



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

A graphic of a molecular structure with several spheres connected by lines, rendered in a teal color, set against a dark green background with bokeh light effects.A decorative graphic consisting of several overlapping, curved bands in shades of green and blue, sweeping across the middle of the page.A graphic of several overlapping, semi-transparent white circles, resembling cells or bubbles, set against a light green background.

2024 INTERIM REPORT

CONTENTS

2	Corporate Information
4	Management Discussion and Analysis
19	Supplementary Information
43	Independent Review Report
45	Interim Condensed Consolidated Statement of Profit or Loss
46	Interim Condensed Consolidated Statement of Comprehensive Income
47	Interim Condensed Consolidated Statement of Financial Position
50	Interim Condensed Consolidated Statement of Changes in Equity
52	Interim Condensed Consolidated Statement of Cash Flows
54	Notes to Interim Condensed Consolidated Financial Information
88	Definitions

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
Mr. FU Lei

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 (formerly known as the Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries)*)

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 Hongkong 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 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'S WEBSITE

www.vivabiotech.com

Management Discussion and Analysis

BUSINESS REVIEW

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

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

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

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

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

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

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

Management Discussion and Analysis

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

Continuing to Expand CDMO Capacity and Increase CMC Projects

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

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

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

Management Discussion and Analysis

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

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

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

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

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

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 new modality to develop a unique AI-enabled SBDD one-stop R&D service platform for innovative novel drugs.

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

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

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

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

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. So far, based on full integration of our existing technology platforms across multiple fields, we have established a powerful, comprehensive and one-stop XDC technology service platform.

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

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

Management Discussion and Analysis

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

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

Management Discussion and Analysis

STAFF AND FACILITIES

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

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

FUTURE STRATEGIES AND OUTLOOK

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

Discussion of Result of Operation

Revenue

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

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

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

Management Discussion and Analysis

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

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

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

Management Discussion and Analysis

Other Income and Gains

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Research and Development Expenses

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

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

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

Management Discussion and Analysis

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

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

Impairment Losses on Financial Assets, Net

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

Other Expenses

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

Finance Costs

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

Income Tax Expense

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

Management Discussion and Analysis

Net Profit

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

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

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

Liquidity and Financial Resources

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

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

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

Pledge of Assets

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

Management Discussion and Analysis

Capital Expenditure

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

Contingent Liabilities

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

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

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

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

Currency Risk

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

Supplementary Information

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES OR SALE OF TREASURY SHARES

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

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

SUBSEQUENT EVENT

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

SHARE INCENTIVE SCHEMES

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

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

Supplementary Information

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

Supplementary Information

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

Supplementary Information

REVIEW OF FINANCIAL INFORMATION

AUDIT COMMITTEE

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

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

CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Director since the date of the Company's 2023 annual report and as of the date of this interim report is set out below:

Ms. LI Xiangrong resigned as an independent director of MakeMyTrip Limited, an Indian online travel company (listed on NASDAQ with the stock ticker MMYT) in May 2024 where she had served in such position since September 2019 and she was appointed as an independent director of Noah Holdings Private Wealth and Asset Management Limited, a company listed on the Stock Exchange (stock code: 6686) on June 30, 2024.

Save for the disclosed above, there was no change in the Board and the information of Directors since the date of the Company's 2023 annual report which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

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

INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at June 30, 2024, the interests or short positions of the Directors and chief executive 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*
Mr. Mao Chen Cheney ⁽²⁾	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 ⁽³⁾	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 ⁽⁴⁾	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 ⁽⁵⁾	Interest of controlled corporation	85,000,000 (L)	3.93%

Supplementary 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, CCMFT Trust Scheme 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 ceases 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 June 30, 2024.

Supplementary 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. ⁽²⁾	Interest in controlled corporation	Ordinary	12,398,500	24.80%
	Clues Therapeutics Inc. ⁽²⁾⁽³⁾	Interest in controlled corporation	Ordinary	20,257,515	17.73%
Mr. Wu Ying ⁴	Viva Shanghai	Interest of spouse	Registered capital	US\$114,926	0.17%
Mr. Ren Delin ⁵	Viva Shanghai	Beneficial owner	Registered capital	US\$462,064	0.70%
Mr. Wang Stephen Hui ⁶	Viva Shanghai	Interest in controlled corporation	Registered capital	US\$4,394,809	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 Chencehney 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) M. 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

Supplementary Information

Save as disclosed in this interim report and to the best knowledge of the Directors, as at June 30, 2023, 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 IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at June 30, 2024, the following corporations/persons (other than the Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Stock Exchange.

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares⁽¹⁾	Approximate Percentage of Company's issued share capital⁺
Ms. Mao Jun ⁽²⁾	Interest of corporation controlled	131,057,654 (L)	6.06%
Ms. Zhou Min	Beneficial owner	100,000,000 (L)	4.63%
Mr. John Wu Jiong ⁽³⁾	Interest in a controlled corporation	219,034,092 (L)	10.13%
Fenghe Harvest Ltd ⁽³⁾	Beneficial owner	154,821,323 (L)	7.16%
Tamasek Holdings (Private) Limited ⁽⁵⁾	Interest in a controlled corporation	150,000,000 (L)	6.94%

Supplementary 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 corporation controlled by her.
 3. Mr. John Wu Jiong holds 100.00% equity interest in each of Fenghe Harvest Ltd and Wu and Sons Limited. In addition, Mr. John Wu Jiong holds 45.00% equity interest in Fenghe Canary Limited. Therefore, Mr. John Wu Jiong is deemed to be interested in the Shares directly held by Fenghe Harvest Ltd, Wu and Sons Limited and Fenghe Canary Limited.
 5. Huangshang Investments Pte. Ltd. and True Light Investments H Pte. Ltd., each being corporation controlled by Tamasek Holdings (Private) Limited, has subscribed for convertible bonds in the Company which may be converted into an aggregate of 150,000,000 Shares.
- + The percentage represents the number of ordinary Shares interested divided by the number of the issued Shares as at June 30, 2024

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2024, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Supplementary 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 the 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 was 270,937,302 Shares, 57,892,351 Shares and 2,194,555 Shares, 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;

Supplementary 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;

Supplementary Information

- (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 requirements 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;
- (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 have any effect on the total number of Shares outstanding and will not result in any dilution effect on the Shares. 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 June 30, 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	

Notes:

- (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.

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 the 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.

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
- 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).

Supplementary Information

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.

Supplementary Information

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 (which is 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.

Supplementary Information

Details of the options granted under the Post-IPO Share Option Scheme and those remained outstanding as at June 30, 2024 are as follows:

Name and category of participant	Date of grant	Number of options					As of June 30, 2024	Exercise and vesting period
		As of January 1, 2024	Granted during the Reporting Period	Exercised during the Report Period	Cancelled during the Report Period	Lapsed during the Report Period		
Directors								
Mr. Mao Chen Cheney	July 7, 2021	640,000	-	-	-	-	640,000	Note 1
Mr. Wu Ying	July 7, 2021	640,000	-	-	-	-	640,000	Note 1
Mr. Ren Delin	July 7, 2021	640,000	-	-	-	-	640,000	Note 1
Subtotal		1,920,000	-	-	-	-	1,920,000	
Other employees								
	July 7, 2021	3,540,000	-	-	-	-	3,540,000	Note 1
	December 2, 2021	10,800,000	-	-	-	-	10,800,000	Note 2
	June 24, 2022	10,550,000	-	-	-	170,000	10,380,000	Note 3
Subtotal		24,890,000		-		170,000	24,720,000	
Total		26,810,000		-		170,000	26,640,000	

Note:

- (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 years 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 has vested will become immediately exercisable and will remain exercisable until July 6, 2026.

Supplementary Information

- (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 years 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.

- (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 total amount of options that are available for further grant under the Post-IPO Share Option Scheme on January 1, 2024 and June 30, 2024 are 111,235,000 and 111,405,000 Shares, respectively. The maximum amount of Shares which may be issued in respect of options granted under the Post-IPO Share Option Scheme is 26,640,000 Shares, representing approximately 1.23% of the issued shares as at the date of this report.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares of the Company for the Reporting Period is 0% as no option or award was granted under all schemes of the Company during the Reporting Period.

A summary of the terms of the Pre-IPO Share Incentive Schemes and Post-IPO Share Option Scheme has been set out in the section headed "D. Share Incentive Schemes" in Appendix IV of the Prospectus, and further details of each grant of options has been set out in the announcement of the respective grants.

Supplementary Information

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.

(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.

(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.

Supplementary Information

(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.

(h) *General and Maximum Limit*

The maximum number of Shares which may be granted under the Scheme is 20,000,000 Shares representing approximately 0.93% of the number of Shares in issue as of June 30, 2024. The Committee has granted RSUs underlying 12,800,000 Shares and RSUs underlying 7,200,000 Shares remains grantable as of January 1, 2024. And as of 30 June 2024, the Committee has granted RSUs underlying 18,240,000 Shares and RSUs underlying 1,760,000 Shares remains grantable. 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.

Supplementary Information

The following table summarizes the number of RSUs under the Restricted Share Unit Scheme 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	
Directors and their associates							
Mr. MAO Chen Cheney	December 11, 2020	640,000	-	-	-	-	640,000 <i>Note 1</i>
Mr. WU Ying	December 11, 2020	640,000	-	-	-	-	640,000 <i>Note 1</i>
	December 2, 2021	1,280,000	-	-	-	-	1,280,000 <i>Note 2</i>
Mr. REN Delin	December 11, 2020	640,000	-	-	-	-	640,000 <i>Note 1</i>
	December 2, 2021	1,280,000	-	-	-	-	1,280,000 <i>Note 2</i>
Ms. Zhao Huixin ⁽⁵⁾	December 11, 2020	160,000	-	-	-	-	160,000 <i>Note 1</i>
Subtotal		4,640,000	-	-	-	-	4,640,000
Senior management and other employees of the Company							
- Five highest paid individuals during the Report Period ⁽⁶⁾							
	December 2, 2021	1,920,000	-	-	-	-	1,920,000 <i>Note 3</i>
	June 3, 2024	-	640,000	-	-	-	640,000 <i>Note 4</i>
- Other members of the Company							
	December 11, 2020	5,840,000	-	-	-	160,000	5,680,000 <i>Note 1</i>
	June 3, 2024	-	4,960,000	-	-	-	4,960,000 <i>Note 4</i>
Subtotal		7,760,000	5,600,000	-	-	160,000	13,200,000
Total		12,400,000	5,600,000	-	-	160,000	17,840,000

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.

Supplementary Information

- (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 vesting conditions including performance target of the grantee, (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.

- (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.

4. Viva Shanghai Phase I and Phase II Share Option Scheme

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.

A summary of the material terms of the Viva Shanghai Share Option Schemes are set out in the circular of the Company dated December 28, 2023. 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%.

Supplementary Information

Additional details of the options granted under the Viva Shanghai Share Option Schemes and those remained outstanding as at June 30, 2024 are as follows:

Name and category of participants	Date of grant	Number of Options ¹					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	
Viva Shanghai Phase I Share Option Scheme							
Mr. Ren Delin	June 14, 2024	-	1,100,000	-	-	-	1,100,000 <i>Note 2</i>
Ms. Zhao Huixin	June 14, 2024	-	370,000	-	-	-	370,000 <i>Note 2</i>
Subtotal							
Other employees	June 14, 2024	-	5,850,000	-	-	-	5,850,000 <i>Note 2</i>
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 <i>Note 3</i>
Ms. Zhao Huixin	June 14, 2024	-	300,000	-	-	-	300,000 <i>Note 3</i>
Subtotal							
Other employees	June 14, 2024	-	5,320,000	-	-	-	5,320,000 <i>Note 3</i>
Total		-	7,320,000	-	-	-	7,320,000

Supplementary 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.

SUBSEQUENT EVENT

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

Independent Review Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the board of directors of Viva Biotech Holdings
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 45 to 87, which comprises the condensed consolidated statement of financial position of Viva Biotech Holdings (the “**Company**”) and its subsidiaries (the “**Group**”) as at June 30, 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board (“**IASB**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on *Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

August 29, 2024

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2024

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

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2024

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

Interim Condensed Consolidated Statement of Financial Position

June 30, 2024

	<i>Notes</i>	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,362,326	1,350,917
Investment property		–	115,500
Right-of-use assets		298,238	303,614
Goodwill		2,156,419	2,156,419
Other intangible assets		393,299	420,669
Equity investments designated at fair value through other comprehensive income		500	500
Investments in an associate		46,903	42,403
Financial assets at FVTPL	12	930,010	995,281
Contract assets		6,114	5,248
Rental deposits, other receivables and prepayments		6,978	7,257
Deferred tax assets		21,845	21,186
Amounts due from related parties	19	27,331	–
Total non-current assets		5,249,963	5,418,994
CURRENT ASSETS			
Inventories		225,505	259,707
Trade and bills receivables	13	446,715	407,405
Contract costs		9,998	8,719
Prepayments, other receivables and other assets		44,477	76,540
Amounts due from a related party	19	–	80,530
Pledged deposits		44,158	161,695
Cash and cash equivalents		1,035,834	1,036,322
Assets classified as held for sale	17	1,806,687 123,452	2,030,918 –
Total current assets		1,930,139	2,030,918

Interim Condensed Consolidated Statement of Financial Position

June 30, 2024

	<i>Notes</i>	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
CURRENT LIABILITIES			
Derivative financial instruments		–	805
Trade and bills payables	14	247,480	245,756
Other payables and accruals	15	195,295	259,818
Contract liabilities		55,272	36,423
Interest-bearing bank borrowings	16	650,070	949,512
Lease liabilities		3,009	2,929
Income tax payable		14,334	32,021
Amounts due to a related party	19	–	6,914
		1,165,460	1,534,178
Liabilities directly associated with the assets classified as held for sale	17	1,669	–
Total current liabilities		1,167,129	1,534,178
NET CURRENT ASSETS		763,010	496,740
TOTAL ASSETS LESS CURRENT LIABILITIES		6,012,973	5,915,734
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	16	861,202	922,012
Deferred income		33,454	40,858
Contract liabilities		–	14,165
Lease liabilities		26,730	28,764
Deferred tax liabilities		80,432	69,192
Other non-current liabilities		1,209,464	1,152,831
Total non-current liabilities		2,211,282	2,227,822
Net assets		3,801,691	3,687,912

Interim Condensed Consolidated Statement of Financial Position

June 30, 2024

	<i>Notes</i>	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	367	367
Treasury shares	18	(134,651)	(134,651)
Reserves		3,922,975	3,822,196
		3,788,691	3,687,912
Non-controlling interests		13,000	–
Total equity		3,801,691	3,687,912

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

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

* On December 15, 2023, Viva Biotech (Shanghai) Ltd. (“Viva Biotech Shanghai”), the subsidiary of the Group, and certain employees entered into the capital injection agreement, pursuant to which such employees will inject RMB30,160,000 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%.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

<i>Notes</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash flows from operating activities	152,330	317,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	8,976	6,663
Purchases of items of property, plant and equipment	(128,352)	(101,607)
Purchase of intangible asset	(437)	(159)
Proceeds from disposal of items of property, plant and equipment	125	270
Receipt of government grants and subsidies related to assets	3,154	6,298
Withdraw in pledged deposits	130,000	–
Advance of intention payment on potential disposal of a subsidiary	12,000	–
Advances of loans to an employee	(2,000)	–
Repayment from related parties	78,113	–
Advances of loans to related parties	(34,216)	–
Capital injection in an associate	(4,500)	–
Purchase of financial assets at FVTPL	(8,769)	(21,821)
Proceeds from disposal of financial assets at FVTPL	144,062	36,129
Settlement/(payment) of derivative financial instruments	3,434	(17,198)
Net cash flows from/(used in) investing activities	201,590	(91,425)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(1,332,678)	(137,257)
Interest paid	(31,246)	(34,689)
Proceeds from bank borrowings	972,426	143,390
Repayment of lease liabilities	(2,640)	(1,460)
Payments of rental deposits	–	(277)
Capital injection from non-controlling shareholders of a subsidiary	39,526	–
Advance from the issue of convertible bonds	–	217,488
Payment for repurchase of convertible bonds	–	(46,541)
Net cash flows (used in)/from financing activities	(354,612)	140,654
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(692)	366,678
Cash and cash equivalents at beginning of period	1,036,322	678,569
Effect of foreign exchange rate changes, net	611	28,366
Cash and cash equivalents reclassified as assets held for sale	(407)	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,035,834	1,073,613

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

1.1 Corporate information

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

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

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

1.2 Basis of preparation

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

3. OPERATING SEGMENT INFORMATION

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

3. OPERATING SEGMENT INFORMATION (continued)

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

3. OPERATING SEGMENT INFORMATION (continued)

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

4. REVENUE

An analysis of revenue is as follows:

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

(a) Disaggregated revenue information

For the six months ended June 30, 2024

Segments	Drug discovery services RMB'000 (Unaudited)	CDMO and commercialisation services RMB'000 (Unaudited)	Viva BioInnovator RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Revenue from non-investees:				
Full-time-equivalent ("FTE") services	286,886	-	-	286,886
Fee-for-service ("FFS") services	69,383	7,032	-	76,415
Sale of products	-	577,229	-	577,229
Subtotal	356,269	584,261	-	940,530
Revenue from investees:				
FTE services	15,234	-	6,898	22,132
FFS services	4,129	11,628	90	15,847
SFE services	-	-	3,315	3,315
Subtotal	19,363	11,628	10,303	41,294
Total revenue from contracts with customers	375,632	595,889	10,303	981,824

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

4. REVENUE (continued)

(a) Disaggregated revenue information (continued)

Segments	Drug discovery services <i>RMB'000</i> (Unaudited)	CDMO and commercialisation services <i>RMB'000</i> (Unaudited)	Viva BioInnovator <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Geographical markets				
United States of America (“USA”)	298,920	69,543	7,271	375,734
European Union	18,706	318,353	–	337,059
Chinese Mainland	43,164	68,782	–	111,946
Other Asian countries and regions out of Chinese Mainland	5,263	104,201	–	109,464
Africa	–	19,015	–	19,015
Other countries/regions	9,579	15,995	3,032	28,606
Total revenue from contracts with customers	375,632	595,889	10,303	981,824
Timing of revenue recognition				
Goods/services transferred at a point in time	73,512	595,889	90	669,491
Services transferred over time	302,120	–	10,213	312,333
Total revenue from contracts with customers	375,632	595,889	10,303	981,824

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

4. REVENUE (continued)

(a) Disaggregated revenue information (continued)

For the six months ended June 30, 2023

Segments	Drug discovery services <i>RMB'000</i> (Unaudited)	CDMO and commercialisation services <i>RMB'000</i> (Unaudited)	Viva BioInnovator <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services				
Revenue from non-investees:				
FTE services	350,177	-	-	350,177
FFS services	72,088	-	-	72,088
Sale of products	-	686,537	-	686,537
Subtotal	422,265	686,537	-	1,108,802
Revenue from investees:				
FTE services	-	-	3,164	3,164
FFS services	4,661	-	2,685	7,346
SFE services	-	-	8,519	8,519
Sale of products	-	14,353	-	14,353
Subtotal	4,661	14,353	14,368	33,382
Total revenue from contracts with customers	426,926	700,890	14,368	1,142,184

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

4. REVENUE (continued)

(a) Disaggregated revenue information (continued)

Segments	Drug discovery services <i>RMB'000</i> (Unaudited)	CDMO and commercialisation services <i>RMB'000</i> (Unaudited)	Viva BioInnovator <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Geographical markets				
USA	322,112	144,144	9,866	476,122
European Union	17,386	282,990	124	300,500
Chinese Mainland	59,558	91,853	30	151,441
Other Asian countries and regions out of Chinese Mainland	4,744	131,740	–	136,484
Africa	–	20,117	–	20,117
Other countries/regions	23,126	30,046	4,348	57,520
Total revenue from contracts with customers	426,926	700,890	14,368	1,142,184
Timing of revenue recognition				
Goods/services transferred at a point in time	76,749	700,890	2,685	780,324
Services transferred over time	350,177	–	11,683	361,860
Total revenue from contracts with customers	426,926	700,890	14,368	1,142,184

(b) Information about a major customer

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

5. OTHER INCOME AND GAINS

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

6. FINANCE COSTS

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

7. PROFIT BEFORE TAX

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

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

8. INCOME TAX

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

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

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

Cayman Islands/British Virgin Islands (“BVI”)

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

Hong Kong

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

8. INCOME TAX (continued)

Chinese Mainland

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

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

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

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

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

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

8. INCOME TAX (continued)

Chinese Mainland (continued)

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

Australia

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

USA

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

United Kingdom

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

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

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

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

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

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

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

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Earnings		
Profit attributable to equity holders of the parent, used in the basic and diluted profit per share	116,808	1,013

	Number of shares ('000) For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,141,766	1,915,437
Effect of dilutive potential ordinary shares:		
Share options	–	1,459
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	2,141,766	1,916,896

10. DIVIDENDS

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

11. PROPERTY, PLANT AND EQUIPMENT

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

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

Assets with a net book value of RMB85,000 (June 30, 2023: nil) were classified as held for sale, the details were set out in note 17.

12. FINANCIAL ASSETS AT FVTPL

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

12. FINANCIAL ASSETS AT FVTPL (continued)

(a) Investments at FVTPL

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

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

13. TRADE AND BILLS RECEIVABLES

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

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

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

14. TRADE AND BILLS PAYABLES

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

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

15. OTHER PAYABLES AND ACCRUALS

	June 30, 2024	December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Other payables		
– Payable for construction in progress	52,479	101,522
– Advances of intention payment (<i>note 17</i>)	12,000	–
– Others	24,448	24,950
Subtotal	88,927	126,472
Salary and bonus payables	92,084	123,681
Other taxes payable	11,755	7,611
Interest payable	2,529	2,054
Total	195,295	259,818

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

16. INTEREST-BEARING BANK BORROWINGS

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

16. INTEREST-BEARING BANK BORROWINGS (continued)

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

16. INTEREST-BEARING BANK BORROWINGS (continued)

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

Notes:

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

17. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED HELD FOR SALE

In April 2024, the subsidiary of the Company, being the shareholder Shanghai Viva Qizhi Biotech Limited (“**Shanghai Viva Qizhi**”), resolved to adopt the plan for the disposal of the entire equity interests of Shanghai Viva Qizhi and entered into an intention agreement with a third party. The disposal is expected to be completed within 2024. 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 June 30, 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:

	June 30, 2024 RMB'000 (Unaudited)
Cash and cash equivalents	407
Prepayments, other receivables and other assets	1,128
Property, plant and equipment	85
Investment property	115,500
Deferred tax assets	6,332
Assets classified as held for sale	123,452
Other payables and accruals	1,669
Liabilities directly associated with the assets classified as held for sale	1,669

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

18. SHARE CAPITAL/TREASURY SHARES

Shares

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

Treasury shares

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

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

19. RELATED PARTY TRANSACTIONS

(1) Names 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

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
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 Fei Xiaoyu	19	—

* The loan to Hangzhou Dancheng of RMB30,000,000 is unsecured, with terms of more than five years and bearing interest at five-year LPR per annum. As at June 30, 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 terms of three years and bearing interest at 3.5% per annum.

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

19. RELATED PARTY TRANSACTIONS (continued)

(3) Related party balances

	June 30, 2024	December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Amounts due from related parties – non-trade in nature		
Hangzhou Dancheng	23,096	80,530
Fei Xiaoyu	4,235	–
Total	27,331	80,530
Amounts due to a related party – non-trade in nature		
Hangzhou Dancheng	–	6,914

(4) Compensation of key management personnel of the Group

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	5,815	9,196
Pension scheme contributions	77	58
Equity-settled share-based payment	2,919	4,090
Total	8,811	13,344

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

20. CAPITAL COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	June 30, 2024 <i>RMB'000</i> (Unaudited)	December 31, 2023 <i>RMB'000</i> (Audited)
Investment in Viva Biotech Chengdu New Drug Incubation and Biologics Production Research & Development Center	50,421	64,326
Acquisition of property, plant and equipment	23,485	67,657
Total	73,908	131,983

In addition, the Group had the following commitments provided to the associate, which are not included in the above:

	June 30, 2024 <i>RMB'000</i> (Unaudited)	December 31, 2023 <i>RMB'000</i> (Audited)
Capital contributions	–	4,350
Loan commitment	–	30,000
Total	–	34,350

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

21. 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 are reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	At June 30, 2024 RMB'000 (Unaudited)	At December 31 2023 RMB'000 (Audited)	At June 30, 2024 RMB'000 (Unaudited)	At December 31 2023 RMB'000 (Audited)
Financial assets				
Financial assets at FVTPL	930,010	995,281	930,010	995,281
Equity investments designated at fair value through other comprehensive income	500	500	500	500
Total	930,510	995,781	930,510	995,781
Financial liabilities				
Derivative financial instruments	–	805	–	805

The fair values of the non-current portion of interest-bearing bank have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The differences between the carrying amounts and fair values of the non-current portion of the interest-bearing bank were assessed to be insignificant. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank as at 30 June 2024 were assessed to be insignificant.

The Group's equity investments designated at fair value through other comprehensive income, financial assets and financial liabilities at FVTPL which are measured at fair value at June 30, 2024 and December 31, 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 (the valuation techniques and inputs used in particular).

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Financial instruments	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Financial assets				
Listed equity securities	Active market quoted transaction price	N/A	N/A	N/A
Equity investments designated at fair value through other comprehensive income	Most recent transaction price	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	1.5-4.13 (December 31, 2023: 1.5-4.13)	10% (December 31, 2023: 10%) increase/decrease in multiple would result in increase/decrease in fair value by RMB29,192,000 (December 31, 2023: RMB34,051,000)
	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 multiple would result in decrease/increase in fair value by RMB1,314,000 (December 31, 2023: RMB137,000)
	Discounted cash flow method	Successful probability	0% to 25% (December 31, 2023: 0% to 50%)	5% (December 31, 2023: 5%) increase/decrease in multiple would result in increase/decrease in fair value by RMB1,303,000 (December 31, 2023: RMB1,334,000)
Financial liabilities				
Derivative financial instruments	Discounted cash flow method	N/A	N/A	N/A

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (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 June 30, 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Listed equity securities	2,111	-	-	2,111
Equity investments designated at fair value through other comprehensive income	-	500	-	500
Unlisted investment at FVTPL	-	58,889	869,010	927,899
Total	2,111	59,389	869,010	930,510

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Audited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Audited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Audited)	
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
Total	2,861	66,798	926,122	995,781

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at June 30, 2024.

As at December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i> (Audited)	Significant observable inputs (Level 2) <i>RMB'000</i> (Audited)	Significant unobservable inputs (Level 3) <i>RMB'000</i> (Audited)	
Derivative financial instruments	–	805	–	805

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the board of directors on August 29, 2024

Definitions

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of Directors
“Bond Subscription Agreements”	the subscription agreements dated June 10, 2023 entered into among the Company, Mr. Mao and each of the CB Investors in connection with the issue and subscription of the convertible bonds
“BVI”	British Virgin Islands
“CB Investor(s)”	(1) HLC VGC Partners HK II Limited, a company incorporated in Hong Kong with limited liability in 2022; (2) Huangshan Investments Pte. Ltd., a private company limited by shares incorporated in Singapore in 2022 and (3) True Light Investments H Pte. Ltd., a private company limited by shares incorporated in Singapore in 2021
“CDMO”	contract development manufacture organization
“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 interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“CMC”	chemistry, manufacturing and control
“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
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Mao and Concord Trust Company, LLC
“CRO”	contract research organization
“Director(s)”	the director(s) of the Company or any one of them
“Global Offering”	has the meaning ascribed to it under the Prospectus

Definitions

“Group”, “our Group”, “Viva Biotech”, “we” or “us”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$” 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
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Langhua Pharmaceutical”	Zhejiang Langhua Pharmaceutical Co., Ltd. (浙江朗華製藥有限公司), a Company incorporated in the PRC with limited liabilities and a non-wholly owned subsidiary of the Group
“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
“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
“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 six months ended June 30, 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

Definitions

“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
“Stock Exchange”	The Stock Exchange of 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 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