares in respect of which options or awards may be granted under the 2009 Stock Incentive Plan, the 2018 Stock Incentive Plan and the Pre-IPO Stock Incentive Plan shall be 270,937,302 Shares (as adjusted for the increase in the number of issued shares resulting from a share split in January 2010 and adjusted after the capitalization issue), 57,892,351 Shares (adjusted after the capitalization issue) and 2,194,555 Shares (adjusted after the capitalization issue), respectively, in an aggregate representing approximately 22.07% of the issued share capital of the Company immediately before completion of the Global Offering but after completion of the capitalization issue;
- (ii) No option or award under the Pre-IPO Share Incentive Schemes will be granted after Listing;
- (iii) No consideration were paid by the grantees for the options and awards granted under the Pre-IPO Share Incentive Schemes;



## Other Information

- (iv) Subject to the terms of the Pre-IPO Share Incentive Schemes and the terms set out in the notice of stock option award and the stock option award agreement entered into at the time of grant (the “**Stock Option Award Agreements**”), (i) if the option (“**Qualified Incentive Share Option**”) is intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986 (as amended) (the “**Code**”), it may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the grantee, only by the grantee; (ii) if the option is not intended to qualify as a Qualified Incentive Share Option (“**Non-qualified Incentive Share Option**”), it shall be transferable (a) by will and by the laws of descent and distribution and (b) during the lifetime of the grantee, to the extent and in the manner authorized by the Administrator. Notwithstanding the foregoing, the grantee may designate one or more beneficiaries of the grantee’s award in the event of the grantee’s death;
- (v) Subject to the terms of the Pre-IPO Share Incentive Schemes and the terms set out in the Stock Option Award Agreements, the options and awards under the Pre-IPO Share Incentive Schemes shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at fair market value) for all of awards outstanding or to the extent not assumed or replaced (as applicable) in the event of change of control or certain corporate transactions as defined under the Pre-IPO Share Incentive Schemes;
- (vi) Subject to the terms of the Pre-IPO Share Incentive Schemes and the terms set out in the Stock Option Award Agreements, the options and awards under the Pre-IPO Share Incentive Schemes, (i) in the case of a Qualified Incentive Share Option, (a) if granted to an employee who, at the time of the grant of such Qualified Incentive Share Option owns shares representing more than 10% of the voting power of all classes of shares of the Company or any parent or subsidiary of the Company, the per Share exercise price shall be not less than 110% of the fair market value per Share on the date of grant; (b) if granted to any employee other than an employee described in the preceding paragraph, the per Share exercise price shall be not less than 100% of the fair market value per Share on the date of grant; (ii) in the case of a Non-qualified Incentive Share Option, the per Share exercise price shall be not less than 85% of the fair market value per Share on the date of grant unless otherwise determined by the Administrator; (iii) In the case of other awards, such price as is determined by the Administrator;
- (vii) Each grantee to whom an option or award has been granted shall be entitled to the Shares they are awarded in accordance with the terms (including any restrictions and vesting requirement that may be imposed) of the Pre-IPO Share Incentive Schemes and the Stock Option Award Agreements, provided, however, that the term of a Qualified Incentive Share Option shall be no more than ten years from the date of grant thereof;

## Other Information

- (viii) An award may be exercised following the termination of a grantee's continuous service only to the extent provided in the Stock Option Award Agreements;
- (ix) The Board may at any time amend, suspend or terminate the Pre-IPO Share Incentive Schemes; provided, however, that no such amendment shall be made without the approval of the Company's shareholders to the extent such approval is required by applicable laws. No suspension or termination of the Pre-IPO Share Incentive Schemes shall adversely affect any rights under awards already granted to a grantee.

The Pre-IPO Share Incentive Schemes do not involve the grant of the option to subscribe for any new Shares. It does not cause any effect to the total number of Shares outstanding and will not result in any dilution effect to the Shares. Please refer to the Prospectus for further details of the Pre-IPO Share Incentive Schemes. Particulars of the grant of the Pre-IPO Share Incentive Schemes are set forth below:

Name and category of participant	Date of grant	Number of options				As of December 31, 2024	Vesting period
		As of January 1, 2024	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period		
Employees other than Directors and their associates	January 2, 2018	3,665,141	–	–	–	3,665,141	<i>Note 1</i>
Total		3,665,141	–	–	–	3,665,141	

*Note:*

- (1) 40% of the options shall vest on the second anniversary of the date of grant, 20% of the options shall vest on the third anniversary of the date of grant, 20% of the options shall vest on the fourth anniversary of the date of grant, and the remaining 20% of the options shall vest on the fifth anniversary of the date of grant.



## Other Information

### 2. Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted pursuant to the resolutions of the Shareholders on April 14, 2019.

The purpose of the Post-IPO Share Option Scheme is to provide Eligible Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

The Board of Directors may subject to and in accordance with the provisions of the Post-IPO Share Option Scheme and the Listing Rules, at its discretion grant options to any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, services providers of any member of the Group who, in the absolute discretion of the Board, has contributed or will contribute to the Group (collectively, the “**Eligible Participants**”).

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing from its listing date (i.e. May 8, 2029, the “**Scheme Period**”), after which time no further option shall be offered or granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. A nominal amount of HK\$1 is payable by an Eligible Participant in relation to each grant of option. The remaining life of the scheme is around five years.

Each grant of options to any director, chief executive or substantial shareholder of the Company or any of their respective associates shall be subject to prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of options). Where any grant of options to a substantial shareholder or an independent non-executive director of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12 months period up to and including the date of such grant:

- i. representing in aggregate over 0.1 per cent, or such other percentage as may from time to time be specified by the Stock Exchange, of the Shares in issue; and



## Other Information

- ii. having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Date of Grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange) such further grant of options shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting. The Company shall send a circular to its Shareholders no later than the date on which the Company gives notice of the general meeting to approve such grant. The relevant Eligible Participant, his associates and all core connected persons of the Company shall abstain from voting at such general meeting, except that such person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith. The circular to be issued by the Company shall contain (i) the details of the number and terms (including the Subscription Price) of the options to be granted to each Eligible Participant which must be fixed before the Shareholders' meeting and the date of board meeting for proposing such further grant is to be taken as the Date of Grant for the purpose of calculating the exercise price; and (ii) a recommendation from the independent non-executive directors of the Company (excluding the independent non-executive director who is the relevant Eligible Participant) to the independent Shareholders stating their recommendation as to whether to vote for or against the resolution relating to the grant of the options; and (iii) other information required under relevant Listing Rules.

The price per Share at which a Grantee may subscribe for Shares upon exercise of an option (the “**Subscription Price**”) shall be a price determined by the Board in its sole discretion and notified to the Grantee and shall be no less than the highest of:

- i. the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date on which the Board resolves to make the offer of the option (the “**Date of Grant**”);
- ii. the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Date of Grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the final issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and
- iii. the nominal value of a Share on the Date of Grant.

The Shares which may be issued upon exercise of all options granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date dealings in Shares on the Stock Exchange commence (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the exercise of options which were granted under the Pre-IPO Share Incentive Schemes or may be granted under the Post-IPO Share Option Scheme) (the “**Scheme Limit**”) which is expected to be 150,000,000 Shares. For the purposes of calculating the Scheme Limit, options which have lapsed in accordance with the terms of the relevant Scheme shall not be counted.

Subject to the terms of the Post-IPO Share Option Scheme, the Company may refresh the Scheme Limit at any time subject to prior approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the renewed scheme limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid approval by the Shareholders in general meeting. Options previously granted under the Post-IPO Share Option Scheme, whether outstanding, canceled, lapsed in accordance with its applicable terms or already exercised, will not be counted for the purpose of calculating the limit as renewed. A circular in accordance with the requirements of the Listing Rules shall be sent to the Shareholders in connection with the meeting at which their approval will be sought.

Notwithstanding anything to the contrary in the Post-IPO Share Option Scheme, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded.

Unless approved by the Shareholders in general meeting, the Board shall not grant options to any Eligible Participant if the acceptance of those options would result in the total number of shares issued and to be issued to that Grantee on exercise of his option during any 12 months period up to the offer date exceeding 1% of the total Shares then in issue.

Where any further grant of options to a Eligible Participant, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all options granted and to be granted to such Eligible Participant (including exercised, canceled and outstanding options) in any 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Grantee and his close associates (or his associates of the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Grantee, the number and terms of the options to be granted and options previously granted to such Grantee and all other information required under the Listing Rules. The number and terms (including the Subscription Price) of the options to be granted to such Eligible Participant must be fixed before the Shareholders’ approval. The date of the meeting of the Board for proposing such further grant of option should be taken as the date of grant for the purpose of calculating the Subscription Price. Any grant made under the Post-IPO Share Option Scheme shall be subject to the applicable requirements under the Listing Rules.

## Other Information

Details of the options granted under the Post-IPO Share Option Scheme and those remained outstanding as at December 31, 2024 are as follows:

Name and category of participant	Date of grant	As of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	As of December 31, 2024	Exercise and vesting period
<b>Directors</b>								
Mr. Mao Chen Cheney	July 7, 2021	640,000	–	–	–	–	640,000	<i>Note 1</i>
Mr. Wu Ying	July 7, 2021	640,000	–	–	–	–	640,000	<i>Note 1</i>
Mr. Ren Delin	July 7, 2021	640,000	–	–	–	–	640,000	<i>Note 1</i>
Subtotal		1,920,000	–	–	–	–	1,920,000	
<b>Other employees</b>								
	July 7, 2021	3,540,000	–	–	–	160,000	3,380,000	<i>Note 1</i>
	December 2, 2021	10,800,000	–	–	–	6,480,000	4,320,000	<i>Note 2</i>
	June 24, 2022	10,550,000	–	–	–	210,000	10,340,000	<i>Note 3</i>
Subtotal		24,890,000	–	–	–	6,850,000	18,040,000	
Total		26,810,000	–	–	–	6,850,000	19,960,000	

Notes:

- (1) Subject to vesting conditions including performance target of both the Group and the grantee, (i) 40% of Share Options granted to each grantee shall be vested on July 7, 2023, (ii) an additional 30% shall be vested on July 7, 2024 and (iii) the remaining 30% shall be vested on July 7, 2025.

The Group's performance target for the three tranches of Share Options referred to in the preceding paragraph is that the Group's revenue for the 2022, 2023 and 2024 financial year as recorded in the Company's audited consolidated financial statements shall increase by no less than 60%, 90% and 120% as compared to the Group's revenue for the 2020 financial year, respectively. The options which have vested will become immediately exercisable and will remain exercisable until July 6, 2026. The exercise price of the options are HK\$9.70.

- (2) Subject to vesting conditions including performance target of both the Group and the grantee, (i) 60% of Share Options granted to each grantee shall be vested on December 2, 2024, and (ii) the remaining 40% shall be vested on December 2, 2025. The Group's performance target for the two tranches of Share Options referred to in the preceding paragraph is that the Group's revenue for the 2023 and 2024 financial year as recorded in the Company's audited consolidated financial statements shall increase by no less than 270% and 360% as compared to the Group's revenue for the 2020 financial year, respectively. The options which have vested will become immediately exercisable and will remain exercisable until December 1, 2026. The exercise price of the options are HK\$5.46.
- (3) Subject to vesting conditions including performance target of both the Group and the grantee, (i) 60% of Share Options granted to each grantee shall be vested on June 24, 2023, and (ii) the remaining 40% shall be vested on June 24, 2024.

The Group's performance target for the second tranches of Share Options referred to in the preceding paragraph is that the Group's revenue for the 2022 financial year as recorded in the Company's audited consolidated financial statements shall increase by no less than 90% as compared to the Group's revenue for the 2019 financial year. The options which have vested will become immediately exercisable and will remain exercisable until June 23, 2025. The exercise price of the options are HK\$2.89.

Details of the impact of the options granted under the Post-IPO Share Option Scheme on the consolidated financial statements since the date of grant of such options and the subsequent financial periods are set out under Note 36 to the consolidated financial statements in this report. The total amount of options that are available for further grant under the Post-IPO Share Option Scheme on January 1, 2024 and December 31, 2024 are 111,235,000 and 118,085,000 Shares, respectively. The maximum amount of Shares which may be issued in respect of options granted under the Post-IPO Share Option Scheme is 19,960,000 Shares, representing approximately 0.94% of the issued shares as at the date of this report.

For additional details of the share options granted by the Company under the Post-IPO Share Option Scheme, please refer to the Company's announcement on the respective date of grant.

### 3. Restricted Share Unit Scheme

The Company has adopted a restricted share unit scheme (the "**Restricted Share Unit Scheme**" or "**Scheme**") by a board resolution on June 5, 2020. Unless otherwise defined, capitalized terms in this section shall have the same meaning as used in the Company's announcement dated June 5, 2020. The following is a summary of the principal terms of the Restricted Share Unit Scheme.

#### (a) *Purposes of the Restricted Share Unit Scheme*

The purposes of the Scheme are to recognize and motivate the contributions by the Participants and give incentives thereto in order to retain them, as well as to attract suitable personnel for further development of the Group.

## Other Information

### **(b) *Eligible Persons for the Scheme***

Pursuant to the Scheme, the Committee may, from time to time, at its absolute discretion select any Participant for participation in the Scheme and make a Grant to such selected Participant during the Term, after taking into account various factors (including contribution made by such Participant to the Company's performance) as it deems appropriate. Any grant to the Participants will also be subject to the relevant provisions of the Listing Rules.

### **(c) *Grant of Awards***

The Committee may at any time during the Term to make a Grant to any selected Participant at its absolute discretion. A Grant shall be made to a Participant by a notice of Grant setting out, among other things, the terms and conditions of such Grant. Any Grant to the Directors or senior management of the Group must first be approved by the remuneration committee of the Company.

### **(d) *Term of the Share Incentive Plan***

The Scheme shall terminate on the earlier of (i) the expiry of the period of 10 years from June 5, 2020; or (ii) such date of early termination as determined by the Board or Committee provided that no further RSUs will be offered after such termination but in all other respects the provisions of the Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the Scheme and which remain unvested immediately prior to the termination of the operation of the Scheme.

### **(e) *Acceptance of Award***

If a Participant accepts the Grant, he/she is required to sign the acceptance notice and return it to the Company within the period specified and in a manner prescribed in the notice of Grant. Each Participant shall pay RMB1 as the Award Price to accept the Awards granted to such Participant.



## Other Information

### **(f) Restrictions**

A Grant must not be made after inside information has come to the Company's knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, no Award may be granted during the period commencing one month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

Such period will cover any period of delay in the publication of a results announcement and no Grant must be made where the made on the Grant would contravene with the Listing Rules or any applicable laws or regulations.

### **(g) Vesting and Lapse**

The Committee may from time to time while the RSUs is in force and subject to all applicable laws, determine in its sole discretion such vesting criteria and conditions or periods for the Award to be vested. All of such vesting conditions (including payment of any exercise or purchase price) and periods (including the vesting date) shall be set out in the relevant notice of Grant issued to each Grantee. The Committee may determine at its sole discretion, the exercise or purchase price as may be applicable to each RSU.

For the purposes of vesting of the RSU(s), the Committee may direct and procure the Trustee to release from the Trust the RSU(s) to the selected Participants by transferring the number of the RSUs to the selected Participants in such manner as determined by it from time to time. The Committee shall inform the Trustee the number of the RSU(s) or the amount of Cash Equivalent being transferred, paid and/or released to the selected Participant in the manner as determined by the Committee.

An unvested RSU shall be lapse and cancelled automatically upon certain events, including the termination of the Grantee's employment or service with the Company. The Committee may in its absolute discretion decide that any RSU shall not be cancelled or determine subject to such conditions or limitations as the Committee may decide.

## Other Information

### (h) General and Maximum Limit

The maximum number of Shares which may be granted under the Scheme is 20,000,000 Shares, representing approximately 0.94% of the number of Shares in issue as of the date of this report. The Committee has granted RSUs underlying 10,864,000 Shares and RSUs underlying 7,200,000 Shares and 9,136,000 Shares remain grantable on January 1, 2024 and December 31, 2024, respectively. All Shares required for the satisfaction of the Scheme shall be purchased by the Trustee from the secondary market and no new Shares will be issued for the purpose of the Scheme. The Trustee shall not exercise the voting rights attached to Shares under the Share Incentive Plan. The Company shall comply with the relevant Listing Rules requirements on the maximum entitlement of each participant under the scheme.

The following table summarizes the number of Share Units under the Share Incentive Plan granted to employees of the Company as of the Latest Practicable Date.

Participant	The date of grant	Number of awards					Exercise and vesting period	
		As of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		As of December 31, 2024
Directors and their associates								
Mr. MAO Chen Cheney	December 11, 2020	640,000	–	–	–	–	640,000	Note 1
Mr. WU Ying	December 11, 2020	640,000	–	–	–	–	640,000	Note 1
	December 2, 2021	1,280,000	–	–	–	768,000	512,000	Note 2
Mr. REN Delin	December 11, 2020	640,000	–	–	–	–	640,000	Note 1
	December 2, 2021	1,280,000	–	–	–	768,000	512,000	Note 2
Ms. ZHAO Huixin <sup>(5)</sup>	December 11, 2020	160,000	–	–	–	–	160,000	Note 1
Subtotal		4,640,000	–	–	–	1,536,000	3,104,000	
Senior management and other employees of the Company								
– Five highest paid individuals during the Report Period <sup>(6)</sup>	December 11, 2020	640,000	–	–	–	640,000	–	Note 1
	December 2, 2021	1,280,000	–	–	–	–	1,280,000	Note 3
	June 3, 2024		1,280,000	–	–	–	1,280,000	Note 4
– Other employees of the Company	December 11, 2020	5,200,000	–	–	–	5,200,000	–	Note 1
	December 2, 2021	640,000	–	–	–	–	640,000	Note 3
	June 3, 2024		4,320,000	–	–	160,000	4,160,000	Note 4
Subtotal		7,760,000	5,600,000	–	–	6,000,000	7,360,000	
Total		12,400,000	5,600,000	–	–	7,536,000	10,464,000	



## Other Information

### Notes:

- (1) Subject to vesting conditions including performance target of both the Group and the grantee, (i) 40% of Awards granted to each grantee shall be vested on December 11, 2022, (ii) an additional 30% shall be vested on December 11, 2023 and (iii) the remaining 30% shall be vested on December 11, 2024.

The Group's performance target for the three tranches of Awards referred to in the preceding paragraph is that the Group's revenue for the 2022, 2023 and 2024 financial year as recorded in the Company's audited consolidated financial statements shall increase by no less than 60%, 90% and 120% as compared to the Group's revenue for the 2020 financial year, respectively. The purchase price for each Share underlying the RSU is HK\$4.90.

- (2) Subject to vesting conditions including performance target of both the Group and the grantee, (i) 60% of Awards granted to each grantee shall be vested on December 2, 2024, (ii) an additional 40% shall be vested on December 2, 2025.

The Group's performance target for the two tranches of Awards referred to in the preceding paragraph is that the Group's revenue for the 2023 and 2024 financial year as recorded in the Company's audited consolidated financial statements shall increase by no less than 270% and 360% as compared to the Group's revenue for the 2020 financial year, respectively. The purchase price for each Share underlying the RSU is HK\$5.46.

- (3) Subject to vesting conditions including performance target of both the Group and the grantee, (i) 40% of Awards granted to each grantee shall be vested on December 2, 2023, (ii) an additional 30% shall be vested on December 2, 2024 and (iii) the remaining 30% shall be vested on December 2, 2025.

The Group's performance target for the three tranches of Awards referred to in the preceding paragraph is that the Group's revenue for the 2022, 2023 and 2024 financial year as recorded in the Company's audited consolidated financial statements shall increase by no less than 60%, 90% and 120% as compared to the Group's revenue for the 2020 financial year, respectively. The purchase price for each Share underlying the RSU is HK\$5.46.

- (4) Subject to fulfilling the relevant annual assessment and both grantee's personal and grantee's department's assessment target as determined by the Company, (i) 15% of Awards granted to each grantee shall be vested on June 3, 2025, (ii) an additional 35% shall be vested on June 3, 2026 and (iii) the remaining 50% shall be vested on June 3, 2027. The purchase price for each Share underlying the RSU is HK\$0.63. The closing price of Company's shares immediately before the dates on which the Awards were granted was approximately HK\$0.62 and the fair value of the Awards at the date of the grant was HK\$1.45 million, please refer to notes 2.4 and 36 of the consolidated financial statements for additional information on the accounting standards and policies adopted in connection with the Restricted Share Unit Scheme.

- (5) Ms. Zhao Huixin is an employee of the Group and the spouse of Mr. Wu Ying.

- (6) Five highest paid individuals who are neither a director nor their associates of the Company.



## Other Information

### 4. Viva Shanghai Share Option Schemes

The shareholders of the Company and Viva Shanghai have each resolved to adopted the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme (collectively, the “**Viva Shanghai Share Option Schemes**”) on January 18, 2024 and May 31, 2024, respectively.

The purpose of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme are to motivate and better retain the Incentive Participants (as defined below), to enhance cohesion and sustain the long-term stable development of Viva Shanghai.

#### *Participants*

The Board of Directors may subject to and in accordance with the provisions of the Viva Shanghai Phase I Share Option Scheme, Viva Shanghai Phase II Share Option Scheme and the Listing Rules, at its discretion grant options to directors, senior management, core technical and business personnel and any other core employees of Viva Shanghai who in the opinion of Viva Shanghai will directly contribute towards the business results and future development of Viva Shanghai and deserve for incentives. For the purpose of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme, this excludes any independent director, supervisors, shareholders singly or collectively holding over 5% of Viva Shanghai’s equity/shares, actual controller of Viva Shanghai or their respective spouse, parents, sons or daughters. The employees (other than directors of Viva Shanghai) must have been employed by and have entered into a labor agreement or employment agreement with Viva Shanghai, its wholly-owned or non-wholly owned subsidiary on a full-time basis. The above are collectively defined as the “Incentive Participants”.

#### *Term of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme*

The Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme shall be valid and effective for a period of ten years commencing from the expiry of the vesting period (the “**Scheme Period**”). An Exercise Date must be a trading day that commences from the date of approval of these schemes (i.e. May 31, 2024) and end on the date when all share options granted to the Incentive Participants are exercised or canceled, up to a maximum of ten years, and the first Exercise Date must not be earlier than the date on which Viva Shanghai Shares are listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. The share options may not be exercised until the fulfillment of such listing, and the share options not exercised at the expiration of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme shall be cancelled in accordance with the terms of the scheme. The remaining life of the schemes are around 9 years.

### ***Vesting Period***

#### ***Viva Shanghai Phase I Share Option Scheme***

Incentive Participants may exercise the share options as qualified for exercise in one lump sum after the expiry of the vesting period and within the validity period (for the avoidance of doubt, an Incentive Participant has only one opportunity to exercise the share options during the aforesaid period). An Incentive Participant may elect to exercise all or part of the share options, and in the case of exercising in part, the unexercised share options shall be terminated and automatically lapse. Subject to the Incentive Participant fulfilling the performance targets and lock-up restrictions under the Viva Shanghai Phase I Share Option Scheme, the vesting period of share options granted may be shorter than 12 months from the date of the relevant grant. The Board and the Remuneration Committee considered that such a shorter vesting period is warranted as it would allow Viva Shanghai to flexibly structure the vesting mechanisms of particular Viva Shanghai Phase I Share Options granted. Having consider that the exercise of any such Viva Shanghai Phase I Share Options will also be subject to a 3 year post-exercise lock-up, the granting of options with such vesting options is appropriate and aligned with the purposes of the Viva Shanghai Phase I Share Option Scheme.

#### ***Viva Shanghai Phase II Share Option Scheme***

Incentive Participants may exercise the share options as qualified for exercise by stages after the expiry of the vesting period, which shall be completed within the Validity Period, as scheduled below:

	<b>Exercise Period</b>	<b>Exercisable Percentage</b>
Stage 1	From the date of achievement of the performance target for the first assessment year (2024) as included in the vesting conditions after the listing date of Viva Shanghai, to the expiry of the Validity Period of the scheme	25%
Stage 2	From the date of achievement of the performance target for the second assessment year (2025) as included in the vesting conditions after the listing date of Viva Shanghai, to the expiry of the Validity Period of the scheme	25%
Stage 3	From the date of achievement of the performance target for the third assessment year (2026) as included in the vesting conditions after the listing date of Viva Shanghai, to the expiry of the Validity Period of the scheme	25%
Stage 4	From the date of achievement of the performance target for the fourth assessment year (2027) as included in the vesting conditions after the listing date of Viva Shanghai, to the expiry of the Validity Period of the scheme	25%

## Other Information

In any event, the vesting period of the Phase II Share Options will not be less than 12 months.

### *Exercise Price*

The price per share at which a Grantee may subscribe for Viva Shanghai Shares upon exercise of an option (the “**Exercise Price**”) shall be RMB4.22 per share. In the event that the Exercise Price of the share options fall below the price as stipulated in the Listing Rules, the Exercise Price will be adjusted upward to the minimum exercise price required by the Listing Rules. The exercise price of share options, which shall not be lower than the audited net assets or valuation of Viva Shanghai in the most recent year, is determined based on factors such as Viva Shanghai’s business conditions and assets, contribution of Incentive Participants to Viva Shanghai, and incentive effect of the Scheme on Incentive Participants.

### *General and Maximum Limit*

The number of Viva Shanghai Shares issuable shall not exceed 7,320,000 for each of the Viva Shanghai Phase I Share Option Scheme and the Viva Shanghai Phase II Share Option Scheme (i.e. 14,640,000 Viva Shanghai Shares in aggregate. As the Viva Shanghai Share Option Schemes were adopted during the Reporting Period, no share options are available for grant under the relevant mandate at the beginning of the Reporting Period, and no additional share options are available for grant under the Viva Share Option Schemes (being the only share option and award schemes of Viva Shanghai) at the end of the Reporting Period. The number of shares of Viva Shanghai that may be issued in respect of options granted all schemes of Viva Shanghai during the financial period divided by the weighted average number of shares of the relevant class in issue for the period is approximately 3.28%.

The aggregate number of Viva Shanghai Shares subscribed by any Incentive Participant under all share incentive schemes of Viva Shanghai within their validity periods shall not exceed 1% of Viva Shanghai’s total share capital. Unless approved by a general meeting of the Company and satisfying all other approval requirements of the Listing Rules (including the approval of independent non-executive Directors where applicable), the number of shares issuable under the share options granted within any 12 consecutive months to any independent non-executive Director or substantial shareholder of the Company or their respective associates shall not exceed 0.1% of Viva Shanghai’s total share capital.



## Other Information

Additional details of the options granted under the Viva Shanghai Share Option Schemes and those remained outstanding as at December 31, 2024 are as follows:

Name and category of participants	Date of grant	Number of Options <sup>1</sup>					Exercise and vesting period	
		As of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		As of December 31, 2024
Viva Shanghai Phase I Share Option Scheme								
Mr. Ren Delin	June 14, 2024	–	1,100,000	–	–	–	1,100,000	Note 2
Ms. Zhao Huixin	June 14, 2024	–	370,000	–	–	–	370,000	Note 2
Subtotal		–	1,470,000	–	–	–	1,470,000	
Other employees	June 14, 2024	–	5,850,000	–	–	–	5,850,000	Note 2
Total		–	7,320,000	–	–	–	7,320,000	
Viva Shanghai Phase II Share Option Scheme								
Mr. Ren Delin	June 14, 2024	–	1,700,000	–	–	–	1,700,000	Note 3
Ms. Zhao Huixin	June 14, 2024	–	300,000	–	–	–	300,000	Note 3
Subtotal		–	2,000,000	–	–	–	2,000,000	
Other employees	June 14, 2024	–	5,320,000	–	–	–	5,320,000	Note 3
Total		–	7,320,000	–	–	–	7,320,000	

## Other Information

### Notes:

1. The number of options presented in this section has taken into account the completion of Viva Shanghai's joint stock company conversion, upon which Viva Shanghai is expected to have 446,018,390 shares issued and outstanding.
2. Subject to vesting conditions including performance target of both Viva Shanghai and the grantee (including the proposed listing of Viva Shanghai), such options are vested as a single lumpsum after Viva Shanghai becomes listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange and remain exercisable until 10 years after the grant (i.e. June 13, 2034).

The exercise price of the share options are RMB4.22 per share and the fair value of the options at the date of grant is approximately RMB4.35 per share.

The performance targets of the options is the achievement of an individual assessment grade of "excellent" or "good" (in order to exercise 100% of the options granted) and "up-to-standard" (in order to exercise 80% of the options granted).

3. Subject to vesting conditions including performance target of both Viva Shanghai and the grantee (including the proposed listing of Viva Shanghai), condition on the shares of Viva Shanghai being listed in accordance with the terms of the scheme, such options are vested in four equal tranches annually, upon achievement of the performance targets for the relevant assessment year (i.e. 2024, 2025, 2026 and 2027), and remain exercisable until 10 years after the grant (i.e. June 13, 2034).

The exercise price of the share options are RMB4.22 per share and the fair value of the options at the date of grant is approximately RMB4.39 per share.

The performance targets of the options is Viva Shanghai's achievement of an audited net profit (after adjusting for non-recurring items) of no less than RMB210 million, RMB259 million, RMB319 million and RMB400 million for the financial year of 2024, 2025, 2026 and 2027, respectively. The scheme also provides that the options may become partially exercisable if Viva Shanghai fails to meet the performance target for any one year but the cumulative performance target reaches 90% or above.

# Independent Auditor's Report



**To the shareholders of VIVA BIOTECH HOLDINGS**  
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of VIVA BIOTECH HOLDINGS (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 95 to 232, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

## Independent Auditor's Report

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<b>Fair value measurement for unlisted investments</b>	
<p>The Group made unlisted investments in a wide variety of companies. Those investments are accounted for as financial assets at fair value through profit or loss (“FVTPL”) for the year ended December 31, 2024 in accordance with IFRS 9 <i>Financial Instruments</i>. As at December 31, 2024, the fair value of these investments was RMB 939,430,000.</p> <p>The determination of the fair value of these unlisted investments involves significant estimates made by management. The Group engaged an external independent appraiser to perform the valuation for selected unlisted investments.</p> <p>Information about the fair value measurement for unlisted investments is disclosed in note 3 <i>Significant accounting judgements and estimates</i>, note 19 <i>Financial assets at FVTPL</i> and note 42 <i>Fair value and fair value hierarchy of financial instruments</i> to the consolidated financial statements.</p>	<p>We evaluated the competency, capabilities and objectivity of the external independent appraiser engaged by the Group to perform the valuation.</p> <p>We compared the inputs used in the valuation model with independent sources and externally available market data.</p> <p>We involved our internal valuation specialists to review the valuation methodologies and inputs adopted by the appraiser for selected Level 3 investments.</p> <p>We also checked the related disclosures of fair value measurement for unlisted investments.</p>



## Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<b>Impairment assessment of goodwill</b>	
<p>The Group had goodwill of approximately RMB2,156,419,000 as at December 31, 2024 arising from past acquisitions, representing 31% of the Group's total assets. Under IFRS Accounting Standards, the Group is required to perform an impairment test for goodwill annually and to assess whether there are any indications of impairment at each reporting period end. The impairment test is based on the recoverable value of each of the cash-generating units ("CGU") or group of CGUs to which the goodwill is assigned. Management's assessment process was complex and significant judgement was involved, including the degree of subjectivity in expected future cash flow forecasts, associated growth rates and discount rates applied.</p> <p>Information about the goodwill is disclosed in note 3 <i>Significant accounting judgements and estimates</i> and note 16 <i>Goodwill</i> to the consolidated financial statements.</p>	<p>We evaluated the competency, capabilities and objectivity of the external independent appraiser engaged by the Group to perform the valuation.</p> <p>We involved our internal valuation specialists to assist us in evaluating the models and certain assumptions used by the Group in the impairment test of goodwill.</p> <p>We reviewed the forecasts used with respect to future revenues and operating results by comparing the forecasts with the historical performance of the respective CGU and the business development plan. We also checked the related disclosures of goodwill.</p>



## **Independent Auditor's Report**

### **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is HO Siu Fung, Terence.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong  
March 27, 2025



# Consolidated Statement of Profit or Loss

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>REVENUE</b>	5	<b>1,986,651</b>	2,155,578
Cost of sales		(1,299,252)	(1,417,146)
<b>Gross profit</b>		<b>687,399</b>	738,432
Other income and gains	5	<b>81,704</b>	87,053
Selling and distribution expenses		(112,233)	(132,547)
Administrative expenses		(251,889)	(277,109)
Research and development expenses		(87,986)	(127,967)
Fair value gain/(loss) on financial assets at fair value through profit or loss ("FVTPL")	19	<b>83,728</b>	(11,682)
Impairment losses on financial assets, net		(5,622)	(8,126)
Other expenses	6	(45,409)	(321,748)
Finance costs	7	(53,892)	(176,582)
Share of losses of an associate		(95)	–
<b>PROFIT/(LOSS) BEFORE FAIR VALUE GAIN ON FINANCIAL LIABILITIES AT FVTPL AND TAX</b>		<b>295,705</b>	(230,276)
Fair value gain on financial liabilities at FVTPL	4	–	174,323
<b>PROFIT/(LOSS) BEFORE TAX</b>	8	<b>295,705</b>	(55,953)
Income tax expense	9	(73,718)	(43,837)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>221,987</b>	(99,790)
Attributable to:			
Owners of the parent		<b>167,294</b>	(116,113)
Non-controlling interests		<b>54,693</b>	16,323
		<b>221,987</b>	(99,790)
		<b>RMB</b>	<b>RMB</b>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	12		
– Basic		<b>0.08</b>	(0.06)
– Diluted		<b>0.06</b>	(0.14)

# Consolidated Statement of Comprehensive Income

For the year ended December 31, 2024

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

# Consolidated Statement of Financial Position

As at December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	1,304,455	1,350,917
Investment property	28	–	115,500
Right-of-use assets	15(a)	292,863	303,614
Goodwill	16	2,156,419	2,156,419
Other intangible assets	17	366,049	420,669
Equity investments designated at fair value through other comprehensive income		500	500
Investments in an associate	18	46,808	42,403
Financial assets at FVTPL	19	941,241	995,281
Contract assets	20	3,505	5,248
Rental deposits, other receivables and prepayments	21	12,186	7,257
Amounts due from related parties	40	28,169	–
Deferred tax assets	22	21,801	21,186
<b>Total non-current assets</b>		<b>5,173,996</b>	<b>5,418,994</b>
<b>CURRENT ASSETS</b>			
Inventories	23	272,700	259,707
Trade and bills receivables	25	420,464	407,405
Contract costs	24	12,605	8,719
Prepayments, other receivables and other assets	26	79,630	76,540
Amounts due from a related party	40	–	80,530
Pledged deposits	27	27,689	161,695
Cash and cash equivalents	27	941,581	1,036,322
		<b>1,754,669</b>	<b>2,030,918</b>
Assets classified as held for sale	28	121,929	–
<b>Total current assets</b>		<b>1,876,598</b>	<b>2,030,918</b>

## Consolidated Statement of Financial Position

As at December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>CURRENT LIABILITIES</b>			
Derivative financial instruments		—	805
Trade and bills payables	29	309,355	245,756
Other payables and accruals	30	184,907	259,818
Contract liabilities	31	50,982	36,423
Interest-bearing bank borrowings	32	549,390	949,512
Lease liabilities	15(b)	3,094	2,929
Income tax payable		28,873	32,021
Amounts due to a related party	40	—	6,914
		<b>1,126,601</b>	1,534,178
Liabilities directly associated with the assets classified as held for sale	28	54	—
Total current liabilities		<b>1,126,655</b>	1,534,178
<b>NET CURRENT ASSETS</b>		<b>749,943</b>	496,740
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,923,939</b>	5,915,734
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	32	705,921	922,012
Deferred income	33	32,995	40,858
Contract liabilities	31	—	14,165
Lease liabilities	15(b)	25,646	28,764
Deferred tax liabilities	22	73,847	69,192
Other non-current liabilities	34	1,269,309	1,152,831
Total non-current liabilities		<b>2,107,718</b>	2,227,822
Net assets		<b>3,816,221</b>	3,687,912



## Consolidated Statement of Financial Position

As at December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	35	367	367
Treasury shares	35	(157,670)	(134,651)
Reserves	37	3,959,680	3,822,196
		3,802,377	3,687,912
Non-controlling interests		13,844	–
<b>Total equity</b>		<b>3,816,221</b>	<b>3,687,912</b>

The consolidated financial statements on pages 95 to 232 were approved and authorised for issue by the directors of the Company on March 27, 2025 and are signed on their behalf by:

**Mao Chen Cheney**  
DIRECTOR

**Wu Ying**  
DIRECTOR



# Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

		Attributable to owners of the parent										
		Share capital	Treasury shares	Share premium*	Exchange fluctuation reserve*	Share option reserve*	Other reserve*	Statutory reserve*	Retained profits/ accumulated losses*	Total	Non-controlling interests	Total equity
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At January 1, 2024	367	(134,651)	3,874,168	(50,783)	107,270	186,049	124,013	(418,521)	3,687,912	-	3,687,912	
Profit for the year	-	-	-	-	-	-	-	167,294	167,294	54,693	221,987	
Other comprehensive income/ (expense) for the year												
Exchange differences related to foreign operations	-	-	-	11,986	-	-	-	-	11,986	(385)	11,601	
Total comprehensive income for the year	-	-	-	11,986	-	-	-	167,294	179,280	54,308	233,588	
Recognition of equity-settled share-based payments	-	-	-	-	2,670	-	-	-	2,670	1,522	4,192	
Put option over non-controlling interests	-	-	-	-	-	(57,108)	-	-	(57,108)	(59,360)	(116,468)	
Share repurchase	35	-	(23,019)	-	-	-	-	-	(23,019)	-	(23,019)	
Capital injection from non-controlling shareholders of subsidiaries**	-	-	-	-	-	12,642	-	-	12,642	17,374	30,016	
Transfer from retained profits	-	-	-	-	-	-	35,088	(35,088)	-	-	-	
At December 31, 2024	367	(157,670)	3,874,168	(38,797)	109,940	141,583	159,101	(286,315)	3,802,377	13,844	3,816,221	



## Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Attributable to owners of the parent											Non-controlling interests	Total equity
	Notes	Share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Exchange fluctuation reserve* RMB'000	Equity	Share option reserve* RMB'000	Other reserve* RMB'000	Statutory reserve* RMB'000	Retained	Total RMB'000		
						component of				profits/			
						convertible bonds				accumulated losses*			
At January 1, 2023		326	(134,651)	3,636,950	(27,427)	426,198	88,263	(206,550)	95,384	(273,779)	3,604,714	-	3,604,714
Loss for the year		-	-	-	-	-	-	-	-	(116,113)	(116,113)	16,323	(99,790)
Other comprehensive (expense)/income for the year													
Exchange differences related to foreign operations		-	-	-	(23,356)	-	-	-	-	-	(23,356)	93	(23,263)
Total comprehensive (expense)/income for the year		-	-	-	(23,356)	-	-	-	-	(116,113)	(139,469)	16,416	(123,053)
Put option over non-controlling interests		-	-	-	-	-	-	(722,477)	-	-	(722,477)	(424,022)	(1,146,499)
Recognition of equity-settled share-based payments	36	-	-	-	-	-	19,007	-	-	-	19,007	-	19,007
Capital injection from non-controlling shareholders of subsidiaries	33	-	-	-	-	-	-	730,816	-	-	730,816	419,984	1,150,800
Acquisition of non-controlling shareholders		-	-	-	-	-	-	(80,510)	-	-	(80,510)	7,622	(72,888)
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(20,000)	(20,000)
Share repurchase and cancellation	(1)	-	-	(10,273)	-	-	-	-	-	-	(10,274)	-	(10,274)
Conversion of convertible bonds	42	-	-	247,491	-	-	-	-	-	-	247,533	-	247,533
Repurchase of convertible bonds		-	-	-	-	(426,198)	-	464,770	-	-	38,572	-	38,572
Transfer from retained profits		-	-	-	-	-	-	-	28,629	(28,629)	-	-	-
At December 31, 2023		367	(134,651)	3,874,168	(50,783)	-	107,270	186,049	124,013	(418,521)	3,687,912	-	3,687,912

\* These reserve accounts comprise the consolidated reserves of RMB3,959,680,000 (2023: RMB3,822,196,000) in the consolidated statement of financial position.

\*\* On December 15, 2023, Viva Biotech (Shanghai) Co., Ltd. ("Viva Biotech Shanghai"), a subsidiary of the Group, and certain employees entered into a capital injection agreement, pursuant to which such employees will inject RMB30,160,000 to Viva Biotech Shanghai (the "Capital Injection"). The details of the Capital Injection are set out in the Company's announcement published on December 15, 2023. The Capital Injection was completed in May 2024. Accordingly, the Group's equity interest in Viva Biotech Shanghai was diluted from approximately 73.46% to 72.91%.

# Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) before tax		295,705	(55,953)
Adjustments for:			
Finance costs	7	53,892	176,582
Share of loss of an associate		95	—
Interest income	5	(20,539)	(27,375)
Loss on disposal of items of property, plant and equipment	6	1,907	399
Fair value (gain)/loss, net:			
Derivative financial instruments	8	(7,392)	8,662
Financial assets at FVTPL	19	(83,728)	11,682
Fair value gain on financial liabilities at FVTPL		—	(174,323)
Foreign exchange loss		3,626	34,794
Income from government grants and subsidies related to assets		(13,858)	(15,456)
Revenue from service-for-equity (“SFE”)	5	(5,930)	(12,304)
Equity-settled share-based payment expense	36	4,192	19,007
Gain on disposal of interests in a subsidiary	38	—	(683)
Loss on fair value change of investment property	28	—	13,819
Loss on repurchase of convertible bonds	6	—	222,758
Depreciation of property, plant and equipment	8	147,493	142,779
Depreciation of other intangible assets	8	55,617	55,550
Depreciation of right-of-use assets	15	10,751	12,887
Impairment losses under the expected credit model, net of reversal	8	5,622	8,126
Impairment loss on non-financial assets	6	38,607	11,366
Operating cash flows before movements in working capital		486,060	432,317
(Increase)/decrease in inventories		(17,482)	57,042
Increase in contract costs		(7,240)	(2,356)
(Increase)/decrease in trade and bills receivables		(18,681)	30,438
Increase in prepayments, other receivables and other assets		(2,439)	(6,396)
(Increase)/decrease in pledged time deposits for notes payable		(15,994)	17,131
Increase/(decrease) in trade and bills payables		63,599	(80,374)
(Decrease)/increase in other payables and accruals		(35,110)	33,702
Decrease in deferred revenue		—	(175)
Increase in other non-current liabilities		10	1,944
Increase/(decrease) in contract liabilities		394	(19,541)
Cash generated from operations		453,117	463,732
Income taxes paid		(79,127)	(80,327)
<b>Net cash flows from operating activities</b>		<b>373,990</b>	<b>383,405</b>



## Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	19,637	56,373
Purchases of items of property, plant and equipment	(190,674)	(187,678)
Purchases of items of other intangible assets	(997)	(158)
Proceeds from disposal of items of property, plant and equipment	554	648
Payments for the acquisition of equity investments designated at fair value through other comprehensive income	–	(500)
Receipt of government grants and subsidies related to assets	5,995	13,199
Withdrawal of restricted bank deposits	150,000	650,000
Placement of pledged deposits	–	(150,000)
Advance of intention payment on potential disposal of a subsidiary	15,000	–
Advances of loans to an employee	(2,000)	–
Repayment from related parties	78,113	–
Advances of loans to related parties	(34,216)	–
Proceeds from disposal of a subsidiary	–	32,341
Capital injection in an associate	(4,500)	(28,500)
Purchase of financial assets at FVTPL	(20,147)	(38,291)
Proceeds from disposal of financial assets at FVTPL	162,547	117,401
(Proceeds from)/payment for investment from derivative financial instruments	6,587	(25,661)
<b>Net cash flows from investing activities</b>	<b>185,899</b>	<b>439,174</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(1,735,773)	(1,038,075)
Interest paid	(53,759)	(70,691)
Proceeds from bank borrowings	1,119,560	1,623,348
Repayment of lease liabilities	(4,299)	(4,194)
Payments of rental deposits	–	(284)
Payment for repurchase of shares	(23,019)	(10,274)
Acquisition of non-controlling interests	–	(640,000)
Capital injection from non-controlling shareholders of subsidiaries	39,526	1,141,290
Dividend paid to non-controlling shareholders of a subsidiary	–	(20,000)
Proceeds from the issue of convertible bonds	–	421,856
Payment for repurchase of convertible bonds	–	(1,832,478)
<b>Net cash flows used in financing activities</b>	<b>(657,764)</b>	<b>(429,502)</b>

## Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(97,875)</b>	393,077
Cash and cash equivalents at beginning of year	<b>1,036,322</b>	678,569
Effect of foreign exchange rate changes, net	<b>3,263</b>	(35,324)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>941,710</b>	1,036,322
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as stated in the consolidated statement of financial position	<b>941,581</b>	1,036,322
Cash and cash equivalents reclassified as assets held for sale	<b>129</b>	–
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>941,710</b>	1,036,322

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

## 1. CORPORATE AND GROUP INFORMATION

Viva Biotech Holdings (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on August 27, 2008 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since May 9, 2019. The addresses of the registered office and the principal place of business of the Company are PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1104, Cayman Islands and Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, respectively.

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

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

### Information about subsidiaries

As at December 31, 2024, the Company had direct and indirect interests in its principal subsidiaries as below:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Viva Biotech Limited (“ <b>Viva Biotech HK</b> ”)	Hong Kong	US\$2,250,000	100%	–	Investment holding
Viva Incubator Investment Management Limited (“ <b>Viva Incubator HK</b> ”)	Hong Kong	US\$5,000,000	–	100%	Investment holding
Viva Biotech (Shanghai) Ltd. (“ <b>Viva Biotech Shanghai</b> ”) (維亞生物科技(上海)股份有限公司)	People’s Republic of China (“ <b>PRC</b> ”)/ Mainland China	RMB446,018,390	–	72.91%	Providing research service

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 1. CORPORATE AND GROUP INFORMATION (continued)

#### Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Jiaxing Viva Biotech Limited (嘉興維亞生物科技有限公司)	PRC/Mainland China	RMB100,000,000	–	72.91%	Providing research service
Sichuan Viva Benyuan Biotech Limited (四川維亞本苑生物科技有限公司)	PRC/Mainland China	RMB364,515,000	–	72.91%	Providing research service
Zhejiang Langhua Pharmaceutical Co., Ltd. ("Langhua Pharmaceutical") (浙江朗華制藥有限公司)	PRC/Mainland China	RMB120,000,000	–	100%	Manufacture of small molecule APIs, intermediates and CDMO products
Ningbo Nuobai Pharmaceutical Co., Ltd. ("Nuobai Pharmaceutical") (寧波諾柏醫藥有限公司)	PRC/Mainland China	RMB50,000,000	–	100%	Distribution of small molecule APIs, intermediates and CDMO products
Shanghai Langhua Pharmaceutical Service Co., Ltd* ("Shanghai Langhua") (上海朗華醫藥服務有限公司)	PRC/Mainland China	RMB10,000,000	–	100%	Providing research service
SYNthesis Suzhou Ltd. (蘇州翔實醫藥發 展有限公司)	PRC/Mainland China	US\$6,000,000	–	72.91%	Providing research service

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

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

#### **Basis of consolidation**

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.1 BASIS OF PREPARATION (continued)

##### Basis of consolidation (continued)

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

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

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

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 16	<i>Lease liability in a Sale and Leaseback</i>
	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	(the “ <b>2020 Amendments</b> ”)
	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 1	(the “ <b>2022 Amendments</b> ”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

The Group has reassessed the terms and conditions of its liabilities as at January 1, 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.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>2</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to IAS 21	<i>Lack of Exchangeability</i> <sup>1</sup>
<i>Annual Improvements to IFRS Accounting Standards-Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9 IFRS 10 and IAS 7 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2025

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after January 1, 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

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



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES

##### Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

##### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Business combinations and goodwill (continued)

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

##### Fair value measurement

The Group measures its financial assets at fair value through profit or loss, derivative financial instruments and embedded derivative components of convertible bonds at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

##### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, and an investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

##### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Related parties (continued)

(b) (continued)

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

##### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.38% to 5%
Machinery	9.50% to 31.67%
Furniture, fixtures and equipment	9.50% to 31.67%
Transportation equipment	11.88% to 23.75%
Leasehold improvements	The shorter of the lease term and the estimated useful lives of the assets

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of plant and equipment when completed and ready for use.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Investment property

Investment property is interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment property is included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

##### Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### **Other intangible assets (other than goodwill)**

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

##### ***Patents***

Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

##### ***Customer relationships***

Customer relationships with finite useful lives are measured initially at cost and are amortised on the straight-line basis over the respective estimated useful lives of 6 or 15 years.

##### ***Research and development costs***

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *(a) Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	20 to 50 years
Properties	5 to 20 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Leases (continued)

##### *Group as a lessee (continued)*

##### *(b) Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented in a separate line on the consolidated statement of financial position.

##### *(c) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. There were no leases of low-value assets for the year ended December 31, 2024.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Investments and other financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### **Investments and other financial assets (continued)**

##### ***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

##### ***Financial assets at amortised cost (debt instruments)***

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### ***Financial assets designated at fair value through other comprehensive income (equity investments)***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Investments and other financial assets (continued)

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

## 2. ACCOUNTING POLICIES (continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Impairment of financial assets (continued)

###### *General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Impairment of financial assets (continued)

###### *General approach (continued)*

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

###### *Simplified approach*

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, convertible bonds, financial guarantee contracts, interest-bearing bank borrowings and financial liabilities included in other non-current liabilities.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. (Add if applicable) Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

##### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Financial liabilities (continued)

##### *Financial liabilities at amortised cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value plus or minus with transaction cost charged to profit or loss. Such liabilities shall be subsequently measured at fair value.

##### *Put option over non-controlling interests*

During the process of acquiring the majority equity interests of a subsidiary, the Group provided the non-controlling shareholders the right to dispose of their equity interests to the Group. Since the Group does not have a present ownership interest in the equity interests held by the non-controlling shareholders, the Group recognises them as non-controlling interests in the consolidated financial statements of the Group, and determines the amount that would have been recognised for the non-controlling interest, including an update to reflect allocations of profit or loss, allocations of changes in other comprehensive income and dividends declared for the reporting period. At the same time, for the put option remains unexercised, the Group, (a) derecognises the non-controlling interest as if it was acquired at the end of each reporting period, and (b) recognises a financial liability as the present value of amount payable on exercise of put option of non-controlling interest, and the difference between (a) and (b) as an equity transaction. If the non-controlling interests put option is exercised, the amount recognised as a financial liability at the date of exercise is extinguished by the payment of the exercise price.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### **Derivative financial instruments**

##### ***Initial recognition and subsequent measurement***

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Treasury shares

Own equity instruments which are reacquired and held by the Group (treasury shares) are recognised in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

##### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis or on a weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

##### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

##### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### **Income tax (continued)**

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

##### **Revenue recognition**

##### ***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

##### *Revenue from contracts with customers (continued)*

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

##### *Provision of discovery and research services*

For the discovery and research services, the Group primarily earns revenue under three charge methods: 1) Full-time-equivalent method, or FTE method; 2) Fee-for-service method, or FFS method; or 3) Service-for-equity method, or SFE method.

Under the FTE method, the Group provides its customer with a project team of employees dedicated to the customer's studies for a specific period of time and charges the customer at a fixed rate per employee. The customer therefore simultaneously receives and consumes benefits provided by the Group's performances. In addition, FTE contracts require customer's confirmation on the FTE billable amounts, which are calculated based on number of the Group's employees assigned to the project and the time that the Group's employees had worked under the project, and also specify that the Group has an enforceable right to payment for the FTE billable amounts. Therefore, under the FTE method, the Group has a right to consideration from its customer in an amount that corresponds directly with the value to the customers of the Group's performance completed to date (i.e. FTE billable amounts). Under such arrangement, IFRS 15 provides a practical expedient whereby the Group may recognise revenue based on the amount it has a right to invoice to the customer. The Group elected to use the practical expedient and therefore recognised the FTE service revenue when it has right to invoice the customer, usually in the form of a monthly statement, and the customers confirmed the acceptance of the invoice or after the end of a confirmation period.

For the research services provided under the FFS method, the contracts usually have multiple deliverable units, which are generally in the form of technical laboratory reports and/or samples, each with individual selling price specified within the contract. The total contract price is the aggregation of the individual selling prices of the deliverable units. The Group identifies each deliverable unit as a separate performance obligation, and recognises FFS revenue of contractual elements at the point in time upon finalisation, delivery and acceptance of the deliverable units or after the end of a confirmation period. Generally, the Group's research contracts include payment schedules which require payments once milestones are reached. For partial research contracts, upfront fees are required at the beginning of the contracts.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

##### *Provision of discovery and research services (continued)*

For the research services provided under SFE method, the Group provides its customer with a project team of employees dedicated to the customer's studies for a specific period of time at a pre-agreed fixed rate per employee in a way that is similar to the FTE method, with the difference that the Group is entitled to receive the equity interests of the customer instead of a cash consideration for the service provided. The Group and the customer would agree on a total FTE service value that the Group would provide to the customer using the pre-agreed FTE rate, and upon reaching pre-set milestones of FTE service value, the customers would transfer certain number of their equity interests to the Group. The Group measures the progress of performance on the basis of FTE service value transferred to the customers to date relative to the remaining total FTE service value. The progress of performance corresponds directly to the number of customer's equity interest that the Group is entitled to receive. The Group then recognises revenue by measuring the fair value of the customer's equity interest and at the same time recognises a corresponding contract asset. Upon Group's cumulative FTE service value to the customers reach a pre-set milestone, the Group would receive the entitled equity interests, the corresponding contract assets are then subsequently transferred to financial assets at FVTPL, with any subsequent gains or losses arising on re-measurement being recognised in profit or loss.

Some of the service contracts contain variable consideration in the form of bonus payment (usually in the form of a milestone bonus when the service provided to the customer has reached into a certain stage or delivered a certain result). The Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration, to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Revenue recognition (continued)

###### *Sale of goods*

For the sales and distribution business of small molecule APIs, intermediates and CDMO products to customers, revenue from the sales of goods is recognised at the point in time when the Group transfers the controls of goods at a point in time and has rights to payment from the customers upon delivery of the products or acceptance by the customers.

###### *Other income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

###### **Contract assets**

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are classified to trade receivables when the right to the consideration becomes unconditional.

###### **Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Share-based payments

The Company and its certain subsidiary operate share option schemes and restricted share units schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 35 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### **Share-based payments (continued)**

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

When the equity-settled award is exercised, the amount previously recognised in share option reserve will continue to be held in share option reserve. When the equity-settled award is forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

##### ***Other employee benefits***

##### ***Pension scheme***

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group maintains a government mandated program to cover employees of its wholly owned subsidiaries in Australia for superannuation. The subsidiary operating in Australia is required to contribute a certain percentage of its payroll costs to the superannuation. The contribution is charged to profit or loss as they become payable in accordance with the rules of the superannuation.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

##### **Foreign currencies**

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 2. ACCOUNTING POLICIES (continued)

#### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

##### Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

##### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

##### *Judgements in determining the timing of satisfaction of performance obligations*

Note 2.4 describes the revenue recognition basis of each of the Group's revenue streams. The recognition of each of the Group's revenue streams requires judgement by the directors of the Company in determining the timing of satisfaction of performance obligations.

In making their judgement, the directors of the Company have considered the detailed criteria for recognition of revenue set out in IFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the detailed terms of transaction as stipulated in the contracts entered into with its customers.

For the services under the FTE method, the directors of the Company have assessed that the customers simultaneously receive and consume benefits provided by the Group's performance and the Group has an enforceable right to payment for the performance completed to date. Therefore, the directors of the Company have satisfied that the performance obligation on FTE services is satisfied over time and recognised FTE revenue over the service period.

For the services under the FFS method, the directors of the Company have assessed that the Group has a present right to payment from the customers for the services performed at a point in time upon finalisation, delivery and acceptance of the deliverable units. Since (i) the customer cannot simultaneously receive and consume the benefits provided by the Group's performance as the Group performs; (ii) the Group's performance cannot create or enhance an asset that the customer controls as the asset is created or enhanced; and (iii) the Group does not have an enforceable right to payment for performance completed to date, the directors of the Company have satisfied that the performance obligation of FFS is satisfied at a point in time and recognised FFS revenue at a point in time.

For the services under the SFE method, the directors of the Company have assessed that the customers simultaneously receive and consume benefits provided by the Group's performance. Therefore, the directors of the Company have satisfied that the performance obligation on SFE services is satisfied over time and recognised SFE revenue over the service period.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Judgements (continued)

##### *Judgements in determining the timing of satisfaction of performance obligations (continued)*

For the sale and distribution business of small molecule APIs, intermediates and CDMO products to customers, which is similar with the service under the FFS method, since (i) the customers cannot simultaneously receive and consume the benefits provided by the Group's performance as the Group performs; (ii) the Group's performance cannot create or enhance an asset that the customer controls as the asset is created or enhanced; and (iii) the Group does not have an enforceable right to payment for performance completed to date, the directors of the Company have assessed that the Group has a present right to payment from customers at the point in time when the Group transfers the controls upon delivery of the products or acceptance by the customers.

##### *Lack of significant influence even though the Group holds more than 20% of voting rights*

The Group considers that it lacks significant influence on certain companies even though it owns more than 20% of the voting rights. This is because the Group has failed to obtain representation on such companies' boards of directors and cannot exercise significant influence on their financial and operating decisions.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2024 was RMB2,156,419,000 (2023: RMB2,156,419,000). Further details are given in note 16.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### *Fair value of financial assets at FVTPL*

The fair value of financial assets at FVTPL that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are included in note 19 and note 42 to the consolidated financial statements.

Should any of the estimates and assumptions change, it may lead to a material change in the respective fair values of these financial assets.

##### *Useful lives and estimated impairment on property, plant and equipment*

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or to be sold.

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests for impairment for property, plant and equipment whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of the fair value less costs of disposal and value in use. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

##### *Estimation of fair value of investment property*

Investment property is stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment property and the corresponding adjustments to the amount of fair value gain or loss reported in profit or loss.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### *Estimation of fair value of investment property (continued)*

The carrying amount of investment property at December 31, 2024 was RMB115,000,000 (2023: RMB115,500,000). Further details, including the key assumptions used for fair value measurement, are given in note 28 to the consolidated financial statements.

##### *Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 25 to the consolidated financial statements.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 4. OPERATING SEGMENT INFORMATION

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

- (a) Drug discovery services: structure-based drug discovery services to biotechnology and pharmaceutical customers for their pre-clinical stage innovative drug development; and
- (b) CDMO and commercialisation services: contract development and manufacturing services for small molecule APIs and intermediates and trading of APIs, intermediates and formulations; and
- (c) Viva BioInnovator: making strategic investments in biotechnology startup companies.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax except that other income and gains, selling and distribution expenses, administrative expenses, research and development expenses, fair value gain/(loss) on financial assets at FVTPL, impairment losses on financial assets, net, other expenses, finance costs, share of losses of an associate and fair value gain on financial liabilities at FVTPL are excluded from such measurement. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purposes of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 4. OPERATING SEGMENT INFORMATION (continued)

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

	Drug discovery services <i>RMB'000</i>	CDMO and commercialisation services <i>RMB'000</i>	Viva BioInnovator <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended December 31, 2024</b>					
Segment revenue	821,305	1,179,347	18,092	(32,093)	1,986,651
Sales to external customers	792,836	1,175,723	18,092	–	1,986,651
Intersegment sales	28,469	3,624	–	(32,093)	–
Total revenue	821,305	1,179,347	18,092	(32,093)	1,986,651
Segment results	357,467	331,384	(1,156)	(296)	687,399
<i>Reconciliation:</i>					
Other income and gains					81,704
Selling and distribution expenses					(112,233)
Administrative expenses					(251,889)
Research and development expenses					(87,986)
Fair value gain on financial assets at FVTPL					83,728
Impairment losses on financial assets, net					(5,622)
Other expenses					(45,409)
Finance costs					(53,892)
Share of losses of an associate					(95)
Group's profit before tax					295,705



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 4. OPERATING SEGMENT INFORMATION (continued)

	Drug discovery services <i>RMB'000</i>	CDMO and commercialisation services <i>RMB'000</i>	Viva BioInnovator <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended December 31, 2023</b>					
Segment revenue	866,756	1,314,750	30,613	(56,541)	2,155,578
Sales to external customers	814,263	1,310,702	30,613	–	2,155,578
Intersegment sales	52,493	4,048	–	(56,541)	–
Total revenue	866,756	1,314,750	30,613	(56,541)	2,155,578
Segment results	366,040	374,771	(213)	(2,166)	738,432
<i>Reconciliation:</i>					
Other income and gains					87,053
Selling and distribution expenses					(132,547)
Administrative expenses					(277,109)
Research and development expenses					(127,967)
Fair value gain on financial assets at FVTPL					(11,682)
Fair value gain on financial liabilities at FVTPL					174,323
Impairment losses on financial assets, net					(8,126)
Other expenses					(321,748)
Finance costs					(176,582)
Group's loss before tax					(55,953)

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 4. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information

##### (a) Revenue from external customers

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

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

##### (b) Non-current assets

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

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

#### Information about a major customer

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



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

For the year ended December 31, 2024

Segments	Drug discovery services RMB'000	CDMO and commercialisation services RMB'000	Viva Biotech Innovation RMB'000	Total RMB'000
<b>Types of goods or services</b>				
Revenue from non-investees				
Full-time-equivalent (“FTE”) services	595,470	–	–	595,470
Fee-for-service (“FFS”) services	157,303	18,083	–	175,386
Sale of products	–	1,136,809		1,136,809
Subtotal	752,773	1,154,892	–	1,907,665
Revenue from investees				
FTE services	31,621		6,253	37,874
FFS services	8,442	20,831	5,909	35,182
SFE services	–	–	5,930	5,930
Subtotal	40,063	20,831	18,092	78,986
Total revenue from contracts with customers	792,836	1,175,723	18,092	1,986,651

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 5. REVENUE, OTHER INCOME AND GAINS (continued)

#### Revenue from contracts with customers (continued)

##### (a) Disaggregated revenue information (continued)

Segments	Drug discovery services <i>RMB'000</i>	CDMO and commercialisation services <i>RMB'000</i>	Viva Biotech Innovation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Geographical markets</b>				
United States of America ("USA")	621,609	163,134	11,088	795,831
European Union	37,595	585,740	–	623,335
Mainland China	103,184	164,043	–	267,227
Other Asian countries and regions out of Mainland China	9,840	183,685	–	193,525
Africa	–	45,267	–	45,267
Other countries/regions	20,608	33,854	7,004	61,466
Total revenue from contracts with customers	792,836	1,175,723	18,092	1,986,651
<b>Timing of revenue recognition</b>				
Goods/services transferred at a point in time	165,745	1,175,723	5,909	1,347,377
Services transferred over time	627,091	–	12,183	639,274
Total revenue from contracts with customers	792,836	1,175,723	18,092	1,986,651

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 5. REVENUE, OTHER INCOME AND GAINS (continued)

#### Revenue from contracts with customers (continued)

##### (a) Disaggregated revenue information (continued)

For the year ended December 31, 2023

Segments	Drug discovery services <i>RMB'000</i>	CDMO and commercialisation services <i>RMB'000</i>	Viva Biotech Innovation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or services</b>				
Revenue from non-investees				
FTE services	637,400	–	–	637,400
FFS services	141,942	23,490	–	165,432
Sale of products	–	1,258,727	–	1,258,727
Subtotal	779,342	1,282,217	–	2,061,559
Revenue from investees				
FTE services	27,155	–	6,882	34,037
FFS services	11,691	28,485	7,502	47,678
SFE services	–	–	12,304	12,304
Subtotal	38,846	28,485	26,688	94,019
Total revenue from contracts with customers	818,188	1,310,702	26,688	2,155,578

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 5. REVENUE, OTHER INCOME AND GAINS (continued)

#### Revenue from contracts with customers (continued)

##### (a) Disaggregated revenue information (continued)

Segments	Drug discovery services <i>RMB'000</i>	CDMO and commercialisation services <i>RMB'000</i>	Viva Biotech Innovation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Geographical markets</b>				
USA	626,606	170,418	15,765	812,789
European Union	40,460	548,939	162	589,561
Mainland China	108,701	214,970	–	323,671
Other Asian countries and regions out of Mainland China	8,307	283,084	–	291,391
Africa	–	45,029	–	45,029
Other countries/regions	34,114	48,262	10,761	93,137
Total revenue from contracts with customers	818,188	1,310,702	26,688	2,155,578
<b>Timing of revenue recognition</b>				
Goods/services transferred at a point in time	153,633	1,310,702	7,502	1,471,837
Services transferred over time	664,555	–	19,186	683,741
Total revenue from contracts with customers	818,188	1,310,702	26,688	2,155,578

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 5. REVENUE, OTHER INCOME AND GAINS (continued)

#### Revenue from contracts with customers (continued)

##### (a) Disaggregated revenue information (continued)

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

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

##### (b) Performance obligations

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

###### FTE services

For services under the FTE model, revenue is recognised over time at the amount to which the Group has the right to invoice for services performed. Therefore, under practical expedients allowed by IFRS 15.121, the Group does not disclose the value of unsatisfied performance obligations under the FTE model.

###### FFS services

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



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 5. REVENUE, OTHER INCOME AND GAINS (continued)

#### Revenue from contracts with customers (continued)

##### (b) Performance obligations (continued)

###### *SFE services*

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

###### *Sale of products*

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

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

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	<b>10,472</b>	7,664
After one year	<b>15,904</b>	30,004
Total	<b>26,376</b>	37,668

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 5. REVENUE, OTHER INCOME AND GAINS (continued)

#### Revenue from contracts with customers (continued)

#### (b) Performance obligations (continued)

##### Sale of products (continued)

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

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 6. OTHER EXPENSES

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

### 7. FINANCE COSTS

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 8. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		778,782	872,857
Cost of services provided		105,095	110,993
Depreciation of property, plant and equipment	14	147,493	142,779
Depreciation of right-of-use assets	15	10,751	13,327
Amortisation of other intangible assets	17	55,617	55,550
Less: capitalised in contract costs		(1,723)	(1,384)
Less: capitalised in inventories		(1,254)	(1,443)
Less: capitalised in property, plant and equipment	15(c)	–	(440)
		<b>210,884</b>	208,389
Staff cost (including directors' emoluments):			
– Independent non-executive directors' fees		684	675
– Salaries and other benefits		500,908	571,920
– Pension scheme contributions		53,371	51,251
– Share-based payment expenses	36	4,192	19,007
		<b>559,155</b>	642,853
Less: capitalised in contract costs		(5,711)	(5,103)
Less: capitalised in inventories		(3,039)	(2,760)
		<b>550,405</b>	634,990
Foreign exchange (gain)/loss, net		(16,179)	51,014
Impairment loss on non-financial assets		38,607	11,366
Fair value (gain)/loss on derivative financial instruments		(7,392)	8,662
Impairment losses on financial assets, net		5,622	8,126
Loss on disposal of items of property, plant and equipment		1,907	399
Fair value loss on investment property		–	13,819
Gain on disposal of a subsidiary		–	(683)
Loss on repurchase of convertible bonds		–	222,758
Fair value gain on convertible bonds		–	(174,323)
Auditors' remuneration		4,600	4,600

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 9. INCOME TAX

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

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

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Current tax		
– Hong Kong	<b>297</b>	4,749
– Mainland China	<b>75,682</b>	65,969
– Other countries	–	–
	<b>75,979</b>	70,718
Deferred tax (note 22)	<b>(2,261)</b>	(26,881)
Total	<b>73,718</b>	43,837

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

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

#### Hong Kong

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



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 9. INCOME TAX (continued)

#### Mainland China

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

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

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

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 9. INCOME TAX (continued)

#### Mainland China (continued)

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

#### USA

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

#### Australia

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

#### United Kingdom

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 9. INCOME TAX (continued)

#### United Kingdom (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax using the applicable tax rate for the regions in which the majority of subsidiaries of the Company are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

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



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Fees	<b>1,596</b>	1,575
Other emoluments:		
Salaries, allowances and other benefits in kind	<b>5,501</b>	4,682
Performance related bonus	<b>431</b>	64
Equity-settled share-based payments	<b>1,049</b>	3,334
Pension scheme contributions	—	—
Subtotal	<b>6,981</b>	8,080
Total	<b>8,577</b>	9,655

During prior and current years, certain directors were granted share options and restricted share units, in respect of their services to the Group, under the share option scheme and restricted share units scheme of the Company, further details of which are set out in note 36 to the consolidated financial statements. The fair value of such schemes, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

#### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mr. Fu Lei	228	225
Mr. Wang Haiguang	228	225
Ms. Li Xiangrong	228	225
	684	675

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

#### (b) Executive directors, non-executive director and the chief executive

	Fees <i>RMB'000</i>	Salaries, allowances and other benefits in kind <i>RMB'000</i>	Performance related bonus <i>RMB'000</i>	Equity- settled share award expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2024</b>						
<i>Chief executive and executive director:</i>						
Mr. Mao Chen Cheney	228	2,392	100	359	–	3,079
<i>Executive directors:</i>						
Mr. Wu Ying	228	537	28	(881)	–	(88)
Mr. Ren Delin	228	2,572	303	1,571	–	4,674
Subtotal	684	5,501	431	1,049	–	7,665
<i>Non-executive directors:</i>						
Mr. Wu Yuting	228	–	–	–	–	228
Subtotal	228	–	–	–	–	228
Total	912	5,501	431	1,049	–	7,893

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

#### (b) Executive directors, non-executive directors and the chief executive (continued)

	Fees RMB'000	Salaries, allowances and other benefits in kind RMB'000	Performance related bonus RMB'000	Equity- settled share award expenses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
<b>2023</b>						
<i>Chief executive and executive director:</i>						
Mr. Mao Chen Cheney	225	1,455	–	714	–	2,394
<i>Executive directors:</i>						
Mr. Wu Ying	225	1,118	24	1,310	–	2,677
Mr. Ren Delin	225	2,109	40	1,310	–	3,684
Subtotal	675	4,682	64	3,334	–	8,755
<i>Non-executive directors:</i>						
Mr. Wu Yuting	225	–	–	–	–	225
Subtotal	225	–	–	–	–	225
Total	900	4,682	64	3,334	–	8,980

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2023: Nil).

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: one director), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining three (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and other benefits in kind	7,083	7,527
Performance related bonus	10,295	17,915
Equity-settled share-based payments	115	3,716
Pension scheme contributions	106	161
Total	17,599	29,319

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK\$3,500,001 to HK\$4,000,000	1	2
HK\$4,500,001 to HK\$5,000,000	1	–
HK\$10,000,001 to HK\$10,500,000	1	–
HK\$11,000,001 to HK\$11,500,000	–	1
HK\$13,500,001 to HK\$14,000,000	–	1
Total	3	4

During prior and current years, share options and restricted share units were granted to four and three non-director and non-chief executive highest paid employees, respectively, in respect of their services to the Group, further details of which are included in the disclosures in note 36 to the consolidated financial statements. The fair value of such schemes, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above five highest paid employees' remuneration disclosures.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

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

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

	2024 RMB'000	2023 RMB'000
<b>Earnings/(loss)</b>		
Earnings/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	167,294	(116,113)
Less: Fair value gain on the convertible bonds	—	174,323
Earnings/(loss) attributable to ordinary equity holders of the parent before the impact of convertible bonds	167,294	(290,436)
	<b>Number of shares ('000)</b>	
	2024	2023
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings/(loss) per share calculation	2,136,664	1,940,474
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	—	88,205
Put option over non-controlling interests	731,700	—
<b>Total</b>	<b>2,868,364</b>	<b>2,028,679</b>



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 13. DIVIDENDS

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

### 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Transportation equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress ("CIP") <i>RMB'000</i>	Total <i>RMB'000</i>
<b>December 31, 2024</b>							
At January 1, 2024							
Cost	558,645	275,361	518,616	11,383	26,289	338,478	1,728,772
Accumulated depreciation	(60,289)	(79,133)	(214,842)	(6,533)	(17,058)	-	(377,855)
Net carrying amount	498,356	196,228	303,774	4,850	9,231	338,478	1,350,917
At January 1, 2024, net of accumulated depreciation	498,356	196,228	303,774	4,850	9,231	338,478	1,350,917
Additions	16,516	11,452	27,263	864	-	78,161	134,256
Transfer from CIP	199,515	43,521	64,017	47	-	(307,100)	-
Disposals	-	(1,625)	(370)	(466)	-	-	(2,461)
Depreciation provided during the year	(35,309)	(29,457)	(76,865)	(1,745)	(4,117)	-	(147,493)
Impairment	(15,204)	(15,560)	-	-	-	-	(30,764)
At December 31, 2024, net of accumulated depreciation	663,874	204,559	317,819	3,550	5,114	109,539	1,304,455
At December 31, 2024:							
Cost	774,676	324,068	607,230	10,900	26,289	109,539	1,852,702
Accumulated depreciation	(95,598)	(103,949)	(289,411)	(7,350)	(21,175)	-	(517,483)
Impairment	(15,204)	(15,560)	-	-	-	-	(30,764)
Net carrying amount	663,874	204,559	317,819	3,550	5,114	109,539	1,304,455



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Transportation equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress ("CIP") <i>RMB'000</i>	Total <i>RMB'000</i>
<b>December 31, 2023</b>							
At January 1, 2023							
Cost	553,561	222,015	469,826	11,286	26,294	469,883	1,752,865
Accumulated depreciation	(37,767)	(50,914)	(141,491)	(5,908)	(15,074)	–	(251,154)
Net carrying amount	515,794	171,101	328,335	5,378	11,220	469,883	1,501,711
At January 1, 2023, net of accumulated depreciation	515,794	171,101	328,335	5,378	11,220	469,883	1,501,711
Additions	29,111	11,452	53,149	1,266	–	63,937	158,915
Transfer from CIP	11,323	43,521	3,498	25	–	(58,367)	–
Transfer to investment property ( <i>note 15</i> )	(25,411)	–	(3,724)	–	–	–	(29,135)
Disposal of a subsidiary ( <i>note 38</i> )	–	–	–	–	–	(136,749)	(136,749)
Disposals	–	(389)	(186)	(240)	(5)	(226)	(1,046)
Depreciation provided during the year	(32,461)	(29,457)	(77,298)	(1,579)	(1,984)	–	(142,779)
At December 31, 2023, net of accumulated depreciation	498,356	196,228	303,774	4,850	9,231	338,478	1,350,917
At December 31, 2023:							
Cost	558,645	275,361	518,616	11,383	26,289	338,478	1,728,772
Accumulated depreciation	(60,289)	(79,133)	(214,842)	(6,533)	(17,058)	–	(377,855)
Net carrying amount	498,356	196,228	303,774	4,850	9,231	338,478	1,350,917

At December 31, 2024, buildings and construction in progress with a carrying amount of approximately RMB196,089,000 (2023: RMB207,120,000) and RMB180,000 (2023: RMB7,089,000), respectively, were pledged to secure certain bank borrowings of the Group (*note 32*).

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 15. LEASES

#### The Group as lessee

The Group has lease contracts for various items of leasehold land and properties. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 5 and 20 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) *Right-of-use assets*

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Properties RMB'000	Total RMB'000
As at January 1, 2023	409,131	26,538	435,669
Additions	–	6,390	6,390
Disposal of a subsidiary	(24,934)	–	(24,934)
Transfer to investment property	(100,184)	–	(100,184)
Depreciation charge	(10,189)	(3,138)	(13,327)
As at December 31, 2023 and January 1, 2024	<b>273,824</b>	<b>29,790</b>	<b>303,614</b>
Depreciation charge	<b>(7,433)</b>	<b>(3,318)</b>	<b>(10,751)</b>
As at December 31, 2024	<b>266,391</b>	<b>26,472</b>	<b>292,863</b>

At December 31, 2024, the leasehold land with a carrying amount of approximately RMB191,014,000 (2023: RMB196,026,000) were pledged to secure certain bank borrowings of the Group (note 32).

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 15. LEASES (continued)

#### The Group as lessee (continued)

##### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at January 1	31,693	28,071
New leases	–	6,390
Accretion of interest recognised during the year	1,346	1,426
Payments	(4,299)	(4,194)
Carrying amount at December 31	28,740	31,693
Analysed into:		
Current portion	3,094	2,929
Non-current portion	25,646	28,764

The maturity analysis of lease liabilities is disclosed in note 43 to the consolidated financial statements.

##### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	1,346	1,426
Depreciation charge of right-of-use assets	10,751	13,327
Less: capitalised in property, plant and equipment	–	440
Total amount recognised in profit or loss	12,097	14,313

The total cash outflow for leases is disclosed in note 39(c) to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 16. GOODWILL

	2024 RMB'000	2023 RMB'000
Cost at January 1, net of accumulated impairment	2,156,419	2,156,419
Impairment during the year	–	–
Cost and net carrying amount at December 31	2,156,419	2,156,419
At December 31		
Cost	2,156,419	2,156,419
Accumulated impairment	–	–
Net carrying amount	2,156,419	2,156,419

#### Impairment testing of goodwill

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

The cash flows generated from each of the subsidiaries acquired are independent from those of the other subsidiaries of the Group. Therefore, each of these acquired subsidiaries is a separate cash-generating unit (“CGU”). Management of the Group considered that the synergies arising from each acquisition mainly benefited the corresponding acquired subsidiaries. Therefore, for the purposes of impairment assessment, goodwill has been allocated to corresponding subsidiaries acquired:

- CDMO and commercialisation service CGU; and
- Chemistry drug discovery service CGU

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 16. GOODWILL (continued)

#### Impairment testing of goodwill (continued)

##### *CDMO and commercialisation service CGU*

The recoverable amount of the CDMO and commercialisation service CGU has been determined based on a value in use (“VIU”) calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

The discount rate applied to the cash flow projections is 14.5% (2023: 14.5%). The growth rate used to extrapolate the cash flows of the CDMO and commercialisation service CGU beyond the five-year period is 2.0% (2023: 2.2%). The budgeted gross margin used in the cash flow projections is from 31% to 36%. (2023: from 31% to 37%).

##### *Chemistry drug discovery service CGU*

The recoverable amount of the chemistry drug discovery service CGU was determined based on a VIU calculation using cash flow projections based on financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 15.0% (2023: 14.5%) and cash flows beyond the five-year period is extrapolated using a growth rate of 2% (2023: 2.2%). The budgeted gross margin used in the cash flow projections is from 33% to 38% (2023: 38% to 40%).

The carrying amount of goodwill allocated to the operation of the CGU is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
CDMO and commercialisation service CGU	1,847,723	1,847,723
Chemistry drug discovery service CGU	308,696	308,696
Total	2,156,419	2,156,419

Assumptions were used in the VIU calculation for December 31, 2024 and December 31, 2023, respectively. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 16. GOODWILL (continued)

#### Impairment testing of goodwill (continued)

##### *Chemistry drug discovery service CGU (continued)*

Gross margins and operating expenses – Gross margins are based on the average gross margins achieved in the year immediately before the budget year and are increased over the budget period for anticipated efficiency improvements, and expected market development. Estimates on operating expenses reflect past experience and management's commitment to maintain them at an acceptable level.

Discount rates – the discount rates used are after tax and reflect specific risks relating to the relevant units.

Growth rates – the rate is based on published industry research.

The value assigned to the key assumptions on gross margins and operating expenses, discount rate and growth rate are consistent with management's past experience and external information sources.

Considering there was still sufficient headroom on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGUs to exceed its recoverable amount as at December 31, 2024. No impairment loss in relation to goodwill in such CGUs is recognised for the year ended December 31, 2024.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 17. OTHER INTANGIBLE ASSETS

	Patents RMB'000	Customer relationships RMB'000	Total RMB'000
<b>December 31, 2024</b>			
Cost at January 1, 2024, net of accumulated amortisation	93,755	326,914	420,669
Additions	997	–	997
Amortisation provided during the year	(14,088)	(41,529)	(55,617)
At December 31, 2024	80,664	285,385	366,049
At December 31, 2024			
Cost	139,212	452,095	591,307
Accumulated amortisation	(58,548)	(166,710)	(225,258)
Net carrying amount	80,664	285,385	366,049
<b>December 31, 2023</b>			
Cost at January 1, 2023, net of accumulated amortisation	107,618	368,443	476,061
Additions	158	–	158
Amortisation provided during the year	(14,021)	(41,529)	(55,550)
At December 31, 2023	93,755	326,914	420,669
At December 31, 2023			
Cost	138,215	452,095	590,310
Accumulated amortisation	(44,460)	(125,181)	(169,641)
Net carrying amount	93,755	326,914	420,669

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 17. OTHER INTANGIBLE ASSETS (continued)

The patents and customer relationships belong to the CDMO and commercialisation service CGU and Chemistry drug discovery service CGU and the management of the Group tests the patents and customer relationships for impairment in the CDMO and commercialisation service CGU and Chemistry drug discovery service CGU which is set out in note 16.

### 18. INVESTMENT IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Share of net assets	46,698	42,198
Share of loss of an associate	(95)	–
Goodwill on acquisition	205	205
Total share of net assets and goodwill on acquisition	46,808	42,403

The Group's non-trade receivable and payable balances with the associate are disclosed in note 40 to the consolidated financial statements.

The associate was not material to the Group for the reporting period. The following table illustrates its financial information:

	2024 RMB'000	2023 RMB'000
Share of the associate's loss and other comprehensive expense for the year	(95)	–
Aggregate carrying amount of the Group's investment in the associate	46,603	42,198



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 19. FINANCIAL ASSETS AT FVTPL

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

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

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

The above investments were classified as financial assets at fair value through profit or loss as they were held for trading.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 20. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Right to receive unlisted investments in exchange for the services transferred	3,505	5,248

### 21. RENTAL DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 22. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

#### Deferred tax assets

	Lease liability <i>RMB'000</i>	ECL <i>RMB'000</i>	Deferred income <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Accrued payroll <i>RMB'000</i>	Fair value change of investment property <i>RMB'000</i>	Accrued expenses <i>RMB'000</i>	Depreciation difference <i>RMB'000</i>	Provision <i>RMB'000</i>	Fair value change of derivative financial instruments <i>RMB'000</i>	Fair value change of financial assets at FVTPL <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2024</b>												
At January 1, 2024	5,600	2,865	6,173	45,975	5,577	2,425	2,842	16	2,396	201	-	74,070
Assets classified as held for sale	-	-	-	(3,704)	(102)	(2,425)	-	-	-	-	-	(6,231)
Deferred tax credited/(charged) to the statement of profit or loss ( <i>note 9</i> )	(592)	569	(1,224)	(14,242)	(826)	-	(1,582)	(15)	263	(201)	843	(17,007)
Exchange differences	-	-	-	(17)	(53)	-	-	-	-	-	-	(70)
Gross deferred tax assets at December 31, 2024	5,008	3,434	4,949	28,012	4,596	-	1,260	1	2,659	-	843	50,762
<b>2023</b>												
At January 1, 2023	-	1,992	7,381	34,569	5,654	-	4,250	31	1,118	3,661	-	58,656
Disposal of a subsidiary	-	-	(987)	-	-	-	-	-	-	-	-	(987)
Deferred tax (charged)/credited to the statement of profit or loss ( <i>note 9</i> )	5,600	872	(221)	11,308	(101)	2,425	(1,408)	(15)	1,278	(3,460)	-	16,278
Exchange differences	-	1	-	98	24	-	-	-	-	-	-	123
Gross deferred tax assets at December 31, 2023	5,600	2,865	6,173	45,975	5,577	2,425	2,842	16	2,396	201	-	74,070

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 22. DEFERRED TAX (continued)

#### Deferred tax liabilities

	ROU RMB'000	Fair value change of financial assets at FVTPL RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Total RMB'000
<b>2024</b>					
At January 1, 2024	5,129	4,401	20,159	92,387	122,076
Deferred tax (credited)/charged to the statement of profit or loss ( <i>note 9</i> )	(638)	(4,401)	(3,518)	(10,711)	(19,268)
Gross deferred tax liabilities at December 31, 2024	4,491	–	16,641	81,676	102,808
<b>2023</b>					
At January 1, 2023	–	10,878	18,672	103,129	132,679
Deferred tax charged/(credited) to the statement of profit or loss ( <i>note 9</i> )	5,129	(6,477)	1,487	(10,742)	(10,603)
Gross deferred tax liabilities at December 31, 2023	5,129	4,401	20,159	92,387	122,076

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 22. DEFERRED TAX (continued)

#### Deferred tax liabilities (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes.

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	21,801	21,186
Net deferred tax liabilities recognised in the consolidated statement of financial position	(73,847)	(69,192)
	(52,046)	(48,006)

The Group has tax losses arising in Mainland China of approximately RMB175,016,000 for offsetting against future profits as of December 31, 2024 (2023 nil) and such tax losses will expire in one to five years for offsetting against taxable profits of the companies in which the tax losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Under the EIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from January 1, 2008 onwards. At December 31, 2024, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB936,155,000 (2023: RMB809,800,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 23. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	59,262	47,007
Work in progress	157,616	120,434
Finished goods	55,822	92,266
Total	272,700	259,707

### 24. CONTRACT COSTS

	2024 RMB'000	2023 RMB'000
Costs to fulfil contracts	12,605	8,719

### 25. TRADE AND BILLS RECEIVABLES

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

The Group allows a credit period ranging from 30 to 90 days to its customers (2023: 30 to 90 days). The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, the analysis of concentrations of credit risk is set out in note 44. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 25. TRADE AND BILLS RECEIVABLES (continued)

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

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

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 25. TRADE AND BILLS RECEIVABLES (continued)

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

**As at December 31, 2024**

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

**As at December 31, 2023**

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



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

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

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 28. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED HELD FOR SALE

In April 2024, a subsidiary of the Company, being the shareholder of Shanghai Viva Qizhi Biotech Limited (“**Shanghai Viva Qizhi**”), resolved to adopt the plan for the disposal of its entire equity interests in Shanghai Viva Qizhi and entered into an intention agreement with a third party. The disposal is expected to be completed before June 30, 2025. Accordingly, the assets and liabilities of Shanghai Viva Qizhi were classified as “Assets classified as held for sale” and “Liabilities associated with assets classified as held for sale”, respectively, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* as at December 31, 2024 and were presented separately in the consolidated statement of financial position.

The major classes of assets and liabilities of Shanghai Viva Qizhi classified as held for sale are as follows:

	2024 RMB'000
Cash and cash equivalents	129
Prepayments, other receivables and other assets	70
Property, plant and equipment	–
Investment property*	115,500
Deferred tax assets	6,230
<b>Assets classified as held for sale</b>	<b>121,929</b>
Other payables and accruals	54
<b>Liabilities directly associated with the assets classified as held for sale</b>	<b>54</b>

\* Investment property

The Group’s investment property consists of one industrial property in Mainland China. The Group’s investment property was revalued at RMB115,500,000 on December 31, 2024, based on valuations performed by PG Advisory, independent professionally qualified valuers. The Group’s financial director and the chief financial officer decide, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group’s property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group’s financial director and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 28. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED HELD FOR SALE (continued)

#### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment property:

	Fair value measurement as at December 31, 2024 and 2023 using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Recurring fair value measurement for:				
Industrial property	–	–	115,500	115,500

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 28. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED HELD FOR SALE (continued)

#### Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of the investment property:

#### At December 31, 2024

	Valuation techniques	Significant unobservable inputs	Range or weighted average
Industrial property	Discounted cash flow	Estimated rental value	171
		(per sq.m. and per month)	
		Long term vacancy rate	16.1%
		Discount rate	5.5% to 6.0%

#### At December 31, 2023

	Valuation techniques	Significant unobservable inputs	Range or weighted average
Industrial property	Discounted cash flow	Estimated rental value	171
		(per sq.m. and per month)	
		Long term vacancy rate	17%
		Discount rate	5.5% to 6.0%

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 28. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED HELD FOR SALE (continued)

#### Fair value hierarchy (continued)

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment property. A significant increase (decrease) in the long-term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment property. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long-term vacancy rate.

### 29. TRADE AND BILLS PAYABLES

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

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

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 30. OTHER PAYABLES AND ACCRUALS

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

Other payables are non-interest-bearing.

### 31. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Short-term advances received from customers		
Drug discovery services	34,400	24,517
CDMO and commercialisation service	16,582	11,906
	50,982	36,423
Long-term advances received from customers		
Drug discovery services	–	14,165

The advances related to drug discovery services mainly represent purchase consideration settled in service arising from the acquisition of SYNthesis med chem (Hong Kong) Limited.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 32. INTEREST-BEARING BANK BORROWINGS

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



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 32. INTEREST-BEARING BANK BORROWINGS (continued)

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Non-current</b>						
Bank loans – unsecured	One-year LPR+5 bps	2026	69,100	–	–	–
Bank loans – unsecured	One-year LPR+0 bps	2026	29,550	–	–	–
Bank loans – secured and guaranteed (a)	One-year LPR-45 bps	2025-2028	425,000	One-year LPR-45 bps	2025-2028	156,000
Bank loans – secured and guaranteed (a)	–	–	–	One-year LPR+55 bps	2025-2026	448,000
Bank loans – secured (b)	–	–	–	Five-year LPR+10 bps	2,025	34,640
Bank loans – secured (b)	Five-year LPR+10 bps	2026-2029	43,172	Five-year LPR+10 bps	2026-2027	115,684
Bank loans – secured and guaranteed (b)	One-year LPR-40 bps	2026-2029	139,099	–	–	–
Bank loans – secured and guaranteed (b)	–	–	–	One-year LPR-10 bps	2,026	167,688
Subtotal			705,921			922,012
Total			1,255,311			1,871,524

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 32. INTEREST-BEARING BANK BORROWINGS (continued)

Notes:

- (a) To finance the acquisition of the 20% equity interest in Langhua Pharmaceutical, the bank loans incurred are pledged with the 100% equity interest in Langhua Pharmaceutical as collateral and guaranteed by the Company.
- (b) Details of the assets of the Group at December 31, 2024 and 2023 that have been pledged as collateral to secure the bank borrowings in relation to construction of the Group are set out in notes 14 and 15.

### 33. DEFERRED INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Government grants	32,995	40,858

The Group's deferred government grants represented government grants received for projects and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed.

### 34. OTHER NON-CURRENT LIABILITIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Payables for purchase of equity interests from third parties (note a)	1,262,967	1,146,499
Long-term employee benefits	6,342	6,332
Total	1,269,309	1,152,831

Note:

- a. Payables for purchase of equity interests from third parties mainly represents the present value of amount payable on exercise put option of non-controlling interests in relation to their investments in Viva Biotech Shanghai.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 35. SHARE CAPITAL/TREASURY SHARES

#### Shares

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

#### Share capital

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

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

#### Treasury shares

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

\* The Company exercised its powers under the repurchase mandate passed on June 26, 2024 at the annual general meeting to repurchase shares of the Company. A total of 28,604,500 shares were repurchased at a total consideration of HK\$25,111,000 (equivalent to approximately RMB23,019,000) for the year ended December 31, 2024 and then were cancelled on March 27, 2025 (2023: A total of 8,670,500 shares were repurchased at a total consideration of HK\$11,197,000 (equivalent to approximately RMB10,274,000) and subsequently cancelled.).

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS

The exercise period of the share options and restricted share units (the “**Scheme**”) granted is determinable by the directors, and commences after a vesting period of two to four years and ends on a date which is not later ten years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

#### (a) Employee stock option plan (“ESOP”)

##### *The Pre-IPO ESOP*

The Company’s Pre-IPO Share Option Schemes (the “**Pre-IPO Schemes**”) were adopted pursuant to the resolutions passed on January 2, 2018, for the primary purpose of providing incentives to the eligible employees of the Group.

Details of the Pre-IPO share options granted are as follows:

Grant date	Number of options	Expiry date	Exercise price per share
January 2, 2018	1,125,000	January 1, 2028	HK\$4.22

The number of options and exercise price per share for the options granted on January 2, 2018 represented the unadjusted number of options and exercise prices before considering the Share Split and Capitalisation Issue.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) Employee stock option plan (“ESOP”) (continued)

##### *The Post-IPO ESOP*

The Company’s Post-IPO Share Option Scheme (the “**Post-IPO Option Scheme**”) was adopted pursuant to the resolutions passed on May 21, 2020, for the primary purpose of providing incentives to the eligible employees of the Group.

Details of the Post-IPO share options granted are as follows:

Grant date	Number of options	Expiry date	Exercise price per share
July 7, 2021*	5,860,000	July 6, 2026	HK\$9.70
December 2, 2021**	10,800,000	December 1, 2026	HK\$5.46
June 24, 2022***	11,820,000	June 23, 2025	HK\$2.89

\* The share option is subject to vesting conditions including performance target of the Group. 40%, 30% and 30% of the total number of the options granted shall vest on the second, third and fourth anniversaries of grant date, respectively, if the vesting conditions are fulfilled.

\*\* The share option is subject to vesting conditions including performance target of the Group. 60% and 40% of the total number of the options granted shall vest on the third and fourth anniversaries of grant date, respectively, if the vesting conditions are fulfilled.

\*\*\* The share option is subject to vesting conditions including performance target of the Group. 60% and 40% of the total number of the options granted shall vest on the first and second anniversaries of the grant date, respectively, if the vesting conditions are fulfilled.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) Employee stock option plan (“ESOP”) (continued)

##### *The Post-IPO ESOP (continued)*

The following share options were outstanding during the reporting periods:

	2024		2023	
	Weighted average exercise price <i>HK\$ per share</i>	Number of options	Weighted average exercise price <i>HK\$ per share</i>	Number of options
At January 1	4.79	30,475,141	4.73	31,385,141
Forfeited during the year	5.48	(6,850,000)	2.89	(910,000)
At December 31	4.62	23,625,141	4.79	30,475,141

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

At December 31, 2024 <i>Number of options</i>	Exercise price <i>HK\$ per share</i>	Exercise period
3,665,141	0.96	January 1, 2020 ~ January 1, 2028
5,300,000	9.70	July 7, 2024 ~ July 6, 2026
4,320,000	5.46	December 2, 2024 ~ December 1, 2026
10,340,000	2.89	June 24, 2024 ~ June 23, 2025
23,625,141		

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (a) Employee stock option plan (“ESOP”) (continued)

##### *The Post-IPO ESOP (continued)*

At December 31, 2023 <i>Number of options</i>	Exercise price <i>HK\$ per share</i>	Exercise period
3,665,141	0.96	January 1, 2020 ~ January 1, 2028
5,460,000	9.70	July 7, 2024 ~ July 6, 2026
10,800,000	5.46	December 2, 2024 ~ December 1, 2026
10,550,000	2.89	June 24, 2024 ~ June 23, 2025
30,475,141		

No share options were exercised during the year ended December 31, 2024.

At December 31, 2024, the Company had 23,625,141 share options outstanding under the schemes. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 23,625,141 additional ordinary shares of the Company, an additional share capital of approximately HK\$5,000 (equivalent to approximately RMB4,000) and a share premium of approximately HK\$108,394,000 (equivalent to approximately RMB100,373,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 23,625,141 share options outstanding under the employee stock option plan, which represented approximately 1.1% of the Company's shares in issue as at that date.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (b) Restricted share units (“RSU”)

##### *The Post-IPO RSU*

The Company’s Post-IPO RSU Scheme (the “**Post-IPO RSU Scheme**”) was adopted pursuant to the resolutions passed on June 5, 2020, for the primary purpose of providing incentives to the eligible employees of the Group.

On June 3, 2024, an aggregate of 5,600,000 RSUs of the Company were granted at an exercise price of HK\$0.63 per RSU to the directors and senior management, as approved by the board of directors in accordance with the Post-IPO RSU Scheme.

Details of the Post-IPO RSU granted are as follows:

<u>Grant date</u>	<u>Number of RSUs</u>	<u>Expiry date</u>	<u>Exercise price per share</u>
December 11, 2020*	10,940,000	January 10, 2025	HK\$4.90
December 1, 2021**	4,480,000	December 1, 2026	HK\$5.46
June 3, 2024***	5,600,000	July 2, 2027	HK\$0.63

\* The restricted share units are subject to vesting conditions including performance target of the Group. 62.5% and 37.5% of an aggregate number of 640,000 of the RSUs granted shall vest on January 1, 2021 and January 1, 2022, respectively. 40%, 30% and 30% of the rest shall vest on the second, third and fourth anniversaries of grant date, respectively, if the vesting conditions are fulfilled.

\*\* The restricted share units are subject to vesting conditions including performance target of the Group. 60% and 40% of an aggregate number of 2,560,000 granted shall vest on the third and fourth anniversaries of grant date respectively (“**2021 RSU 1**”), if the vesting condition is fulfilled. 40%, 30% and 30% of the rest shall vest on the second, third and fourth anniversaries of grant date, respectively (“**2021 RSU 2**”), if the vesting conditions are fulfilled.

\*\*\* The restricted share units are subject to vesting conditions including the relevant personal and departmental annual assessment determined by the Company. 15%, 35% and 50% of an aggregate number of 5,600,000 of the RSUs granted shall vest on the first, second and third anniversaries of the grant date, respectively, if the vesting conditions are fulfilled.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (b) Restricted share units (“RSU”) (continued)

##### *The Post-IPO RSU (continued)*

The following table summarises the Group’s Post-IPO RSUs and movements during the year:

	2024		2023	
	Weighted average exercise price <i>HK\$ per share</i>	Number of options	Weighted average exercise price <i>HK\$ per share</i>	Number of options
At January 1	5.10	12,400,000	5.10	12,500,000
Granted during the year	0.63	5,600,000	–	–
Forfeited during the year	4.92	(7,536,000)	4.90	(100,000)
At December 31	2.84	10,464,000	5.10	12,400,000

The exercise prices and exercise periods of the RSUs outstanding as at December 31, 2024 are as follows:

At December 31, 2024 <i>Number of RSUs</i>	Exercise price <i>HK\$ per share</i>	Exercise period
2,080,000	4.90	December 10, 2022 ~ January 10, 2025
1,920,000	5.46	December 2, 2023 ~ December 1, 2026
1,024,000	5.46	December 2, 2024 ~ December 1, 2026
5,440,000	0.63	June 3, 2025~July 2, 2027
10,464,000		



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (b) Restricted share units (“RSU”) (continued)

##### *The Post-IPO RSU (continued)*

At December 31, 2023 <i>Number of RSUs</i>	Exercise price <i>HK\$ per share</i>	Exercise period
7,920,000	4.90	December 10, 2022 ~ January 10, 2025
1,920,000	5.46	December 2, 2023 ~ December 1, 2026
2,560,000	5.46	December 2, 2024 ~ December 1, 2026
12,400,000		

The fair value of the RSUs granted during the year was HK\$1,453,000 (equivalent to approximately RMB1,321,000).

The fair value of the RSUs granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the RSUs were granted. The following table lists the inputs to the model used:

Grant date	2024 June 3, 2024
Dividend yield (%)	–
Expected volatility (%)	56.91
Risk-free interest rate (%)	3.68
Expected life of options (year)	3.08
Weighted average fair value (RMB per share)	0.24

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (c) Viva Shanghai Share Option Scheme

Pursuant to the extraordinary general meeting of the Company held on January 18, 2024 (the “**EGM**”), the new phase I option scheme and phase II option scheme of Viva Biotech Shanghai (the “**Viva Shanghai Share Option Scheme**”), a non-wholly owned subsidiary of the Company, were approved and adopted. In addition, pursuant to the EGM, the board of directors of Viva Biotech Shanghai or a committee thereof was authorised to grant options under the Viva Shanghai Share Option Scheme, subject to the Viva Shanghai Share Option Scheme mandate limit.

The shareholders of Viva Shanghai resolved to adopt the Viva Shanghai Share Option Scheme on May 31, 2024.

On June 14, 2024, a total of 7,320,000 phase I share options (the “**Viva Shanghai Phase I Share Option Scheme**”) and 7,320,000 phase II share options (the “**Viva Shanghai Phase II Share Option Scheme**”) were granted to certain eligible employees of Viva Biotech Shanghai and its subsidiaries under the Viva Shanghai Phase I Share Option Scheme and under the Viva Shanghai Phase II Share Option Scheme, respectively.

Details of the Viva Shanghai Share Option Scheme granted are as follows:

Grant date	Number of options	Expiry date	Exercise price per share
June 14, 2024*	7,320,000	June 13, 2034	RMB4.22
June 14, 2024**	7,320,000	June 13, 2034	RMB4.22

\* The share options are subject to vesting conditions, including the fulfilment of both personal and departmental performance targets. The total number of the options granted shall vest on the date when the shares of Viva Biotech Shanghai are listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange (the “**A Share IPO**”), if the vesting conditions are fulfilled.

\*\* The share options are subject to vesting conditions, including the fulfilment of performance target of Viva Biotech Shanghai and the completion of the A Share IPO. The share options shall vest in four equal instalments from the date of achievement of the performance target for the first, second, third and fourth assessment years, respectively, if the vesting conditions are fulfilled.

The details of the terms of Viva Shanghai Share Options Scheme are set out in the Company’s announcements published on December 12, 2023, January 18, 2024 and May 31, 2024.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (c) Viva Shanghai Share Option Scheme (continued)

The following table summarises the Group's Post-IPO RSUs and movements during the year:

	2024 Weighted average exercise price RMB per share	Number of options
At January 1	–	–
Granted during the year	4.22	14,640,000
At December 31	4.22	14,640,000

The exercise prices and exercise periods of the Viva Shanghai Share Option Scheme outstanding as at December 31, 2024 are as follows:

At December 31, 2024 Number of RSUs	Exercise price RMB per share*	Exercise period
7,320,000	4.22	December 31, 2026 (estimated A share IPO listing date) ~ June 13, 2034
7,320,000	4.22	December 31, 2026 (estimated A share IPO listing date) ~ June 13, 2034
14,640,000		

The fair value of the share options granted under Viva Shanghai Phase I Share Option Scheme and Viva Shanghai Phase II Share Option Scheme during the year was RMB31,849,000 and RMB32,171,000, respectively.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (continued)

#### (c) Viva Shanghai Share Option Scheme (continued)

The fair value of equity-settled share options granted during the period was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Viva Shanghai Phase I Share Option Scheme June 14, 2024	Viva Shanghai Phase II Share Option Scheme June 14, 2024
<b>Grant date</b>		
Dividend yield (%)	—	—
Expected volatility (%)	48.90	48.90
Risk-free interest rate (%)	2.29	2.29
Expected life of options (year)	10.00	10.00
Weighted average fair value (RMB per share)	4.35	4.39

The Group recognised the total share-based payment expense of RMB4,192,000 for the year ended December 31, 2024 (2023: RMB19,007,000).



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 37. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

**(i) Exchange fluctuation reserve**

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies outside Mainland China. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

**(ii) Other reserve**

Other reserve of the Group represents the excess of the carrying amount of the non-controlling interests acquired over the consideration and the present value of the amount payable at the time of redemption of a put option over non-controlling interests.

**(iii) Statutory reserve**

In accordance with the Articles of Association of all subsidiaries established in Mainland China, all subsidiaries established in Mainland China are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or be converted into additional paid-in capital of the subsidiaries.

**(iv) Share option reserve**

The share option reserve represents the share-based payments reserve due to equity-settled share-based awards.

**(v) Share premium**

The share premium of the Group represents the share premium contributed by the shareholders of the Company.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

- (1) During the reporting period, the Group provides research services under the SFE method to its customer in exchange for equity interests of the customer of RMB5,930,000 (2023: RMB12,304,000).
- (2) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of nil (2023: RMB6,390,000) and nil (2023: RMB6,390,000), respectively, in respect of lease arrangements for property, plant and equipment.

#### (b) Changes in liabilities arising from financing activities

2024

	Payables for purchase of equity interests <i>RMB'00</i>	Borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Interest payables <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2024	1,146,499	1,871,524	31,693	2,054	3,051,770
Changes from financing cash flows	–	(616,213)	(4,299)	(53,759)	(674,271)
Change in equity movement in relation with non-controlling interests	116,468	–	–	–	116,468
Interest expense	–	–	1,346	54,022	55,368
At December 31, 2024	1,262,967	1,255,311	28,740	2,317	2,549,335

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (b) Changes in liabilities arising from financing activities (continued)

##### 2023

	Payables for purchase of equity interests <i>RMB'00</i>	Borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Convertible bonds included in financial liabilities <i>RMB'000</i>	Interest payables <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2023	567,112	1,286,251	28,071	1,508,618	2,053	3,392,105
Changes from financing cash flows	481,290	585,273	(4,194)	(1,832,478)	(70,691)	(840,800)
Change in equity movement in relation with non-controlling interests	88,587	–	–	–	–	88,587
Capital injection receivable from a non-controlling shareholder	9,510	–	–	–	–	9,510
Equity component of convertible bonds	–	–	–	(38,572)	–	(38,572)
New leases	–	–	6,390	–	–	6,390
Loss on repurchase of convertible bonds	–	–	–	222,758	–	222,758
Foreign exchange movement	–	–	–	31,823	9	31,832
Interest expense	–	–	1,426	107,851	70,683	179,960
At December 31, 2023	1,146,499	1,871,524	31,693	–	2,054	3,051,770



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within financing activities	(4,299)	(4,194)

### 39. CAPITAL COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Investment in Viva Biotech Chengdu New Drug Incubation and Biologics Production Research & Development Center	30,005	64,326
Acquisition of property, plant and equipment	54,613	67,657
Total	84,618	131,983

In addition, the Group had the following commitments provided to the associate, which are not included in the above:

	2024 RMB'000	2023 RMB'000
Capital contributions	—	4,350
Loan commitment	—	30,000
Total	—	34,350

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 40. RELATED PARTY DISCLOSURES

#### (1) Names of and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the periods presented in the consolidated financial statements.

Company	Relationship
Viva Dancheng Biotech (Hangzhou) Limited ("Hangzhou Dancheng")	Associate
Fei Xiaoyu	Key management personnel

#### (2) Transactions with related parties

	2024 RMB'000	2023 RMB'000
Loans to Hangzhou Dancheng*	30,000	—
Fei Xiaoyu**	4,216	—
Total	34,216	—
Repayment from a related party regarding the capital reduction Hangzhou Dancheng	78,113	—
Interest income from loan to Hangzhou Dancheng	764	—
Fei Xiaoyu**	93	—
Total	857	—

\* The loan to Hangzhou Dancheng of RMB30,000,000 is unsecured, with a term of more than five years and bearing interest at the five-year LPR per annum. As at December 31, 2024, RMB6,904,000 was settled with the amounts due to Hangzhou Dancheng.

\*\* The loan to Fei Xiaoyu of RMB4,216,000 is unsecured, with a term of three years and bearing interest at 3.5% per annum.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 40. RELATED PARTY DISCLOSURES (continued)

#### (3) Related party balances

	2024 RMB'000	2023 RMB'000
Amounts due from related parties – non-trade in nature		
Hangzhou Dancheng	23,860	80,530
Fei Xiaoyu	4,309	–
<b>Total</b>	<b>28,169</b>	<b>80,530</b>
Amount due to a related party – non-trade in nature		
Hangzhou Dancheng	–	6,914

#### (4) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the years ended December 31, 2023 and 2024 was as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	26,246	16,731
Pension scheme contributions	114	102
Equity-settled share-based payments	(724)	6,088
<b>Total</b>	<b>25,636</b>	<b>22,921</b>

Further details of directors' and the chief executive's emoluments are included in note 10 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
<b>Financial assets</b>		
Financial assets at FVTPL:		
Unlisted investments at FVTPL	939,430	992,420
Listed equity securities	1,811	2,861
Equity investments designated at fair value through other comprehensive income	500	500
<b>Total</b>	<b>941,741</b>	<b>995,781</b>
Financial assets at amortised cost:		
Trade and bills receivables	420,464	407,405
Financial assets included in prepayments, other receivables and other assets	15,880	13,302
Rental deposits and other receivables	2,895	850
Amounts due from related parties	28,169	80,530
Pledged deposits	27,689	161,695
Cash and cash equivalents	941,581	1,036,322
<b>Total</b>	<b>1,436,678</b>	<b>1,700,104</b>
<b>Financial liabilities</b>		
Financial liabilities at FVTPL:		
Derivative financial instruments	–	805
Financial liabilities at amortised cost:		
Trade and bills payables	309,355	245,756
Financial liabilities included in other payables and accruals	87,026	126,058
Interest-bearing bank borrowings	1,255,311	1,871,524
Amounts due to a related party	–	6,914
Financial liabilities included in other non-current liabilities	1,262,967	1,146,499
<b>Total</b>	<b>2,914,659</b>	<b>3,396,751</b>

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial assets				
Equity investments designated at fair value through other comprehensive income	500	500	500	500
Financial assets at FVTPL	941,241	995,281	941,241	995,281
<b>Total</b>	<b>941,741</b>	<b>995,781</b>	<b>941,741</b>	<b>995,781</b>
Financial liabilities				
Derivative financial instruments	—	805	—	805

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, rental deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, amounts due to/from a related party, interest-bearing bank borrowings, financial liabilities included in other payables and accruals, financial liabilities included in other non-current liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

#### Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current stock price. These instruments are included in level 1.

#### Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs that are significant to fair value measurement are observable, the instrument is included in level 2.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Financial instruments in level 3

The fair values of unlisted equity investments designated at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to research and development (“R&D”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an R&D measure. The trading multiple is then discounted for considerations such as illiquidity differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity investments at fair value through profit or loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

The Group’s financial assets at FVTPL which are measured at fair value (refer to note 20 for details) at December 31, 2024 and 2023 are grouped under Level 1, Level 2 and Level 3 hierarchy. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular the valuation techniques and inputs used).



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Financial instruments in level 3 (continued)

Financial instruments	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
<b>Financial assets</b>				
Listed equity securities	Active market quoted transaction price	N/A	N/A	N/A
Financial products	Discounted cash flow method	N/A	N/A	N/A
Derivative financial instruments	Discounted cash flow method	N/A	N/A	N/A
Unlisted investment at FVTPL	Most recent transaction price	N/A	N/A	N/A
	Comparable company method	The ratio of P/R&D	1.5-4 (December 31, 2023: 1.5-4.13)	10% (December 31, 2023: 10%) increase/decrease in multiples would result in increase/decrease in fair value by RMB17,657,000 (December 31, 2023: RMB35,349,000)
	Backsolve from most recent transaction price	IPO probability	20% to 50% (December 31, 2023: 10% to 50%)	5% (December 31, 2023: 5%) increase/decrease in multiples would result in increase/decrease in fair value by RMB1,956,000 (December 31, 2023: RMB140,000)
	Discounted cash flow method	Conversion probability	0% to 10% (December 31, 2023: 0% to 50%)	5% (December 31, 2023: 5%) increase/decrease in multiples would result in increase/decrease in fair value by RMB1,518,000 (December 31, 2023: RMB1,334,000)



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Financial instruments in level 3 (continued)

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at December 31, 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Listed equity securities	1,811	–	–	1,811
Equity investments designated at fair value through other comprehensive income	–	500	–	500
Unlisted investment at FVTPL	–	41,180	898,250	939,430
Total	1,811	41,680	898,250	941,741

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Financial instruments in level 3 (continued)

As at December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Listed equity securities	2,861	–	–	2,861
Equity investments designated at fair value through other comprehensive income	–	500	–	500
Unlisted investment at FVTPL	–	66,298	926,122	992,420
<b>Total</b>	<b>2,861</b>	<b>66,798</b>	<b>926,122</b>	<b>995,781</b>

Liabilities measured at fair value:

No liabilities were measure at fair value as at December 31, 2024.

As at December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Derivative financial instruments	–	805	–	805

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Financial instruments in level 3 (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
At January 1	926,122	989,035
Acquired	14,913	12,868
Recognised from SFE revenue	5,576	8,030
Gain/(loss) on fair value change	85,791	(2,764)
Exchange adjustment	6,974	8,408
Disposal	(171,667)	(99,772)
Transfer from Level 2*	30,541	10,317
At December 31	898,250	926,122

\* During the year, as there was no most recent transaction price applicable for certain unlisted investments, the fair value measurement for certain unlisted investments transferred from Level 2 to Level 3 in the fair value hierarchy with the changes of valuation techniques.

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, mainly comprise bank borrowings, pledged deposits, convertible bonds and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates related primarily to the Group's bank borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's (loss)/profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
<b>2024</b>			
RMB-denominated borrowings	50	(17,986)	(17,986)
RMB-denominated borrowings	(50)	17,986	17,986
<b>2023</b>			
RMB-denominated borrowings	50	(10,405)	(10,405)
RMB-denominated borrowings	(50)	10,405	10,405

#### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The Group purchased certain foreign exchange forward contracts during 2024 and has elected not to adopt hedge accounting for such foreign exchange forward contracts.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's (loss)/profit before tax and equity (arising from US\$denominate financial instruments) and the Group's equity (due to changes in the fair value of forward currency contracts).

	<b>Increase/ (decrease) in rate of foreign currency %</b>	<b>Increase/ (decrease) in profit before tax RMB'000</b>	<b>Increase/ (decrease) in in equity RMB'000</b>
<b>2024</b>			
If the US\$ weakens against the RMB	5	(5,028)	35,867
If the US\$ strengthens against the RMB	(5)	5,028	(35,867)
<b>2023</b>			
If the US\$ weakens against the RMB	5	(1,857)	46,319
If the US\$ strengthens against the RMB	(5)	1,857	(46,319)

#### Credit risk

An impairment analysis was performed at December 31, 2023 and 2024 using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year – end staging classification as at December 31, 2024 and 2023. The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Cash and cash equivalents	941,581	–	–	–	941,581
Pledged deposits	27,689	–	–	–	27,689
Trade and bills receivables*	–	–	–	445,295	445,295
Financial assets included in prepayments, other receivables and other assets – normal**	15,880	–	–	–	15,880
Amounts due to a related party	28,169	–	–	–	28,169
Rental deposits and other receivables	2,895	–	–	–	2,895
<b>Total</b>	<b>1,016,214</b>	<b>–</b>	<b>–</b>	<b>445,295</b>	<b>1,461,509</b>

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Maximum exposure and year-end staging (continued)

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Cash and cash equivalents	1,036,322	–	–	–	1,036,322
Pledged deposits	161,695	–	–	–	161,695
Trade and bills receivables*	–	–	–	428,218	428,218
Financial assets included in prepayments, other receivables and other assets – normal**	13,302	–	–	–	13,302
Amounts due to a related party	80,530	–	–	–	80,530
Rental deposits	850	–	–	–	850
<b>Total</b>	<b>1,292,699</b>	<b>–</b>	<b>–</b>	<b>428,218</b>	<b>1,720,917</b>

\* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 to the consolidated financial statements.

\*\* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

At the end of the reporting period, the Group had certain concentrations of credit risk as 40.70% (2023: 27.78%) of the Group’s trade receivables were due from the Group’s five largest customers.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 25 to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations. The Group maintains a balance between continuity of funding and flexibility through the use of interest-bearing loans and borrowings, convertible bonds and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, is as follows:

	On demand or less than 1 year <i>RMB'000</i>	1 to 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total undiscounted cash flows <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
<b>2024</b>					
Trade and bills payables	309,355	–	–	309,355	309,355
Other payables and accruals	87,026	–	–	87,026	87,026
Interest-bearing bank borrowings	581,378	789,137	–	1,370,515	1,255,311
Other non-current liabilities for purchase equity interest from third parties	–	1,531,790	–	1,531,790	1,262,967
Lease liabilities	4,326	15,162	16,822	36,310	28,740
<b>Total</b>	<b>982,085</b>	<b>2,336,089</b>	<b>16,822</b>	<b>3,334,996</b>	<b>2,943,399</b>



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Liquidity risk (continued)

	On demand or less than 1 year <i>RMB'000</i>	1 to 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total undiscounted cash flows <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
<b>2023</b>					
Trade and bills payables	245,756	–	–	245,756	245,756
Amounts due to a related party	6,914	–	–	6,914	6,914
Other payables and accruals	126,058	–	–	126,058	126,058
Interest-bearing bank borrowings	1,420,675	523,585	–	1,944,260	1,871,524
Other non-current liabilities for purchase equity interest from third parties	–	1,531,790	–	1,531,790	1,146,499
Lease liabilities	4,102	18,344	18,504	40,950	31,693
<b>Total</b>	<b>1,803,505</b>	<b>2,073,719</b>	<b>18,504</b>	<b>3,895,728</b>	<b>3,428,444</b>

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and December 31, 2023.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Total assets	7,050,594	7,449,912
Equity attributable to owners of the Company	3,802,377	3,687,912
Total liabilities	3,234,373	3,762,000
Cash and cash equivalents	941,581	1,036,322
Gearing ratio	45.9%	50.5%

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>		
Investments in subsidiaries	2,437,873	2,438,638
Financial assets at FVTPL	—	25,569
	2,437,873	2,464,207
<b>Current assets</b>		
Amounts due from subsidiaries	1,950,729	1,851,113
Prepayments, other receivables and other assets	814	797
Cash and cash equivalents	21,547	19,046
	1,973,090	1,870,956
<b>Current liabilities</b>		
Other payables and accruals	3,776	17,239
Financial liabilities at FVTPL	17,902	10,972
Contract liabilities – current	31,087	22,229
Amounts due to subsidiaries	163,518	169,173
	216,283	219,613
<b>Net current assets</b>	1,756,807	1,651,343
<b>Total assets less current liabilities</b>	4,194,680	4,115,550



## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2024 RMB'000	2023 RMB'000
<b>Non-current liabilities</b>		
Financial liabilities at FVTPL	144,305	144,305
Contract liabilities – non-current	–	14,165
	144,305	158,470
Net assets	4,050,375	3,957,080
<b>Capital and reserves</b>		
Share capital	367	367
Reserves (note)	4,207,678	4,091,364
Treasury shares	(157,670)	(134,651)
Total equity	4,050,375	3,957,080

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2024

### 44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

The reserve movement of the Company is as follows:

	Share premium <i>RMB'000</i>	Share option reserve <i>RMB'000</i>	Retained profits/ (accumulated losses) <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2024</b>				
At January 1, 2024	3,874,168	107,270	109,926	4,091,364
Profit for the year	–	–	124,180	124,180
	3,874,168	107,270	234,106	4,215,544
Equity-settled share-based payments	–	(7,866)	–	(7,866)
At December 31, 2024	3,874,168	99,404	234,106	4,207,678
<b>2023</b>				
At January 1, 2023	3,636,950	88,263	(27,734)	3,697,479
Profit for the year	–	–	137,660	137,660
	3,636,950	88,263	109,926	3,835,139
Equity-settled share-based payments	–	19,007	–	19,007
Shares repurchased and cancelled	(10,273)	–	–	(10,273)
Conversion of convertible bonds	247,491	–	–	247,491
At December 31, 2023	3,874,168	107,270	109,926	4,091,364

### 45. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on March 27, 2025.



## Definitions

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of Directors
“BVI”	British Virgin Islands
“CG Code”	the “Corporate Governance Code” as contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “our Company”	Viva Biotech Holdings (维亚生物科技控股集团), an exempted company with limited liability incorporated in the Cayman Islands on August 27, 2008
“Director(s)”	the director(s) of the Company or any one of them
“Global Offering”	has the meaning ascribed to it under the Prospectus
“Group”, “our Group”, “we” or “us”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

## Definitions

“HK\$” or “Hong Kong dollars”	Hong Kong dollars and cents, each being the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent third party(ies)”	a person or entity who/which is not a connected person or associate of a connected person of our Company under the Listing Rules
“Jiaxing Viva”	Jiaxing Viva Biotech Limited (嘉興維亞生物科技有限公司), a limited liability company established in the PRC on March 19, 2014, and an indirect wholly-owned subsidiary of our Company
“Langhua Pharmaceutical”	Zhejiang Langhua Pharmaceutical Co., Ltd. (浙江朗華製藥有限公司)
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules
“Post-IPO Share Option Scheme”	the post-IPO share option scheme as adopted by the Company on April 14, 2019
“Pre-IPO Share Incentive Schemes”	the 2009 Stock Incentive Plan, the 2018 Stock Incentive Plan and the Pre-IPO Stock Incentive Plan, the principal terms of which are summarized in “Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Schemes” in Appendix IV to the Prospectus



## Definitions

“Pre-IPO Stock Incentive Plan”	the pre-IPO stock incentive plan approved and adopted by the Company on June 21, 2018, the principal terms of which are summarized in “Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Incentive Schemes” in Appendix IV to the Prospectus
“Prospectus”	the prospectus of the Company dated April 25, 2019
“Reporting Period”	the year ended December 31, 2024
“Restricted Share Unit Scheme”	the restricted share unit scheme approved by the Company on June 5, 2020, the principal terms of which are summarized in the Company’s announcement on the same date
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.000025 each
“Shareholder(s)”	holder(s) of Shares
“Sichuan Viva”	Sichuan Viva Benyuan Biotech Limited (四川維亞本苑生物科技有限公司), a limited liability company established in the PRC on October 30, 2018, and an indirect wholly-owned subsidiary of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYNthesis”	SYNthesis med chem (Hong Kong) Limited
“US\$” or “United States dollars”	United States dollars and cents, each being the lawful currency of United States of America
“Viva Biotech BVI”	Viva Biotech Investment Management Limited, a limited liability company incorporated in the British Virgin Islands on July 9, 2020, and a wholly-owned subsidiary of the Company



## Definitions

“Viva Biotech HK”	Viva Biotech Limited (維亞生物科技有限公司), a limited company incorporated in Hong Kong on June 17, 2008, and a direct wholly-owned subsidiary of the Company
“Viva Incubator HK”	Viva Incubator Investment Management Limited, a limited liability company incorporated in Hong Kong on March 20, 2017, and a wholly-owned subsidiary of the Company
“Viva Incubator Shanghai”	Shanghai Viva Dancheng Entrepreneurship Incubator Management Limited (上海維亞聘誠創業孵化器管理有限公司), formerly known as Shanghai Benyuan Entrepreneurship Incubator Management Limited (上海本苑創業孵化器管理有限公司), a limited liability company established in the PRC on December 7, 2015, and an indirect wholly-owned subsidiary of the Company
“Viva Shanghai”	Viva Biotech (Shanghai) Ltd. (維亞生物科技(上海)有限公司), a limited liability company established in the PRC on August 14, 2008, and an indirect wholly-owned subsidiary of the Company
“%”	per cent
“2009 Stock Incentive Plan”	The stock incentive plan approved and adopted by the Company on July 1, 2009 and as amended and restated on June 8, 2018
“2018 Stock Incentive Plan”	The stock incentive plan approved and adopted by the Company on January 1, 2018 and as amended and restated on June 8, 2018