# AIM Vaccine Co., Ltd.
# 艾美疫苗股份有限公司

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

**(Stock Code: 06660)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

## FINANCIAL HIGHLIGHTS

| | Year ended December 31, | | |
|---|---|---|---|
| | **2023** | 2022 | Change |
| **Key income statement items** | ***RMB'000*** | *RMB'000* | *%* |
| Revenue | **1,187,468** | 1,264,073 | -6.1 |
| Gross profit | **901,016** | 1,027,659 | -12.3 |
| Loss attributable to owners of the parent | **(1,301,005)** | (319,601) | 307.1 |

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2023 together with the comparative figures for the previous corresponding period as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

| | Notes | Year ended 31 December | |
|---|---|---|---|
| | | **2023** | 2022 |
| | | ***RMB'000*** | *RMB'000* |
| REVENUE | *4* | **1,187,468** | 1,264,073 |
| Cost of sales | | **(286,452)** | (236,414) |
| Gross profit | | **901,016** | 1,027,659 |
| Other income and gains | *4* | **51,658** | 49,637 |
| Selling and distribution expenses | | **(493,995)** | (493,167) |
| Administrative expenses | | **(254,292)** | (450,756) |
| Research and development costs | | **(636,401)** | (500,310) |
| Impairment losses on financial assets, net | | **(4,180)** | (27,215) |
| Impairment losses on property, plant and equipment | | **(61,091)** | - |
| Impairment losses on goodwill | | **(211,444)** | - |
| Impairment losses on other intangible assets | | **(1,512,230)** | - |
| Other expenses | | **(5,854)** | (14,320) |
| Finance costs | *5* | **(43,832)** | (25,693) |
| LOSS BEFORE TAX | *6* | **(2,270,645)** | (434,165) |
| Income tax credit | *7* | **320,404** | 203,535 |
| LOSS FOR THE YEAR | | **(1,950,241)** | (230,630) |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | **(1,950,241)** | (230,630) |
| Loss attributable to: | | | |
| Owners of the parent | | **(1,301,005)** | (319,601) |
| Non-controlling interests | | **(649,236)** | 88,971 |
| | | **(1,950,241)** | (230,630) |
| Total comprehensive loss attributable to: | | | |
| Owners of the parent | | **(1,301,005)** | (319,601) |
| Non-controlling interests | | **(649,236)** | 88,971 |
| | | **(1,950,241)** | (230,630) |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT: | *9* | | |
| Basic | | | |
| – For loss for the year (RMB) | | **(1.07)** | (0.27) |
| Diluted | | | |
| – For loss for the year (RMB) | | **(1.07)** | (0.27) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

| | Notes | Year ended 31 December 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | **3,293,917** | 3,290,829 |
| Right-of-use assets | | **227,612** | 197,263 |
| Goodwill | | **271,453** | 482,897 |
| Other intangible assets | | **805,415** | 2,238,496 |
| Prepayments for equipment | | **82,697** | 114,448 |
| Deferred tax assets | | **95,327** | – |
| Other non-current assets | | **2,638** | 3,150 |
| Total non-current assets | | **4,779,059** | 6,327,083 |
| CURRENT ASSETS | | | |
| Inventories | | **509,860** | 504,738 |
| Trade and bills receivables | *10* | **1,005,069** | 1,052,594 |
| Prepaid income tax | | **–** | 8,714 |
| Prepayments, other receivables and other assets | | **157,641** | 173,666 |
| Due from related parties | | **31,713** | – |
| Restricted cash | | **42,238** | 11,173 |
| Time deposits | | **153,272** | 162,643 |
| Cash and cash equivalents | | **583,143** | 635,175 |
| Total current assets | | **2,482,936** | 2,548,703 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**
31 December 2023

| | Notes | Year ended 31 December 2023 RMB'000 | 2022 RMB'000 |
|---|---|---|---|
| CURRENT LIABILITIES | | | |
| Trade payables | 11 | **60,358** | 73,583 |
| Other payables and accruals | | **1,236,537** | 1,072,982 |
| Contract liabilities | | **56,934** | 57,197 |
| Interest-bearing bank borrowings | | **1,205,696** | 1,010,693 |
| Lease liabilities | | **20,544** | 19,342 |
| Tax payable | | **2,894** | 7,872 |
| Deferred government grants | | **6,106** | 4,818 |
| Provisions | | **12,830** | 3,310 |
| Total current liabilities | | **2,601,899** | 2,249,797 |
| NET CURRENT (LIABILITIES)/ASSETS | | **(118,963)** | 298,906 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **4,660,096** | 6,625,989 |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank borrowings | | **556,944** | 339,442 |
| Lease liabilities | | **12,425** | 29,190 |
| Deferred tax liabilities | | **41,163** | 269,011 |
| Deferred government grants | | **159,987** | 127,439 |
| Total non-current liabilities | | **770,519** | 765,082 |
| Net assets | | **3,889,577** | 5,860,907 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | | **1,211,063** | 1,211,063 |
| Reserves | | **2,431,691** | 3,749,178 |
| | | **3,642,754** | 4,960,241 |
| Non-controlling interests | | **246,823** | 900,666 |
| Total equity | | **3,889,577** | 5,860,907 |

## 1. CORPORATE AND GROUP INFORMATION

AIM Vaccine Co., Ltd. (the "**Company**") was incorporated as a limited liability company in the People's Republic of China (the "**PRC**") on 9 November 2011. Upon approval by the shareholders' general meeting held on 18 September 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name from "Beijing AIM Biological Vaccine Technology Group Co., Ltd.*" (北京艾美生物疫苗技術集團有限公司) to "AIM VACCINE CO., LTD.*" (艾美疫苗股份有限公司) on 23 September 2020. The registered office of the Company is located at Room 412, 4/F, Building 6, No. 105 Jinghai 3rd Road, Beijing Economic-Technological Development Area, Beijing.

During the year, the Group was involved in the research and development, manufacture and commercialisation of vaccine products for human use in the PRC.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 October 2022.

**Information about subsidiaries**

Particulars of the Company's subsidiaries as at 31 December 2023, all of which are limited liability companies incorporated in the PRC, are as follows:

| Name | Place of incorporation and date of registration | Issued ordinary shares/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| AIM Rongyu (Ningbo) Biopharmaceutical Co., Ltd. * (艾美榮譽(寧波)生物製藥有限公司") ("**AIM Rongyu**") (formerly known as Ningbo Rong'an Biological Pharmaceutical Co., Ltd. ("寧波榮安生物藥業有限公司") ("**Rong'an Bio**")) | Ningbo 30 April 2001 | RMB460,000,000/ RMB460,000,000 | 20% | 80% | Vaccine development, manufacture and sale of vaccine |
| AIM Honesty Biopharmaceutical Co., Ltd. * ("艾美誠信生物製藥有限公司") ("**AIM Honesty**") | Liaoning 20 September 1993 | RMB250,000,000/ RMB250,000,000 | 100% | – | Vaccine development, manufacture and sale of vaccine |
| AIM Persistence Biopharmaceutical Co., Ltd. * ("艾美堅持生物製藥有限公司") ("**AIM Persistence**") (formerly known as AIM Weixin Biopharmaceutical (Zhejiang) Co. Ltd. ("艾美衛信生物藥業(浙江)有限公司") ("**AIM Weixin**")) | Ningbo 24 December 2002 | RMB815,306,120/ RMB815,306,120 | 96.4549% | 3.5451% | Vaccine development, manufacture and sale of vaccine |
| AIM Action BioPharm Co., Ltd. * ("艾美行動生物製藥有限公司") ("**AIM Action**") (formerly known as AIM Kanghuai Biopharmaceutical (Jiangsu) Co., Ltd. ("艾美康淮生物製藥(江蘇)有限公司") ("**AIM Kanghuai**")) | Jiangsu 13 October 2011 | RMB360,000,000/ RMB360,000,000 | 100% | – | Vaccine development, manufacture and sale of vaccine |

| Name | Place of incorporation and date of registration | Issued ordinary shares/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| AIM Explorer Biomedical R&D Co., Ltd. * ("艾美探索者生命科學研發有限公司") | Shanghai 10 September 2018 | RMB250,000,000/ RMB370,000,000 | 100% | – | Vaccine development |
| Liverna Therapeutics Inc. * ("珠海麗凡達生物技術有限公司") ("**Liverna**") | Guangdong 21 June 2019 | RMB7,500,000/ RMB7,500,000 | 50.1546% | – | Vaccine and drug development |
| AIM Innovator Biomedical Research (Shanghai) Co., Ltd. * ("艾美創新者生物醫藥研究(上海)有限公司") | Shanghai 17 May 2021 | RMB25,000,000/ RMB50,000,000 | 95% | 5% | Vaccine development |
| AIM Vaccine Research Institute (Jiangsu) Co., Ltd. * ("艾美疫苗研究院(江蘇)有限公司") | Jiangsu 9 December 2013 | RMB100,000/ RMB50,000,000 | 100% | – | Vaccine development |
| AIM Innovative Biotechnology (Shanghai) Co., Ltd. * ("艾美創新生物技術(上海)有限公司") | Shanghai 8 May 2019 | RMB1,000,000/ RMB50,000,000 | 100% | – | Investment holding |
| Shanghai Beibi Road Cultural Development Co., Ltd. * ("上海北壁之路文化發展有限公司") | Shanghai 28 March 2017 | RMB10,000,000/ RMB10,000,000 | 100% | – | Investment holding |
| AIM Responsibility Biopharmaceutical (Liaoning) Co., Ltd.x ("艾美責任生物製藥(遼寧)有限公司") | Liaoning 28 January 2023 | Nil/ RMB50,000,000 | 100% | – | Investment holding |
| AIM Vaccine Research Institute (Liaoning) Co., Ltd* ("艾美疫苗研究院(遼寧)有限公司") | Liaoning 18 April 2023 | Nil/ RMB50,000,000 | 94% | 6% | Investment holding |
| AIM Leader (Beijing) Biomedical Research Co., Ltd.* ("艾美引領者(北京)生物醫藥研究有限公司") | Beijing 8 November 2023 | Nil/ RMB50,000,000 | 100% | – | Investment holding |
| AIM Dream Biotechnology (Beijing) Co., Ltd.* ("艾美夢想生物技術(北京)有限公司") | Beijing 1 November 2023 | Nil/ RMB50,000,000 | 100% | – | Investment holding |

* The English names of these subsidiaries registered in the PRC represent the translated names of these companies as no English names have been registered.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth investment products which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group recorded net current liabilities of RMB118,963,000 as at 31 December 2023 (2022: net current assets of RMB298,906,000). In view of the net current liabilities position, the Group's management prepared a cash flow forecast which covers a period of twelve months from the end of the reporting period after taking into consideration of the unused bank facilities of RMB207,220,000 as at 31 December 2023 and the renewed bank borrowings of RMB120,800,000 up to the date of approval of these financial statements, the status of the research and development projects and the ability of management in controlling the pace of the Group's operation expansion and capital expenditures. The cash flows forecast indicates that the Group will have sufficient financial resources to settle the borrowings and payables that will be due in the next twelve months. Therefore, the directors are of the opinion that there are no material uncertainties that may cast significant doubt over the going concern assumption and concluded it is appropriate to prepare the financial statements on a going concern basis.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|---|---|
| IFRS 17 | *Insurance Contracts* |
| Amendments to IAS 1 and IFRS Practice Statement 2 | *Disclosure of Accounting Policies* |
| Amendments to IAS 8 | *Definition of Accounting Estimates* |
| Amendments to IAS 12 | *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* |
| Amendments to IAS 12 | *International Tax Reform – Pillar Two Model Rules* |

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has not applied the initial recognition exception and recognised deferred tax assets and deferred tax liabilities respectively for all transactions fallen within the scope of the amendment in prior years, the amendments had no impact on the Group's financial statements.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

| | |
|---|---|
| Amendments to IFRS 10 and IAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3] |
| Amendments to IFRS 16 | *Lease Liability in a Sale and Leaseback*[1] |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1] |
| Amendments to IAS 1 | *Non-current Liabilities with Covenants* (the "2022 Amendments")[1] |
| Amendments to IAS 7 and IFRS 7 | *Supplier Finance Arrangements*[1] |
| Amendments to IAS 21 | *Lack of Exchangeability*[2] |

[1] Effective for annual periods beginning on or after 1 January 2024

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

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

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

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. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

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. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is the sale of vaccine and research and development services. Management reviews the overall results and financial position of the Group as a whole based on the same accounting policies. Accordingly, the Group has only a single operating segment and no further analysis of the single operating segment is presented.

**Geographical information**

As the Group generates all of its revenues in the PRC and its non-current assets are located in PRC during the year, no further geographical information is presented.

**Information about major customers**

No revenue accounting for 10 percent or more of the Group's total revenue was derived from sale to a single customer during the year.

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Revenue from contracts with customers | **1,187,468** | 1,264,073 |

**Revenue from contracts with customers**

**(i) Disaggregated revenue information**

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Types of goods or services** | | |
| Sale of vaccine | **1,187,468** | 1,264,038 |
| Research and development services | **–** | 35 |
| | **1,187,468** | 1,264,073 |
| **Timing of revenue recognition** | | |
| Goods or services transferred at a point in time | **1,187,468** | 1,264,073 |

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Sale of vaccine | **15,803** | 17,822 |

**(ii) Performance obligations**

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

***Sale of vaccine***

The performance obligation is satisfied upon the acceptance of the products by the customers and the payment is generally due within 180 days from delivery.

***Research and development services***

Based on the terms of the contract, the performance obligation is satisfied at the point in time as the services are rendered and accepted and payment is billed based on the milestone achieved.

An analysis of other income and gains is as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Other income and gains | | |
| Government grants related to | | |
| – Assets[(i)] | **5,278** | 4,661 |
| – Income | **27,694** | 30,827 |
| Bank interest income | **10,707** | 10,694 |
| Foreign exchange gains, net | **662** | – |
| Gain on disposal of wealth investment products at fair value | **–** | 3,074 |
| Gain on disposal of right-in-use asset | **6,915** | – |
| Others | **402** | 381 |
| | **51,658** | 49,637 |

(i) The Group has received certain government grants related to assets for investment in leasehold land, property, plant and equipment. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets.

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Interest on bank loans | **71,545** | 47,042 |
| Interest on lease liabilities | **1,814** | 2,349 |
| Less: Interest capitalised | **29,527** | 23,698 |
| | **43,832** | 25,693 |

## 6. LOSS BEFORE TAX

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

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Cost of inventories sold* | **286,452** | 236,414 |
| Depreciation of property, plant and equipment | **111,636** | 104,657 |
| Depreciation of right-of-use assets | **27,797** | 27,002 |
| Amortisation of other intangible assets | **35,264** | 34,782 |
| Lease payments not included in the measurement of lease liabilities | **5,394** | 2,868 |
| Listing expenses | **–** | 78,042 |
| Auditors' remuneration | **3,880** | 318 |
| Employee benefit expenses (including directors' and chief executive's remuneration) | | |
| Wages and salaries | **298,674** | 309,738 |
| Equity-settled share-based compensation | **(14,201)** | 225,762 |
| Pension scheme contributions** | **77,888** | 72,530 |
| | **362,361** | 608,030 |
| Foreign exchange differences, net | **(662)** | 10,374 |
| Provision for impairment of trade and bills receivables *(note 10)* | **4,177** | 27,215 |
| Provision for impairment of prepayments, other receivables and other assets | **3** | – |
| Write-down of inventories to net realisable value | **10,518** | 24,653 |
| Impairment of property, plant and equipment | **61,091** | – |
| Impairment of goodwill | **211,444** | – |
| Impairment of other intangible assets | **1,512,230** | – |
| Loss on disposal of property, plant and equipment | **218** | 691 |
| Gain on disposal of items of right-of-use assets | **6,915** | – |
| Interest income | **(10,707)** | (10,694) |
| Gain on disposal of wealth investment products at fair value | **–** | (3,074) |

* Cost of inventories sold include expenses relating to staff cost, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

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

## 7. INCOME TAX CREDIT

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.

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

– AIM Action BioPharm Co., Ltd. was renewed as a "High and New Technology Enterprise" on 12 October 2022, and therefore, AIM Action BioPharm Co., Ltd. was entitled to a preferential CIT rate of 15% (2022: 15%) for the year ended 31 December 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

– AIM Honesty Biopharmaceutical Co., Ltd. was renewed as a "High and New Technology Enterprise" on 19 November 2021, and therefore, AIM Honesty Biopharmaceutical Co., Ltd. was entitled to a preferential CIT rate of 15% (2022: 15%) for the year ended 31 December 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

– AIM Rongyu (Ningbo) Biopharmaceutical Co., Ltd. was renewed as a "High and New Technology Enterprise" on 10 December 2021, and therefore, AIM Rongyu (Ningbo) Biopharmaceutical Co., Ltd. was entitled to a preferential CIT rate of 15% (2022: 15%) for the year ended 31 December 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

– AIM Persistence Biopharmaceutical Co., Ltd. was renewed as a "High and New Technology Enterprise" on 10 December 2021, and therefore, AIM Persistence Biopharmaceutical Co., Ltd. was entitled to a preferential CIT rate of 15% (2022: 15%) for the year ended 31 December 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

– AIM Explorer Biomedical R&D Co., Ltd. became a "High and New Technology Enterprise" on 12 December 2023, and therefore, AIM Explorer Biomedical R&D Co., Ltd. was entitled to a preferential CIT rate of 15% (2022: 25%) for the year ended 31 December 2023. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

– On 17 May 2022, Liverna Therapeutics Inc. was entitled to a preferential CIT rate of 15% effective for annual periods beginning on 1 January 2021.

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Current income tax | **4,284** | 17,835 |
| Deferred | **(324,688)** | (221,370) |
| Income tax credit for the year | **(320,404)** | (203,535) |

A reconciliation of the tax credit applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Loss before tax | **(2,270,645)** | (434,165) |
| Tax at the statutory tax rate | **(567,661)** | (108,541) |
| Lower tax rate enacted by local authority | **223,921** | 13,140 |
| Effect on opening deferred tax of decrease in tax rate (i) | **–** | (186,940) |
| Adjustments in respect of current tax of previous periods | **(121)** | (567) |
| Additional deductible allowance for research and development expenses | **(77,136)** | (71,291) |
| Expenses not deductible for tax (ii) | **43,237** | 6,234 |
| Utilisation of losses in previous years | **(2,709)** | (31) |
| Temporary difference and tax losses not recognised | **60,065** | 144,461 |
| Income tax credit at the Group's effective rate | **(320,404)** | (203,535) |

(i) Liverna, a of subsidiary of the Group, was entitled to a preferential CIT rate of 15% effective for annual periods beginning on 1 January 2021 in accordance with Caishui [2022] No. 19 issued on 17 May 2022, which resulted in a decrease in deferred tax liability arising from the fair value adjustment for the acquisition of Liverna of approximately RMB186,940,000.

(ii) Expenses not deductible for tax mainly represent expenses that exceed the tax-deductible limitation such as impairment of goodwill, entertainment, commission, expense without invoices and non-deductible share-based payment expenses. These expenses are not to be deductible for tax.

## 8. DIVIDENDS

The Board did not recommend the payment of any dividend during the year ended 31 December 2023 (2022: nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,211,062,599 (2022: 1,202,506,770) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted loss per share is based on:

| | Year ended 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Loss** | | |
| Loss attributable to ordinary equity holders of the parent, used in the basic and dilute loss per share calculation | **(1,301,005)** | (319,601) |

| | Number of shares | |
|---|---|---|
| | **2023** | 2022 |
| **Shares** | | |
| Weighted average number of ordinary shares in issue during the year used in the basic and dilute loss per share calculation | **1,211,062,599** | 1,202,506,770 |

As the Group incurred losses for the years ended 31 December 2023 and 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share.

## 10. TRADE AND BILLS RECEIVABLES

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **1,062,137** | 1,105,999 |
| Bills receivable | **343** | – |
| Impairment | **(57,411)** | (53,405) |
| | **1,005,069** | 1,052,594 |

The Group's trading terms with its customers are mainly on credit. The credit period is generally from two to six months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivable were all aged within six months and were neither past due nor impaired.

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

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Within 1 year | **825,890** | 834,945 |
| 1-2 years | **142,037** | 189,514 |
| 2-3 years | **32,073** | 24,998 |
| 3-4 years | **4,413** | 2,796 |
| 4-5 years | **313** | 341 |
| Over 5 years | **–** | – |
| | **1,004,726** | 1,052,594 |

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

| | As at 31 December | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| At beginning of year | **53,405** | 26,250 |
| Impairment losses, net | **4,177** | 27,215 |
| Amount written off as uncollectible | **(171)** | (60) |
| At end of year | **57,411** | 53,405 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off according to management approval.

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

**As at 31 December 2023**

| | **Expected credit loss rate (%)** | **Gross carrying amount** ***RMB'000*** | **Expected credit losses** ***RMB'000*** | **Net carrying amount** ***RMB'000*** |
|---|---|---|---|---|
| Provision on an individual basis | **100.00** | **3,430** | **3,430** | **–** |
| Provision on a collective basis | | | | |
| Aged less than 1 year | **1.47** | **838,199** | **12,309** | **825,890** |
| Aged 1 to 2 years | **8.18** | **154,691** | **12,654** | **142,037** |
| Aged 2 to 3 years | **29.64** | **45,585** | **13,512** | **32,073** |
| Aged 3 to 4 years | **54.59** | **9,718** | **5,305** | **4,413** |
| Aged 4 to 5 years | **88.56** | **2,732** | **2,419** | **313** |
| Aged over 5 years | **100.00** | **7,782** | **7,782** | **–** |
| | | **1,062,137** | **57,411** | **1,004,726** |

As at 31 December 2022

| | Expected credit loss rate (%) | Gross carrying amount *RMB'000* | Expected credit losses *RMB'000* | Net carrying amount *RMB'000* |
|---|---|---|---|---|
| Provision on an individual basis | 100.00 | 3,430 | 3,430 | – |
| Provision on a collective basis | | | | |
| Aged less than 1 year | 1.13 | 844,511 | 9,566 | 834,945 |
| Aged 1 to 2 years | 7.98 | 205,948 | 16,434 | 189,514 |
| Aged 2 to 3 years | 31.89 | 36,702 | 11,704 | 24,998 |
| Aged 3 to 4 years | 53.37 | 5,996 | 3,200 | 2,796 |
| Aged 4 to 5 years | 86.84 | 2,589 | 2,248 | 341 |
| Aged over 5 years | 100.00 | 6,823 | 6,823 | – |
| | | 1,105,999 | 53,405 | 1,052,594 |

## 11. TRADE PAYABLES

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

| | **As at 31 December** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Within 1 year | **50,260** | 72,499 |
| 1 to 2 years | **9,225** | 91 |
| 2 to 3 years | **3** | 450 |
| Over 3 years | **870** | 543 |
| | **60,358** | 73,583 |

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview and Outlook

#### *Overview*

As a large whole industry chain vaccine company in China, we cover the full value chain from research and development to manufacturing and to commercialization. We have five proven human vaccine technology platforms, including bacterial vaccine technology platform, viral vaccine technology platform, genetically engineered vaccine technology platform, combination vaccine technology platform and mRNA vaccine technology platform. We have four wholly-owned licensed vaccine manufacturing enterprises, including AIM Rongyu (mRNA vaccine production base and viral vaccine technology platform), AIM Persistence (bacterial vaccine production base and technology platform), AIM Action (viral vaccine production base and technology platform), and AIM Honesty (genetically engineered vaccine production base and technology platform); three vaccine research institutes, including AIM Explorer (bacterial joint technology platform), AIM Innovator (genetic engineering technology platform), and AIM Liverna (mRNA technology platform); and four R&D centers, including AIM Bohai Bay R&D Center of AIM Honesty, AIM Yangtze River Delta R&D Center of AIM Rongyu, AIM Da Jiangnan R&D Center of AIM Action, and AIM Ningbo Bay R&D Center of AIM Persistence, totaling seven R&D teams to ensure the ability of delivering milestones of pipeline products. We are one of the first two human vaccine companies in the PRC that have been granted permission under the 14th Five-Year Plan of the PRC to build a bio-safety level 3 laboratory, and we are the largest manufacturer of HBV vaccines and the second largest manufacturer of human rabies vaccines in the globe. The product categories of the Company are comprised of vaccines under the immunization program and vaccines not covered by the immunization program, and the commercialized products have occupied a leading position in the Chinese market for a long time, which have been sold in all 31 provinces and cities, and autonomous regions in China, reaching CDCs of more than 2,000 counties and districts. Our 8 commercialized products include recombinant HBV vaccine (Hansenula Polymorpha), freeze-dried human rabies vaccine (Vero cell), inactivated HAV vaccine (HDC), mumps vaccine, bivalent inactivated HFRS vaccine (Vero cell) and Group A, C, Y and W135 MPSV (MPSV4). We have 21 vaccine candidates and our pipeline covers the top 10 vaccine species of the world. AIM Vaccine is an extremely rare comprehensive vaccine industry group with strengths in the four dimensions of pipeline, R&D, manufacturing and sales.

We obtained 14 clinical approvals and conducted 21 clinical trials as of the end of 2023, of which 5 vaccine varieties are in the final stage of Phase III clinical trial. The construction of the production workshops for these 5 vaccine products in Phase III clinical trial is basically completed, and we are carrying out the pre-marketing preparation. To date, the full course of vaccination in Phase III clinical trial of 13-valent pneumonia conjugate vaccine (PCV13) was completed, and we have submitted the pre-application for marketing registration to the NMPA; the full course of vaccination in the subjects in Phase III clinical trial of 23-valent pneumonia polysaccharide vaccine (PPSV23) and iterative serum-free rabies vaccine was completed; EV71-CA16 bivalent HFMD vaccine (HDC) as a global innovative vaccine which is being developed for the first time worldwide has obtained clinical approvals; and iterative mRNA rabies vaccine is the first non-COVID-19 mRNA vaccine candidate accepted by relevant authorities in China. In 2024, the Company expects that 3 products will be registered for marketing, and applications for clinical trial of 7 products will be submitted.

Our sales and marketing function is centralized, specialized, and market-oriented, which enables us to accelerate strategy formulation and execution, achieve high cost-efficiency and gain cross-selling opportunities. We set up a collectivized and centralized marketing model through a two-pronged "in-house sales and marketing" development model to optimize sale efficiency. For the year ended December 31, 2023, the Company achieved operating revenue of approximately RMB1,187.5 million, representing a decrease of 6.1% as compared to the same period in 2022.

The sales of each type of products and services are as follows:

| | Year ended December 31, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue from sales of vaccine products** | | |
| Revenue from sales of Class I vaccine | **72,796** | 115,322 |
| Revenue from sales of Class II vaccine | **1,114,672** | 1,148,716 |
| **Revenue from research and development services** | **0** | 35 |
| Total | **1,187,468** | 1,264,073 |

***Our Products and Pipelines***

We strive to access the best industry resources. Through more than one decade of organic growth and external resource integration, we have become a major player in the Chinese vaccine industry. We have currently commercialized eight vaccine products against six disease areas, of which the recombinant HBV vaccines and freeze-dried human rabies vaccines are our key commercialized market-leading vaccine products. We also have 21 vaccine candidates against 14 disease areas in our pipelines, and up to now, the Company has obtained 14 clinical approvals for 9 varieties of vaccines. Among them, the 13-valent pneumonia conjugate vaccine (PCV13) has completed the full course of vaccination in Phase III clinical trial, and we have submitted the pre-application for marketing registration to the NMPA; the 23-valent pneumonia polysaccharide vaccine (PPSV23) has completed the full course of vaccination in Phase III clinical trial, is in the process of serology testing, and will soon proceed to statistics unblinding work; iterative serum-free rabies vaccine has completed the full course of vaccination in Phase III clinical trial in September 2023, is in the process of serology testing, and will soon proceed to statistics unblinding work; the Group A, C, Y and W135 MCV (also known as tetravalent meningococcal conjugate vaccine) (MCV4) has completed enrollment of all subjects for Phase I clinical trials, and started enrollment of subjects for Phase II clinical trials; the Group A, C, Y and W135 MPSV (also known as tetravalent meningococcal polysaccharide vaccine) (MPSV4) has commenced enrollment of subjects for Phase IV clinical trials; the global innovative EV71-CA16 bivalent HFMD vaccine (HDC) has entered into clinical stage; the domestic Phase I and II clinical trials of the bivalent Delta-Omicron BA.5 mRNA COVID-19 vaccine have been completed, and the overseas Phase III clinical trials are in the final stage. To date, we have submitted pre-applications to the NMPA for clinical trials of the Company's 20-valent pneumonia conjugate vaccine (PCV20), haemophilus influenzae type b (Hib) conjugate vaccine, adsorbed tetanus vaccine, quadrivalent influenza virus vaccine (MDCK Cells) and novel-process highly-effective human diploid rabies vaccine.

### *Our Vaccine Products*

**Recombinant HBV Vaccines (Hansenula Polymorpha)**

Recombinant HBV vaccine series products have been and are expected to continue to be one major type of our commercialized products. Currently, we are the first and only company in China with steady production and approved lot release of HBV vaccines using Hansenula Polymorpha for antigen expression.

Hansenula Polymorpha is widely recognized as the best manufacturing technology route for HBV vaccines among all three currently available manufacturing technologies (Hansenula Polymorpha, Saccharomyces cerevisiae and Chinese hamster ovary (CHO) cells), featuring better genetic stability, higher purity and stronger antigen expression capabilities. In addition, we manufacture HBV vaccines with adjuvants under a patented process, which prolongs the action time of antigens in the human body, serves to strengthen the stimulation of immune response and provides longer protection. Also, no preservatives, antibiotics or bovine serum albumin are added, thereby greatly enhancing product safety. We have been granted patents for this process in the PRC which are valid until May 2032, distinguishing our recombinant HBV vaccine series products from others and creating a high technological entry barrier for later entrants.

China has a high infection rate of HBV. Based on the World Health Organization's goal of "eliminating viral hepatitis as a public health threat by 2030", the incidence rate shall decrease by 90% and the mortality rate shall decrease by 65% in China in order to achieve this goal. Combined with the actual situation in China, the Hepatology Branch and Infectious Disease Branch of Chinese Medical Association updated and formed the Guidelines for the Prevention and Treatment of Chronic Hepatitis B (2022 edition) (《慢性乙型肝炎防治指南(2022年版)》). Based on the principles of broader screening and more proactive antiviral treatment, the Guidelines serve to provide an important basis for the prevention, diagnosis and treatment of chronic hepatitis B. HBV vaccination is the most effective way to prevent HBV infection. Currently, the Company is actively cooperating with local CDCs to conduct projects on eliminating the threat of hepatitis. The Company plans to swift the promotion of the HBV vaccination from being exclusively for newborns to the entire population in the future. In April 2022, the Advisory Committee on Immunization Practices (ACIP) of the United States made an updated recommendation on general HBV vaccination for adults aged 19 to 59. The future promotion of vaccination of HBV in adults in China is expected to become a new growth opportunity in the market.

We have developed two sizes of recombinant HBV vaccine products, 10μg/0.5ml and 20μg/0.5ml per dose. The 10μg dosage recombinant HBV vaccine is allowed to be administered in all age groups, including newborns, children and adults, and is the only yeast-derived hepatitis B vaccine currently in the Chinese market for use by the entire population. The 20μg dosage recombinant HBV vaccine has been approved to be administered in people in the age group of 16 years old and above. Its unique 0.5ml small package reduces the vaccination time and pain time and provides a better vaccination experience, and we are the only enterprise which provides 0.5ml small package of 20μg hepatitis B vaccine in the current domestic market, which fills the gap in the domestic market. Our recombinant HBV vaccine series products have maintained a 100% pass rate in lot release quality audits of NIFDC since their approvals.

**Freeze-dried Human Rabies Vaccine (Vero Cell)**

The freeze-dried human rabies vaccine (Vero cell), one of our major products, is an injectable vaccine administered under the intramuscular route to persons of all ages to prevent rabies after exposure or when in a high-risk environment of exposure to rabies. We manufacture this vaccine product in AIM Rongyu, which obtained the NDA approval in September 2007 and the GMP certificate in June 2008.

With the product occupying a leading position in the market for a long time, we are now the second largest supplier in the rabies vaccine market. High and stable product quality has been and will continue to be critically significant to compete in this market. Since its commercialization in 2007, our freeze-dried human rabies vaccine (Vero cell) has maintained a 100% pass rate in lot release quality audits by the NIFDC for 16 years. In the future, the Company will launch products including the iterative serum-free rabies vaccine, the iterative novel-process highly-effective human diploid rabies vaccine and the iterative mRNA rabies vaccine, spearheading the in-depth technological iteration of rabies vaccines in the world, and deliver iterative rabies vaccine products with better quality, higher safety and fewer shots of vaccination in the market, so as to enhance the Company's competitiveness in the rabies vaccines market.

**Inactivated HAV Vaccines (HDC)**

Hepatitis A is caused by the hepatitis A virus (HAV). We have developed two inactivated HAV vaccine products, differentiated in terms of isolated HAV antigen concentration: the 320Eu/0.5ml per dose indicated for the age group of 1 to 15 years old, and the 640Eu/1.0ml per dose indicated for people older than 15. We ceased production of our HAV vaccines between May and September 2021 to perform maintenance and upgrades to our production facilities and we resumed vaccine stoste production in September 2021. Production of the pre-filled dosage form of the vaccine formulation resumed in June 2022 and passed the GMP compliance inspection in the second half of 2022.

**Group A, C, Y and W135 MPSV (MPSV4)**

We launched MPSV4 in March 2020. Our MPSV4 covers A, C, Y, and W135 serogroups, and can be administered to individuals over the age of two. We obtained the NDA approval for the MPSV4 in October 2018 and the GMP certificate in December 2018. We have adopted advanced production equipment and production processes to ensure that our MPSV4 has good safety and efficacy. At the same time, several key quality indicators of our MPSV4 surpass the relevant PRC national standards. We are the only company which does not add any antibiotics or preservatives to our MPSV4, which still maintains good stability and is valid for up to three years. The Company is further developing tetravalent meningococcal conjugate vaccine (MCV4) product, which is currently under Phase II clinical stage. The Company expects to enhance its competitiveness in the market of meningococcal vaccine later through the marketing of the product.

**Bivalent Inactivated HFRS Vaccine (Vero cell)**

At present, our bivalent inactivated HFRS vaccine (Vero cell) is one of the only five approved HFRS vaccines in the PRC. AIM Persistence obtained the NDA approval for this vaccine in September 2007 and GMP certificate for its production in February 2008. At the end of 2018, we ceased production of bivalent inactivated HFRS vaccine (Vero cell) products to relocate the relevant production line to new production lines with more advanced equipment and higher production capacity. Our new production lines of bivalent inactivated HFRS vaccine (Vero cell) have passed GMP inspections in June 2022. We have completed the lot release quality audits of NIFDC for the new production lines of bivalent inactivated HFRS vaccine (Vero cell) in the fourth quarter of 2022, and resumed the production of bivalent inactivated HFRS vaccine (Vero cell).

## Mumps Vaccine

Our mumps vaccine is a live attenuated single-dose vaccine product indicated for vaccinees aged eight months and above with infection risks. AIM Persistence obtained the NDA approval for the mumps vaccine in October 2004, and obtained the GMP certificate for its production in January 2005. Since February 2020, we ceased production of our mumps vaccine products for the GMP inspection and upgrade of our production line. While we passed the on-site GMP inspection in June 2020, we have not yet resumed commercial production for the time being as we are in the process of optimizing our product process and relevant trial works are in progress.

### *Our Vaccine Candidates*

The following table summarizes our vaccine candidate portfolio:

| Technology platform | Indication | Vaccine Candidate | In-house R&D/ Joint Development | Preclinical | CTA | Phase I | Phase II | Phase III | NDA & NDA Approval |
|---|---|---|---|---|---|---|---|---|---|
| Bacterial vaccine | Pneumonia disease | 13-Valent Pneumonia Conjugate Vaccine (PCV13) | In-house R&D | Pre-application for marketing registration has been submitted | | | | | |
| | | 20-Valent Pneumonia Conjugate Vaccine (PCV20) | In-house R&D | Plan to submit CTA in 2024 | | | | | |
| | | 24-Valent Pneumonia Conjugate Vaccine (PCV24) | In-house R&D | Plan to submit CTA in 2025 | | | | | |
| | | 23-Valent Pneumonia Polysaccharide Vaccine (PPSV23) | In-house R&D | Plan to submit application for marketing registration in 2024 | | | | | |
| | Meningococcal disease | Tetravalent Meningococcal Conjugate Vaccine (MCV4) | In-house R&D | Phase II clinical enrollment completed, and plan to start Phase III in 2024 | | | | | |
| | | Hexavalent Meningococcal Vaccine | In-house R&D | Preclinical Research | | | | | |
| | Group B strep disease | Hexavalent Group B Streptococcus Polysaccharide Conjugate Vaccine | In-house R&D | Plan to submit CTA in 2025 | | | | | |
| | Tetanus | Absorbed Tetanus Vaccine | In-house R&D | Plan to submit CTA in 2024 | | | | | |
| | Hib infection | Haemophilus Influenzae Type B (Hib) Conjugate Vaccine | In-house R&D | Plan to submit CTA in 2024 | | | | | |
| Viral vaccine | HFMD | EV71-CA16 Bivalent HFMD Vaccine (HDC) | In-house R&D | Plan to start Phase I in 2024 | | | | | |
| | Influenza | Quadrivalent Influenza Virus Vaccine (MDCK Cells) | In-house R&D | Plan to submit CTA in 2024 | | | | | |
| | Rabies | Iterative Serum-free Rabies Vaccine | In-house R&D | Plan to submit application for marketing registration in 2024 | | | | | |
| | | Novel-process Highly-effective Human Diploid Rabies Vaccine | In-house R&D | Plan to submit CTA in 2024 | | | | | |
| mRNA vaccine | Rabies | Iterative mRNA Rabies Vaccine | In-house R&D | CTA under assessment | | | | | |
| | Shingles/Herpes Zoster | mRNA Shingles/Herpes Zoster Vaccine | In-house R&D | Plan to submit CTA in 2024 | | | | | |
| | Respiratory Syncytial Virus | mRNA Respiratory Syncytial Virus Vaccine (RSV) | In-house R&D | Plan to submit CTA in 2024 | | | | | |
| | COVID-19 infection | Bivalent Delta-Omicron BA.5 mRNA COVID-19 Vaccine | In-house R&D | Plan to submit for marketing in 2024 | | | | | |
| Combination vaccine | DTP | Diphtheria, Tetanus and Pertussis and Haemophilus Influenzae Type B (DTP-Hib) Combination Vaccine | In-house R&D | Plan to submit CTA in 2025 | | | | | |
| | | Diphtheria, Tetanus and Acellular Pertussis Combined Vaccine (DTaP) | In-house R&D | Plan to submit CTA in 2025 | | | | | |
| | | Diphtheria, Tetanus and Acellular Pertussis (Components) Combined Vaccine (DTcP) | In-house R&D | Plan to submit CTA in 2025 | | | | | |
| Genetically engineered vaccine | Meningococcal disease | Recombinant Group B Meningococcal Vaccine | In-house R&D | Preclinical Research | | | | | |

## Research and Development Progress of Iterative Products

### *Iterative Pneumonia Vaccine Products*

Following the established corporate strategy of the Company, we proactively advance the development of the vaccine pipelines and accelerate the research and development of iterative pneumonia series vaccines through on-going technological innovation, achieving new productive forces at an accelerated pace. Leveraging the advantages of the polysaccharide conjugate vaccine technology platform, we have developed a series of pneumonia vaccines, including: (1) the 13-valent pneumonia conjugate vaccine, which has completed on-site work for Phase III clinical trial and has submitted a pre-application for marketing; (2) the 23-valent pneumonia polysaccharide vaccine, which has also completed Phase III clinical trial and is expected to apply for marketing registration in 2024; (3) the 20-valent pneumonia conjugate vaccine, which has submitted a pre-application for clinical trials; and (4) the 24-valent pneumonia conjugate vaccine, which is being simultaneously developed globally for the first time and has completed preclinical research.

Our PCV13 vaccine is a pneumonia conjugate vaccine to be indicated for children aged six weeks to 71 months. We obtained CTA approval for our PCV13 vaccine in October 2020 and commenced the Phase I clinical trial in February 2021. As of March 2024, PCV13 vaccine has completed the full course of vaccination in Phase III clinical trial, and we have submitted the pre-application for marketing registration to the NMPA and plan to complete the application for marketing in 2024.

We have tested and proven our manufacturing techniques of the PCV13 vaccine using our bacterial platform technologies. As of the end of 2023, we have conducted scaled-up production of our PCV13 vaccine, produced samples for our Phase III clinical trials, and completed process validation production of PCV13 vaccine. The completed Phase III clinical trial is a non-inferiority clinical trial that is single-centered, randomized, blinded and parallel-controlled between similar vaccines. The number of design samples was 3,780, with the main aim of assessing the immunogenicity (efficacy) and safety of the vaccine in the age group of six weeks to 71 months.

According to the classification of the World Health Organization, pneumococcal disease is one of the diseases with very high priority use of vaccines for prevention. The 13-valent pneumonia conjugate vaccine approved in the United States covers all age groups, while the one approved in China only covers those under 6 years old. The market for those over 6 years old is still blank. China Insights Industry Consultancy Limited, an industry consultant, predicts that the market size of this vaccine in China is expected to exceed RMB20 billion by 2030, indicating tremendous market potential. In addition, the estimated penetration rate of the 13-valent pneumonia conjugate vaccine in the approved age group in China is 25.9%, while the penetration rate in the corresponding age group in the United States exceeds 80%, indicating that there is still significant room for growth in the Chinese market.

It is estimated that the global underserved demand for the 13-valent pneumonia conjugate vaccines is as high as 180 million doses. However, currently only three companies have been approved to supply them globally. After the launch of its 13-valent pneumonia conjugate vaccine, the Company is expected to become an important supplier in the market.

The construction of the GMP workshops for the Company's pneumonia vaccine series has been completed in batches, meeting international standards. Both the Phase III clinical samples of the 13-valent pneumonia conjugate vaccine and the 23-valent pneumonia polysaccharide vaccine are produced in these workshops. The launch of these iterative pneumonia vaccine products will sufficiently meet the market demand for pneumonia vaccines, leading to new productive forces in the industry and driving international industrial innovation.

***Iterative Rabies Vaccine Products***

Following the established corporate strategy of the Company, we proactively advance the development of the vaccine pipelines and accelerate the research and development of the iterative rabies series vaccines through on-going technological innovation, achieving new productive forces at an accelerated pace. As the second largest supplier of rabies vaccine globally, the Company has expedited the development of iterative rabies series vaccines, in particular: (1) the on-site work of the Phase III clinical trial of iterative serum-free rabies vaccine has been completed, and various preparatory work for the new drug marketing application is underway, which is planned to be completed in 2024; (2) the CTA for the novel-process highly-effective human diploid rabies vaccine is expected to be submitted in 2024; and (3) the iterative mRNA rabies vaccine is the first non-COVID-19 mRNA vaccine candidate accepted by relevant authorities in China.

Completely unlike the existing Vero cell rabies vaccine containing serum and human diploid rabies vaccine containing serum, the iterative serum-free rabies vaccine is an iterative product. Animal serum residues in vaccine products are one of the important factors leading to adverse reactions such as allergies in vaccinated populations, and the iterative serum-free rabies vaccine developed by the Company does not contain animal serum, which significantly improves safety and reduces the probability of adverse reactions. To date, there is no serum-free rabies vaccine approved for launch in the global market.

The novel-process highly-effective human diploid rabies vaccine developed by the Company became the first to break through the technical bottleneck of low virus titer and small yield in the traditional process, with optimized and innovative purification process, which has notably improved product quality and safety as compared with similar marketed products in China, and has the production capacity for large-scale commercialization.

In the meantime, the Company's mRNA technology platform has been tested by the clinical trial data from tens of thousands of subjects, which is far more superior to other mRNA vaccine products of the same type in the world in term of safety and efficacy, and the iterative mRNA rabies vaccine has been developed on such platform. Such vaccine is the first non-COVID-19 mRNA vaccine accepted by China's Center for Drug Evaluation for its CTA, and has been proven by a massive number of animal tests. The vaccine is characterized by markedly decreased number of vaccinations, significantly accelerated the pace of protective neutralizing antibodies generation and remarkably enhanced comprehensive protective effect as compared with the traditional virus-cultured rabies vaccine.

We have completed the construction of the workshops for iterative serum-free rabies vaccine and novel-process highly-effective human diploid rabies vaccine, which have sufficient production capacity and meet international standards, and the equipment is currently being debugged and verified. As the second largest supplier of rabies vaccines globally, the Company spearheads the in-depth technological iteration of rabies vaccines in the world, and will deliver rabies vaccine products with better quality and higher safety in the market after the above iterative rabies series vaccines are marketed, so that new productive forces will be achieved in the industry.

**mRNA Vaccine Technology Platform and Product**

The Company's mRNA technology platform was tested by the clinical trial data from tens of thousands of subjects, and the safety and efficacy of products developed on the platform have been fully verified. The iterative mRNA rabies vaccine has been developed on such platform and is the first non-COVID-19 mRNA vaccine accepted by China's Center for Drug Evaluation for its CTA. As proven by a massive number of animal tests, the vaccine is characterized by markedly decreased number of vaccinations, higher level of protective neutralizing antibodies, significantly accelerated pace of generation, and strong immune persistence as compared with traditional virus-cultured rabies vaccines, which provides better options for improving the prevention and control level of rabies.

In the meantime, the mRNA RSV and mRNA shingles/herpes zoster vaccines being developed by us have adopted the Group's own mRNA technology platform and are global blockbuster products. RSV vaccines of Pfizer and GSK were successively approved for marketing in May 2023, the sales of which amounted to US$2.46 billion in 2023. The sales of GSK's shingles/herpes zoster vaccines amounted to US$4.37 billion in 2023. Given that the Group has already developed several mRNA COVID-19 vaccines which have been proven in clinical trials, we are able to quickly advance the R&D and registration of the products on that basis. So far, we are conducting preclinical studies and the two products are expected to complete the CTA in 2024. In the future, the Company will further focus on the mRNA platform key technologies and continuously promote product innovation on that basis, concentrating on the unmet clinical needs in the core disease areas and further enhancing the Company's innovation capabilities, core competitiveness and comprehensive strengths.

Currently, the Company has established mature mRNA vaccine platform production process and stable testing methods to ensure the safety and effectiveness of products. Further, such platform technology has extensive applicability and has strong advantages of quick and timely response especially in the face of sudden infectious disease.

**Progress of Other Vaccine Candidates**

***Group A, C, Y and W135 Meningococcal Conjugate Vaccine (also known as tetravalent meningococcal conjugate vaccine) (MCV4)***

Our MCV4 vaccine is a meningococcal polysaccharide conjugate vaccine with the ability to prevent epidemic cerebrospinal meningitis caused by group A, C, Y and W135 neisseria meningitidis, and other invasive diseases, and is indicated for those in the age group of 3 months to 15 years. We initiated the Phase I clinical trial in February 2023 and formally launched the Phase I single-center, open clinical trial in March 2023 with 120 trial enrollments, with full subject enrollment in Phase I having been completed and the subject enrollment in the Phase II clinic stage having been initiated.

***EV71-CA16 Bivalent HFMD Vaccine***

HFMD falls into the scope of Class C infectious diseases in China. Each year, over one million people are infected with the disease and there are death cases. Enterovirus type 71 (EV71) and coxsackievirus A16 (CA16) are the major pathogens of HFMD. As currently no approved vaccine against CA16 viral strains has launched in the market, China sees a trend of CA16 outbreak on a full scale. We are developing a EV71-CA16 Bivalent HFMD Vaccine, which is being developed for the first time worldwide. Our EV71-CA16 Bivalent HFMD Vaccine candidate is the first vaccine candidate in the world designed to provide immunization against both the EV71 and CA16 viral strains. As a global innovative vaccine product, we have taken the lead in reaching the clinical stages.

***Vaccine development platform technologies and in-house R&D teams***

We have five proven human vaccine platform technologies covering innovative technologies, such as mRNA vaccine, genetically engineered vaccine, and combination vaccine technologies, as well as traditional technologies, such as bacterial vaccine and viral vaccine technologies. Leveraging these platforms, we are well positioned to develop a steady and fit-for-purpose stream of vaccines that are efficient to manufacture. We have at least one approved product or one vaccine candidate at CTA or clinical stages under each platform. At the same time, the Company is currently designing the structure of antigens and mRNA sequence of vaccines leveraging artificial intelligence, and is trying to leverage artificial intelligence to assist in process research and development of vaccines. Looking forward, the Company expects to increase the depth of existing applications and expand its applications in clinical trial data analysis.

Our in-house R&D teams are responsible for all stages of vaccine candidate development, including preclinical studies, clinical trials, and registration and filings. Our R&D teams primarily consist of (i) three vaccine research institutes, namely AIM Explorer, AIM Liverna and AIM Innovator; and (ii) the R&D team in each of our four vaccine manufacturing subsidiaries, namely AIM Honesty, AIM Action, AIM Rongyu and AIM Persistence. Each R&D team has its own research foci. AIM Explorer mainly develops vaccine candidates using bacterial vaccine platform technologies. AIM Liverna develops mRNA vaccines by leveraging its expertise in mRNA technologies. AIM Innovator focuses on the research and development and commercialization of genetically engineered recombinant vaccines. AIM Action focuses on viral vaccine platform technologies. AIM Rongyu focuses on mRNA vaccines and viral vaccine platform technologies. AIM Honesty concentrates on genetically engineered vaccine platform technologies. In addition, AIM Persistence is developing several vaccine candidates using combination and bacterial vaccine platform technologies.

Our R&D activities are led by a team of multi-disciplinary scientists, and we have also established our global R&D management center at the Group level to coordinate and supervise all R&D activities across the research institutes and operating subsidiaries. Mr. Fan ZHANG, who leads our global R&D management center, has over 10 years of experience in vaccine development, and has established our various vaccine technology platforms, including bacterial vaccine technology platforms, genetic engineering technology platforms, mRNA technology platforms as well as clinical trial and registration filing teams, and he is also responsible for specific research of PCV13, PCV20, PPSV23, MCV4 and RSV vaccines. Mr. Fanyue MENG, who leads our domestic vaccine clinical medicine work in China, has 20 years of experience in clinical management, and has led or participated in over 20 vaccine clinical trials successively. Mr. Lei ZHANG, who leads our international registration, international clinical trials and pharmacovigilance efforts, has 30 years of experience in the vaccine industry in the areas of manufacturing, research and development, registration, clinical trials and pharmacovigilance. Ms. Li JIANG, who leads our Da Jiangnan R&D Center, is the person in charge of the research and development of EV71-CA16 bivalent HFMD vaccine, and is one of the world's innovative EV71 vaccine developers. She is also one of the main developers of Sabin IPV vaccine and new genotype mumps vaccine, having over 30 years of experience in vaccine research and development. Mr. Jinan WU, who leads our Yangtze River Delta R&D Centre, is responsible for the research and development of COVID-19 vaccines and human rabies vaccines (iterative serum-free vaccines and novel-process highly-effective human diploid rabies vaccine). Ms. Li MENG is responsible for our quality production. She has been involved in biologics production and quality management related work for over 30 years.

***Manufacturing***

All of our vaccine products are produced in house by our four individual Licensed Manufacturing Facilities in our manufacturing subsidiaries. For the year ended December 31, 2023, we passed all GMP inspections conducted by the NMPA or its local counterparts on the four individual Licensed Manufacturing Facilities. The following table sets forth key information of our four individual Licensed Manufacturing Facilities as of December 31, 2023:

| **Name** | **Location** | **GFA (sq.m.)** | **Annual bulk production capacity** *(million doses)* | **Responsible products** | **Production Line(s)** |
|---|---|---|---|---|---|
| AIM Rongyu Licensed Manufacturing Facility | Ningbo, Zhejiang Province | 25,318 | 25.0 | Freeze-dried human rabies vaccine (Vero cell) | Two |
| AIM Honesty Licensed Manufacturing Facility | Dalian, Liaoning Province | 11,877 | 45.0 | Recombinant HBV vaccine (Hansenula Polymorpha) | One |
| AIM Action Licensed Manufacturing Facility | Taizhou, Jiangsu Province | 18,711 | 5.3 | Inactivated HAV vaccine | One |
| AIM Persistence Licensed Manufacturing Facility | Ningbo, Zhejiang Province | 72,313 | 16.0 | Bivalent inactivated HFRS vaccine (Vero cell), mumps vaccine and Group A, C, Y and W135 MPSV (MPSV4) | Three |

We have equipped all our Licensed Manufacturing Facilities with advanced equipment and machinery procured from leading international and domestic brands, such as bioreactors, centrifuges, ultra-filtration system and large-scale purification system and product filling and packaging lines. We regularly inspect and maintain our equipment and machinery to ensure that they remain in good condition for operation. In each Licensed Manufacturing Facility, we have been actively taking measures to ensure a stable and quality supply, including designating dedicated personnel to optimize production planning and coordination among different divisions, preventing contamination, improving automation in our production procedures, and strengthening the maintenance of our equipment and facilities to reduce the occurrence of failures.

As a major vaccine company in China, we expect a continuously strong market demand for our existing vaccine products. In order to have sufficient capacity to address these needs, we plan to establish new production facilities in the next few years. As of December 31, 2023, AIM Rongyu's iterative serum-free rabies vaccine workshop has completed the production of clinical samples, and the debugging and verification of the workshop has been completed, making ongoing preparations for product manufacturing approval filing and on-site verification. The construction of novel-process highly-effective human diploid rabies vaccine workshop has been completed, the verification of the equipment is in progress, and at the same time, some upgrading, optimization and transformation are being made in terms of the process.

At the same time, located in the new bacterial vaccine industrialization project of AIM Persistence, the construction of the pneumonia series vaccines stoste workshop was completed in early 2021. The construction and debugging of the tetravalent meningococcal conjugate vaccine stoste workshop and the combination vaccine stoste workshop have been completed by the end of 2023.

***Industry Overview***

The Vaccine Administration Law of the People's Republic of China (《中華人民共和國疫苗管理法》), which came into effect on December 1, 2019, contains specific provisions on the development, production, circulation and vaccination of vaccines as well as supervision and administration, and further defines vaccines as vaccines under the immunization program and vaccines not covered by the immunization program. The promulgation of the Vaccine Administration Law of the People's Republic of China began a new stage of vaccine development in China.

From the perspective of development trend, multidisease and multivalent vaccines are the main development direction of the global vaccine industry. The demand for vaccination of people is increased as a result of the prevalence of infectious diseases and high mutation rate of the virus worldwide. However, since the vaccination procedures, vaccination doses and contraindications of different vaccines are different, multidisease and multivalent vaccines are the inevitable trend in the development of the industry in order to reduce the vaccination frequency, enlarge the scope of prevention and improve safety. Compared to monovalent vaccine, multidisease and multivalent vaccines effectively improve the vaccination efficiency, are conducive to enhancing the overall vaccination rate and herd immunity efficacy, and have notable advantages. The vaccines such as pneumonia conjugate vaccine, Diphtheria, Tetanus and Pertussis Vaccine, human papillomavirus vaccine, meningitis vaccine and HFMD vaccine in the global market are inclined to develop in multidisease and multivalent vaccines. Nonetheless, at the same time, the development of multidisease and multivalent vaccines is in the face of higher difficulty, which are composed of multiple antigens mixed in a certain proportion. In the development process, factors such as antigen purity, interaction, impact of preservatives on newly added antigens, adjuvant action,

buffer and PH control are required to be considered. Additionally, antigen selection is another challenge in the development of multidisease and multivalent vaccines, which requires taking into account the problems such as solubility, physical compatibility, stability of antigen components, immune procedures and adverse reactions. The development of multidisease and multivalent vaccines is challenging for the enterprise's technical reserves, research and development strength, production processes and financial support, and the industry barriers are extremely high. At present, there remains a relatively large gap between China's development of multidisease and multivalent vaccines and that of foreign countries. Numerous policies have been introduced by the government to encourage the development of multidisease and multivalent vaccines. The Vaccine Administration Law expressly declared that necessary funds will be arranged to support the development of new vaccines such as multidisease and multivalent vaccines. The "14th Five-Year Plan" for Bio-Economic Development (《"十四五"生物經濟發展規劃》) proposed to accelerate the iterative upgrading of vaccine research and development and production technologies, and develop multidisease and multivalent vaccines.

In addition, the clinical application potential of mRNA vaccine has been verified due to its excellent performance in the COVID-19 pandemic. Compared to other COVID-19 vaccines, mRNA vaccine has advantages such as faster research and development, lower infectivity, higher effectiveness and lower production cost, and the technology of mRNA has become the focus of the major vaccine manufacturers in the world. mRNA can be rapidly expressed and promptly degraded after entering human body, so it is not easy to disrupt homeostasis and burden on the body will be eased; the component of the mRNA vaccine is single and there is no need for cell culture or animal-derived matrices, and the vaccine has higher safety. Most importantly, the production of mRNA vaccines is easy to be standardized, and mRNA can synthesize based on DNA sequences, which can be digitized and rapidly shared, thus allowing for the development of similar vaccines in a short period of time, as well as large-scale, short-term vaccine research and development and production in response to outbreaks of infectious diseases. Currently, major enterprises in the world gradually layout the technology of mRNA applicable to the research and development of prophylactic vaccine and therapeutic vaccine. As of February 21, 2024, there were 230 clinical trials associated with mRNA in the aggregate worldwide, of which 127 were mRNA vaccine trials, accounting for more than half of all clinical trials. As more mRNA vaccines will be successfully developed and launched on the market in the future, the mRNA vaccine market will grow rapidly and the market prospect is broad.

In the area of pneumonia vaccines, innovative vaccines have the absolute dominant position in the market. With the price of PCV13 being three times higher than that of PPSV23, in 2018, Pfizer accounted for 34.6% of the total approved lot release volume and 65.6% of the total sales volume in the market of pneumonia vaccines only by virtue of its PCV13 product. By 2022, all PCV13 vaccines accounted for 72.6% of the approved lot release volume, with its sales volume accounting for as high as 88.3%. In the future, it will further replace PPSV23 vaccines. Due to the rapid growth of PCV13, the pneumonia vaccine market in China has increased to RMB10.75 billion in 2022, and it is expected to steadily increase at a compound annual growth rate of 22.7% and reach RMB24.0 billion by 2025. With the development of technology and the continuous enhancement of vaccine R&D technology, vaccine manufacturers are trying their best to overcome technical difficulties. Further vaccines with higher valent such as PCV13, PCV20 and PCV24 represent the development trend in the market in the future. PCV vaccines with higher valent can cover more types of pneumonia serum, including rarer types, thereby providing more comprehensive immunoprotection to people. Meanwhile, they also show obvious advantages in terms of immunological effect and duration, which can stimulate the immune system to generate enduring immune reaction in a more effective manner, extend the protection period of vaccines, significantly reduce the transmission and incidence risks of pneumonia infection, and provide a safer and more reliable choice of vaccines to people.

With respect to rabies vaccines in China, the approved lot release volume increased from 58.80 million in 2019 to 78.50 million in 2021, representing an increase of 33.6%. It is expected that the market scale will increase to RMB22.0 billion by 2030, partially due to the HDC vaccines, which are friendly to human body and have relatively high safety as they are extracted from human embryo. The market will be continuously improved in the future despite the relatively high price with people's enhanced awareness of vaccination with high-quality vaccines and the improvement of economic level. Meanwhile, the development of serum-free rabies vaccines will also drive market growth. It has adopted the serum-free cell cultivation technology and has more stable compositions and higher safety, and it is expected that the technology will account for approximately 35.0% of the rabies vaccine market in China by 2030. In addition, the mRNA rabies vaccine will also drive the development of the industry as such rabies vaccine is characterized by markedly decreased number of vaccinations, significantly accelerated pace of protective neutralizing antibodies generation and remarkably enhanced comprehensive protective effect. Further, it is easier to produce as its production does not involve complex processes of cell cultivation. It is expected that the mRNA rabies vaccine will account for approximately 21.2% of the rabies vaccine market in China by 2030.

As of March 2024, there is no approved RSV vaccine in China. However, RSV is one of the important causes of acute lower respiratory tract infection, bronchitis and pneumonia in children and the elderly, so the RSV vaccine is in great demand in the market. From technical perspective, the mRNA RSV vaccine shows better effectiveness than other vaccines. In a late-stage trial data of mRNA-1345 announced by Moderna at the end of 2022, the mRNA RSV vaccine recorded 83.7% of effectiveness in preventing two symptoms (such as coughing and fever) in the elderly aged 60 years and above, showing excellent protection efficiency.

Shingles/herpes zoster is a common disease and often occurs in the middle-aged and the elderly. This disease could result in inflammation and necrosis of the affected nerves, causing severe neuralgia that can last for months or even years. Therefore, the application of vaccines plays an important role in the prevention and control of shingles/herpes zoster. Further, the introduction of mRNA technology for the development of shingles/herpes zoster vaccine could provide better protection for the vaccinated population. As it can induce strong innate and adaptive immunity, it ensures the effectiveness and safety while providing long-lasting immunological protection effect, which addresses the pain point of low safety of existing shingles/herpes zoster vaccines. Currently, the vaccination rate of shingles/herpes zoster vaccine in the target population is only about 0.1%, leaving much room for improvement. It is expected to reach a market size of nearly RMB20.0 billion by 2030 with the continuous improvement of people's healthcare awareness in the future.

On the other hand, in terms of sales, the total market size of the vaccine industry in China increased by RMB61.7 billion in total from 2015 to 2022 at a compound annual growth rate of 19.4% and is expected to increase to approximately RMB220.3 billion at a compound annual growth rate of 12.3% by 2030, which is significantly more rapid than the global market. By vaccine category, the market size of vaccines under the immunization program declined slightly, while vaccines not covered by the immunization programs became the driving factor for the continued expansion of the market size in China. The vaccine industry in China is expected to continue to grow rapidly as pharmaceutical companies continue to conduct research and development, innovative vaccines covering more diseases and more serotypes/subtypes become increasingly popular, average life expectancy and ageing population ratio increase, and health awareness, vaccination awareness and average disposable income of the PRC residents increase. At the same time, the COVID-19 pandemic has had a profound impact on the vaccine industry. The research and development of the COVID-19 vaccine has accelerated the development of pharmaceutical companies in technological innovation, and vaccines with new technological routes such as mRNA and recombinant vaccines have sprung up, and vaccine companies have ushered in opportunities to upgrade technological

innovation. The COVID-19 vaccine has become a well-known anti-epidemic product, and with the increasing vaccination awareness among PRC residents, the demand for vaccination is expected to be boosted in the long run. Against this background, the vaccine industry in China is expected to enter a new stage of development in terms of iterative upgrading of vaccine technology platforms, research and development of new products and adult market expansion and other areas.

**Prospects and Outlook**

In recent years, the vaccine industry in China has strengthened the monopoly advantage of vaccines in disease prevention, elevated the status of vaccines in the overall biomedical industry, and facilitated the industrialization of new technologies for biotechnology and the implementation of related policies, establishing a foundation for the long-term development of the vaccine industry. The significant increase in exports of vaccines has greatly boosted the confidence of Chinese pharmaceutical companies in their international expansion.

It is worth mentioning that our research and development pipelines align with national policies. Our five technology platforms cover all the vaccine technologies that are encouraged and supported by the government as mentioned above and have been verified, with the research and development of related vaccine products rapidly progressing.

Furthermore, in order to accelerate the promotion of internationalized business, the Company specifically set up an international business department to push forward the implementation of series of internationalized layout, and is ready in all aspects such as overseas marketing permission, product research and development and manufacturing. The Company's vaccine products are entering the global market.

At present, the Company has various specific overseas markets and has begun the registration of marketed products in regions such as Southeast Asia, Africa, South America and the Middle East. The Company's rabies vaccine has obtained the registration licenses in countries such as Pakistan.

In terms of products under development, the Company has set up product pipelines with close reference to the needs of the international market. In accordance with the latest World Health Organization's vaccine prequalification list (2024-2026), the Company is rapidly promoting the research and development of the 13-valent pneumonia conjugate vaccine and the tetravalent meningococcal conjugate vaccine, both being high-priority qualified vaccines. In addition, the Company is proactively researching and developing the RSV vaccine and the shingles/herpes zoster vaccine, both of which are also the varieties in short supply in the international market. The Company is making efforts to promote the marketing registration and sale of these products within and outside China, and to achieve the World Health Organization's prequalification for the vaccines.

In terms of on-sale products, HAV vaccine, HBV vaccine and rabies vaccine launched by the Company are medium-priority qualified products by the Word Health Organization, all of which are welcomed in the international market.

In terms of production capacity construction, the Company has completed construction of GMP workshops for iterative pneumonia series vaccines and iterative rabies series vaccines in batches, and all of these workshops meet the international standards. Phase III clinical samples of 13-valent pneumonia conjugate vaccine and 23-valent pneumonia polysaccharide vaccine are produced in these workshops, helping the Company get fully ready for the quick entry into the overseas market of such products upon marketing.

In conclusion, we expect to make significant progress in vaccine research and development in 2024 and speed up the launching of new products. We are committed to accomplishing our mission to develop and manufacture top quality vaccines to safeguard the health of the world.

## Financial Review

### *Overview*

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this announcement.

### *Revenue*

| | Year ended December 31, | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue from sales of vaccine products** | | |
| Revenue from sales of Class I vaccine | **72,796** | 115,322 |
| Revenue from sales of Class II vaccine | **1,114,672** | 1,148,716 |
| **Revenue from research and development services** | **0** | 35 |
| **Total** | **1,187,468** | 1,264,073 |

The Company's revenue from its primary business was RMB1,187.5 million in 2023, representing a decrease of RMB76.6 million or 6.1%, as compared to the revenue from its primary business of RMB1,264.1 million in 2022. The decrease was mainly due to the decline in the revenue of Class I HBV vaccine affected by the decrease of newborns, and the decline in the revenue of Class II rabies vaccine as a result of market factors. The decreases abovementioned were partly offset by the increased revenue of Class II HBV vaccine. Based on the World Health Organization's goal of "eliminating viral hepatitis as a public health threat by 2030", the HBV vaccination will shift from being exclusively for newborns to the entire population. The Company is actively cooperating with local CDCs to conduct projects on eliminating the threat of hepatitis, leading to an increase in the revenue from sales of Class II HBV vaccine.

### *Cost of Sales*

The Company's cost of sales primarily consisted of manufacturing cost, raw materials cost, direct labor cost and transportation cost.

The Company's cost of sales amounted to RMB286.5 million in 2023, representing an increase of RMB50 million or 21.2%, as compared to the cost of sales of RMB236.4 million in 2022, primarily due to the decline in production volume and the increase in labor and manufacturing costs shared by unit products, resulting in an increase in cost of sales.

### *Gross Profit and Gross Margin*

The Company's gross profit amounted to RMB901 million in 2023, representing a decrease of RMB126.6 million or 12.3%, as compared to the gross profit of RMB1,027.7 million in 2022, primarily due to the decrease in sales revenue.

The Company's gross margin amounted to 75.9% in 2023, representing a decrease of 5.4%, as compared to the gross margin of 81.3% in 2022, primarily due to the decline in production volume and the increase in labor and manufacturing costs shared by unit products, resulting in a decline in gross margin.

***Other Income and Gains***

The Company's other income and gains was primarily derived from income from government grants, bank interest income.

The Company's other income and gains was RMB51.7 million in 2023, representing an increase of RMB2.1 million or 4.1%, as compared to the other income and gains of RMB49.6 million in 2022, primarily due to the increase in gains from the disposal of assets of the Company in 2023, partly offset by the decrease in gains from wealth management products.

Our operating expenses mainly include selling and distribution expenses, administrative expenses, and research and development costs. The following table sets forth a breakdown of our operating expenses:

| | **Year ended December 31,** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Research and development costs | **636,401** | 500,310 |
| Selling and distribution expenses | **493,995** | 493,167 |
| Administrative expenses | **254,292** | 450,756 |
| **Total** | **1,384,688** | 1,444,233 |

***Research and Development Costs***

| **Nature** | **Year ended December 31,** | |
|---|---|---|
| | **2023** | 2022 |
| | ***RMB'000*** | *RMB'000* |
| Staff cost | **87,726** | 98,052 |
| Research materials costs | **82,389** | 106,417 |
| Professional service fees | **369,297** | 199,636 |
| Depreciation and amortization | **40,849** | 43,142 |
| Utility cost | **38,565** | 41,917 |
| Others | **17,575** | 11,146 |
| **Total** | **636,401** | 500,310 |

The Company's research and development costs amounted to RMB636.4 million in 2023, representing an increase of RMB136.1 million or 27.2%, as compared to the research and development costs of RMB500.3 million in 2022, due to the increase in costs, especially in clinical-related professional service fees as the Company is making continuous progress in our research and development pipelines.

***Selling and Distribution Expenses***

The Company's selling and distribution expenses primarily consisted of marketing and promotion expenses, staff cost and market outreach expenses, etc. The marketing and promotion expenses primarily consisted of costs and expenses paid to our CSOs for various marketing and academic promotion activities, industry research and post-sales customer service. The staff cost primarily included salaries, share-based compensation, benefits and other compensation for our sales staff.

The Company's selling and distribution expenses amounted to RMB494 million in 2023, representing an increase of RMB0.8 million or a slight increase of 0.2%, as compared to the selling and distribution expenses of RMB493.2 million in 2022.

***Administrative Expenses***

The Company's administrative expenses primarily consisted of staff cost, depreciation and amortization and professional service fees, etc.

The Company's administrative expenses amounted to RMB254.3 million in 2023, representing a decrease of RMB196.5 million or 43.6%, as compared to the administrative expenses of RMB450.8 million in 2022, primarily due to the decrease in employee equity incentive expenses in the current period and the decrease in professional service fees of intermediaries related to listing.

***Impairment Losses on Financial Assets***

The Company's provision for impairment losses on financial assets amounted to RMB4.2 million in 2023, representing a decrease of RMB23 million or 84.6%, as compared to the provision for impairment losses on financial assets of RMB27.2 million in 2022, primarily due to the substantially decreased provision for bad debts of receivables.

***Impairment Losses on Property, Plant and Equipment***

During the year ended December 31, 2023, the impairment loss of RMB61,091,000 mainly represented the write-down of carrying amounts of certain plant and machinery and equipment and others because these assets have become idle. The recoverable amounts of the property, plant and equipment were assessed to be minimal since management estimated that there was no other usage of the property, plant and equipment.

***Impairment Losses on Goodwill and Other Intangible Assets***

During the year ended December 31, 2023, the Company carried out the impairment test for other intangible assets – deferred development costs and goodwill arising from the acquisition of its subsidiary AIM Liverna. Goodwill value is determined by cash-generating units generated by the acquisition of AIM Liverna, the recoverable amount of cash-generating units of AIM Liverna is determined by calculating according to value in use, and the recoverable amount of other intangible assets – deferred development costs is determined by fair value less cost of sales.

Due to the material changes in domestic and global market conditions for COVID-19 vaccine products during the year, the World Health Organization issued a statement indicating that COVID-19 has become an existing and ongoing health problem, and it is no longer a public health emergency of international concern. Based on these changes and updates, particularly their impact on the market demand for the quantity of COVID-19 vaccine products, the management of the Company re-evaluated the future market of COVID-19 vaccine products, and considered that the current market conditions will have a relatively significant adverse impact on the future demand of COVID-19 vaccine products and the expected market share of the Group's vaccine products.

According to the results of the impairment test, the Company made a provision during the year for impairment loss on goodwill of RMB211.4 million and impairment loss on other intangible assets of RMB1,512.2 million, respectively.

***Finance Costs***

The Company's finance costs primarily consisted of interest on bank loans and interest on lease liabilities.

The Company's finance costs amounted to RMB43.8 million in 2023, representing an increase of RMB18.1 million or 70.6%, as compared to the finance costs of RMB25.7 million in 2022, primarily due to the increase in bank loans resulting in the increase in interest of corresponding loan.

***Income Tax Expenses***

The Company's income tax was a credit of RMB320.4 million in 2023, representing an increase of RMB116.9 million or 57.4%, as compared to the amount of income tax credit of RMB203.5 million in 2022, primarily due to the increase in loss before tax for the year ended December 31, 2023.

***Loss for the Year***

The Company's loss amounted to RMB1,950.2 million in 2023, representing an increase of RMB1,719.6 million or 745.6%, as compared to the loss of RMB230.6 million in 2022. The main reasons are that the Group made a provision of RMB1,723.7 million in 2023 for impairment loss for the intangible assets and goodwill generated by the acquisition of our subsidiary, AIM Liverna, and the research and development expenses in 2023 increased as the Company is making continuous progress in our research and development pipelines.

***Liquidity and Financial Resources***

As at December 31, 2023, the Company's cash and cash equivalents and time deposits totaled RMB736.4 million, representing a decrease of RMB61.4 million or approximately 7.7%, as compared to the cash and cash equivalents and time deposits of RMB797.8 million as at December 31, 2022, and such decrease was mainly due to the decrease in revenue and the increase in R&D expenses.

As at December 31, 2023, the Company's current assets amounted to approximately RMB2,482.9 million, and the current liabilities amounted to approximately RMB2,601.9 million. The net current liabilities amounted to RMB119.0 million, representing a decrease of RMB417.9 million, as compared to the net current assets of RMB298.9 million as at December 31, 2022, primarily due to the decrease in revenue and gross margin, the significant increase in R&D investment and new bank loans for industrialization construction. The Company has given careful consideration to the future cash flow projections of the Group, available banking facilities, the progress of R&D projects, and the ability of management members to control the pace of operating expansion and the capital expenditures of the Group, and the Directors are satisfied that the Group will be able to meet in full the financial obligations as they fall due for the foreseeable future.

***Inventories***

The Company's inventories balance amounted to RMB509.9 million as at December 31, 2023, representing an increase of RMB5.2 million or 1%, as compared to the inventories balance of RMB504.7 million as at December 31, 2022, primarily due to the slight increase in inventories as of December 31, 2023.

***Trade Receivables***

The carrying amount of the Company's receivables amounted to RMB1,005.1 million as at December 31, 2023, representing a decrease of RMB47.5 million or 4.5%, as compared to the carrying amount of receivables of RMB1,052.6 million as at December 31, 2022, primarily because the repayments from sales in 2023 was basically equal to that in the previous year, and the sales revenue decreased slightly.

***Capital Expenditure***

The Company's capital expenditure amounted to RMB301.6 million in 2023, primarily for constructing new production facilities, purchasing new equipment for the industrialization of pipeline vaccines and upgrading current manufacturing facilities, and the capitalized expenditure of the vaccine candidate development. The Company's capital expenditure in 2023 decreased by RMB555 million or 64.8% as compared to RMB856.6 million in 2022, primarily due to basic completion of the key vaccine candidates' industrialization construction and a decrease in the expenditure for the industrialization project in 2023.

***Borrowings and Gearing Ratio***

The Company's total financial indebtedness (including interest-bearing bank borrowings, lease liabilities and amounts due to related parties) amounted to RMB1,795.6 million as at December 31, 2023, representing an increase of RMB396.9 million or 28.4%, as compared to the total financial indebtedness of RMB1,398.7 million as at December 31, 2022, primarily due to the increase in bank borrowings in 2023.

The Company's gearing ratio (calculated by dividing total financial indebtedness by total equity as of the end of the period) was 46.2% as at December 31, 2023, representing an increase of 22.3%, as compared to the gearing ratio of 23.9% as at December 31, 2022, mainly due to the increase in the balance of bank borrowings.

### *Charge on Assets*

As of December 31, 2023, part of the Group's bank loans were secured by (1) mortgages over the Group's buildings, which had a net carrying value as at December 31, 2023 of approximately RMB259.4 million (December 31, 2022: approximately RMB286.5 million); (2) mortgages over the Group's leasehold land, which had a net carrying value as at December 31, 2023 of approximately RMB59 million (December 31, 2022: approximately RMB61.1 million); (3) guarantees provided by the Company and subsidiaries of the Group.

Save for the above, as of December 31, 2023, the Group did not have any other charges over its assets.

### *Foreign Exchange Exposure*

Most of the Group's businesses and all bank loans have been traded in RMB so there is no significant foreign exchange fluctuation risk. The Board does not expect that fluctuations in the RMB exchange rate and exchange fluctuations of other foreign currencies will have a significant impact on the Group's business or performance. The Group currently has no relevant foreign exchange risk hedging policies and therefore it has not carried out any hedging transactions to manage the potential risks of foreign currency fluctuations.

### *Contingent Liabilities*

As at December 31, 2023, the Group did not have any significant contingent liability that would have a material impact on its financial position or results of operations.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### The Model Code for Securities Transactions by Directors and Supervisors

The Company has devised its own code of conduct regarding Directors' and Supervisors' dealings in the Company's securities on terms no less exacting than the Model Code. The Company has made specific inquiries to all Directors and Supervisors and they all confirmed that they have complied with the standards specified in the Company's own code for the year ended December 31, 2023.

### Corporate Governance Code

The Board has adopted the code provisions of the Corporate Governance Code. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Corporate Governance Code for the year ended December 31, 2023, with the exception of code provision C.2.1, which requires the roles of chairman and chief executive to be held by different individuals.

Pursuant to code provision C.2.1 in Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yan ZHOU, the chairman of the Board and chief executive officer, currently performs both of these roles. The Board believes that, in view of the experience, personal profile and role of Mr. Zhou in the Company, Mr. Zhou has an extensive understanding of our business as the chief executive officer of the Company and is therefore the Director best suited to identify strategic opportunities and to be the core of the Board. The combined role of chairman of the Board and chief executive officer of the Company by the same individual can promote the effective execution of strategic initiatives and facilitate the flow of information between the management and the Board. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer at an appropriate time, taking into account the circumstances of the Group as a whole.

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

For the year ended December 31, 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

**Employee and Remuneration Policy**

As of December 31, 2023, we had approximately 1,624 employees, as compared to approximately 1,576 employees as of December 31, 2022. Total employee benefits expenses including Directors' remuneration in 2023 amounted to RMB362.4 million, as compared to the expenses of RMB608.0 million in 2022. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

In addition to salaries and bonuses, other employee benefit expenses include pension, housing fund, medical insurance and other social insurance, as well as share-based payment expenses and others. We have adopted the employee stock incentive scheme prior to the IPO to offer valuable incentives to attract and retain quality personnel. We have been evaluating, and may adopt, new stock incentive schemes that comply with the requirements of the Listing Rules. The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

**Significant Investments, Acquisitions and Disposals**

We did not have any significant investments, material acquisitions or material disposals of subsidiaries, associates and joint ventures for the year ended December 31, 2023.

**Use of IPO Proceeds**

We received approximately HK$91.61 million in net proceeds (the "**Net Proceeds**") from the IPO. Since the completion of the IPO, the Company has been utilizing, and intends to continue to utilize, the Net Proceeds in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus and the announcement of the Company dated October 23, 2023 relating to the change in use of proceeds from the IPO (the "**Announcement on Change in Use of IPO Proceeds**"). The use of Net Proceeds for the year ended December 31, 2023 is set forth below:

| | | Net Proceeds allocated for related purposes *(HK$'000)* | Percentage of total Net Proceeds *(%)* | Actual use of proceeds during the year ended December 31, 2023 *(HK$'000)* | Unutilized proceeds as of December 31, 2023 *(HK$'000)* | Expected timing for full utilization of the unused amount |
|---|---|---|---|---|---|---|
| 1. | The development of vaccines related to the mRNA technology platform | 38,747 | 42.30 | 38,747 | – | N/A [(1), (2)] |
| 2. | The development of our pneumonia vaccine candidates, including PCV13, PCV20 and PPSV23 | 6,412 | 7.00 | 6,412 | – | N/A [(3)] |
| 3. | The development of other vaccine candidates in our pipeline | 9,801 | 10.70 | 9,801 | – | N/A [(2)] |
| 4. | To fund the capital expenditure on the construction of new production facilities for our new vaccine products, as follows: | 32,060 | 35.00 | 13,210 | 18,850 | |
| | (1) to fund the capital expenditure on the new mRNA vaccine production facilities in Ningbo | 23,503 | 25.66 | 4,653 | 18,850 | On or before December 31,2024 |
| | (2) to fund the capital expenditure on construction of new production facilities by AIM Rongyu for iterative serum-free rabies vaccine, including: | 8,557 | 9.34 | 8,557 | – | |
| | (i) equipment procurement | 5,575 | 6.09 | 5,575 | – | N/A [(2)] |
| | (ii) plant decontamination and renovation, and equipment installation and testing | 2,982 | 3.25 | 2,982 | – | N/A [(2)] |
| 5. | To be invested in our sales and marketing activities | 4,590 | 5.00 | 4,590 | – | N/A [(4)] |
| | **Total** | **91,610** | **100.00** | 72,760 | 18,850 | |

*Notes:*

*(1) As disclosed in the Announcement on Change in Use of IPO Proceeds, the Company has changed the use of proceeds raised for the development of the mRNA COVID-19 vaccine against the original strain to the development of vaccines related to the mRNA technology platform. At the same time, the Company no longer limits the proportion of proceeds to be used for clinical trials and registration approvals. The total amount of proceeds allocated for the development of vaccines related to the mRNA technology platform and the proportion of proceeds raised from the IPO remain unchanged, and the expected timing for full utilization of the unused amount remains unchanged.*

*(2) As of December 2023, the Net Proceeds allocated for development of vaccine candidates in our mRNA technology platform, development of other vaccine candidates in our pipelines, and construction of new production facilities by AIM Rongyu for iterative serum-free rabies vaccine were fully utilized.*

*(3) As of June 2023, the Net Proceeds allocated for development of pneumonia vaccine candidates (including PCV13, PCV20 and PPSV23) were fully utilized.*

*(4) The Net Proceeds allocated for investing in sales and marketing activities were fully utilized during January 2023.*

**Issuance of Unlisted RMB Denominated Ordinary Shares**

At the Board meeting held on March 8, 2023, the Board approved the proposal on the issuance of Unlisted RMB Denominated Ordinary Shares subject to certain conditions (the "**Proposed Issuance**"). The Proposed Issuance was considered and approved at the 2023 first extraordinary general meeting, the 2023 first class meeting for holders of Domestic Shares, and the 2023 first class meeting for holders of H Shares convened on April 28, 2023, and was approved by the China Securities Regulatory Commission on August 17, 2023. The Board considers that the Proposed Issuance will help further strengthen the Company's competitive strength, enhance risk resilience and promote healthy development of business.

Under the Proposed Issuance, the Company intends to issue not more than 242,212,519 Unlisted RMB Denominated Ordinary Shares to (a) no more than 35 qualified investors, which do not include any existing Shareholders, and (b) existing Shareholders (if any). The actual subscribers and the number and class(es) of Unlisted RMB Denominated Ordinary Shares to be subscribed for are subject to the approval by the regulatory authorities. In accordance with Article 127 of the Company Law of the People's Republic of China, the issue price of Shares under the Proposed Issuance shall be at or above the nominal value of the Shares, being RMB1.00 per Share.

For details of the Proposed Issuance, please refer to the announcement dated March 8, 2023, the circular dated April 11, 2023 and the announcement dated August 30, 2023 of the Company. As of the date of this announcement, the Company has not issued any Unlisted RMB Denominated Ordinary Shares under the Proposed Issuance. The Company shall disclose the update on the progress of the Proposed Issuance in a timely manner according to the requirements of relevant laws and regulations as well as the Listing Rules.

**Final Dividend**

No dividend was paid or declared by our Company for the year ended December 31, 2023.

**Audit Committee**

The Company has established the Audit Committee in accordance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and set out the terms of reference. The Audit Committee consists of five members, namely Professor Ker Wei PEI, Mr. Hui OUYANG, Mr. Xiaoguang GUO, Mr. Jie ZHOU and Mr. Xin ZHOU. Professor Ker Wei PEI, Mr. Hui OUYANG and Mr. Xiaoguang GUO are independent non-executive Directors, and Mr. Jie ZHOU and Mr. Xin ZHOU are non-executive Directors. Professor Ker Wei PEI is the chairman of the Audit Committee and possesses the appropriate professional qualifications.

The Audit Committee of the Company has reviewed the Group's 2023 annual results and the financial statements for the year ended December 31, 2023 prepared in accordance with the IFRSs.

**Scope of Work of Ernst & Young**

The figures above in respect of this annual results announcement for the year ended December 31, 2023 have been agreed with the Company's auditor, Ernst & Young, certified public accountants ("**Ernst & Young**"), to be consistent with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

**Material Matters after the Reporting Period**

No material matter has occurred since December 31, 2023 and up to the date of this announcement.

**Publication of the Annual Results Announcement, Annual Report and Notice of Annual General Meeting**

This results announcement is published on the HKEx website at www.hkexnews.hk and the Company's website at www.aimbio.com. The annual report of the Company for the year ended December 31, 2023 and the notice convening the 2023 annual general meeting of the Company will be published on the websites mentioned above.

**DEFINITIONS**

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| "AIM Action" | AIM Action BioPharm Co., Ltd. (艾美行動生物製藥有限公司) (previously known as AIM Kanghuai Biopharmaceutical (Jiangsu) Co., Ltd. (艾美康淮生物製藥(江蘇)有限公司)), a company incorporated under the laws of PRC on October 13, 2011, a wholly-owned subsidiary of our Company; |
| "AIM Explorer" | AIM Explorer Biomedical R&D Co., Ltd. (艾美探索者生命科學研發有限公司), a company incorporated under the laws of PRC on September 10, 2018, a wholly-owned subsidiary of our Company; |
| "AIM Honesty" | AIM Honesty Biopharmaceutical Co., Ltd. (艾美誠信生物製藥有限公司), a company incorporated under the laws of PRC on September 20, 1993, a wholly-owned subsidiary of our Company; |
| "AIM Innovator" | AIM Innovator Biomedical Research (Shanghai) Co., Ltd. (艾美創新者生物醫藥研究(上海)有限公司), a company incorporated under the laws of PRC on May 17, 2021 and owned as to 95% by our Company, 1% by each of AIM Action, AIM Honesty, AIM Persistence, AIM Responsibility Biopharmaceutical (Liaoning) Co., Ltd. (艾美責任生物製藥(遼寧)有限公司) (a company incorporated under the laws of PRC on January 28, 2023 and a wholly-owned subsidiary of our Company), and AIM Rongyu; |

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| "AIM Liverna" | Liverna Therapeutics Inc. (珠海麗凡達生物技術有限公司), a company incorporated under the laws of PRC on June 21, 2019 and owned as to 50.1546% by our Company. The other minority shareholders of AIM Liverna are Independent Third Parties; |
| "AIM Persistence" | AIM Persistence Biopharmaceutical Co., Ltd. (艾美堅持生物製藥有限公司) (previously known as AIM Weixin Biopharmaceutical (Zhejiang) Co., Ltd. (艾美衛信生物藥業(浙江)有限公司)), a company incorporated under the laws of PRC on December 24, 2002 and owned as to 96.45% by our Company and 3.55% by Shanghai Beibi Road Cultural Development Co., Ltd. (上海北壁之路文化發展有限公司), a company incorporated under the laws of PRC on March 28, 2017, a wholly-owned subsidiary of our Company; |
| "AIM Rongyu" | AIM Rongyu (Ningbo) Biopharmaceutical Co., Ltd. (艾美榮譽(寧波)生物製藥有限公司), formerly known as Ningbo Rong'an Biological Pharmaceutical Co., Ltd. (寧波榮安生物藥業有限公司), a company incorporated under the laws of PRC on April 30, 2001 and owned as to 20% by our Company and 80% by AIM Persistence; |
| "Audit Committee" | the audit committee of the Board of Directors; |
| "Board" or "Board of Directors" | the board of Directors of our Company; |
| "CDC(s)" | Centre(s) for Disease Control and Prevention (疾病預防控制中心); |
| "China" or "the PRC" | the People's Republic of China, which for the purpose of this announcement only, references to "China" or "the PRC" exclude Taiwan, Macau Special Administration Region and Hong Kong; |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time; |
| "Company", "our Company", or "the Company" | AIM Vaccine Co., Ltd. (艾美疫苗股份有限公司), a joint stock company incorporated in the PRC with limited liability on November 9, 2011; |
| "Corporate Governance Code" | the Corporate Governance Code as set out in Appendix C1 to the Listing Rules; |
| "COVID-19" | the Coronavirus Disease 2019; |
| "CSO(s)" | contract sales organization(s); |
| "CTA" | clinical trial application, the PRC equivalent of investigational new vaccine application; |
| "Director(s)" or "our Director(s)" | the director(s) of our Company; |
| "Domestic Share(s)" | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) subscribed for and paid up in Renminbi by PRC domestic investors and not listed on any stock exchange; |

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| "GMP" | Good Manufacturing Practice, guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (《中華人民共和國藥品管理法》) as part of quality assurance which aims to minimize the risks of contamination, cross contamination, confusion and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use; |
| "Group A, C, Y and W135 MPSV" or "MPSV4" | Group A, C, Y and W135 MPSV, a vaccine used for the prevention of epidemic cerebrospinal meningitis in children aged above two years old; |
| "Group", "the Group", "our Group", "we" or "us" | our Company and its subsidiaries; |
| "H Share(s)" | overseas listed foreign share(s) in the issued share capital of the Company, with a nominal value of RMB1.00 each, listed on the Stock Exchange; |
| "HAV" | hepatitis A virus; |
| "HBV" | hepatitis B virus; |
| "HDC" | human diploid cell; |
| "HFMD" | hand foot and mouth disease; |
| "HFRS" | hemorrhagic fever with renal syndrome; |
| "HK$" or "Hong Kong dollars" or "HK dollars" | Hong Kong dollars, the lawful currency of Hong Kong; |
| "HKEx" | Hong Kong Exchanges and Clearing Limited; |
| "Hong Kong" or "HK" | the Hong Kong Special Administrative Region of the PRC; |
| "Independent Third Party(ies)" | an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules; |
| "IPO" | the initial public offering and listing of the Company's H Shares on the Main Board of the Stock Exchange on October 6, 2022; |
| "Licensed Manufacturing Facility" | our manufacturing facility in each of AIM Rongyu, AIM Honesty, AIM Action and AIM Weixin, which have obtained valid production permits and passed GMP inspections, each a Licensed Manufacturing Facility, collectively Licensed Manufacturing Facilities; |

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| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| "Main Board" | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange; |
| "Model Code" | Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules; |
| "mRNA" | messenger ribonucleic acid or messenger RNA, a single-stranded molecule of RNA that corresponds to the genetic sequence of a gene, and is read by a ribosome in the process of synthesizing a protein; |
| "NDA" | new drug application (藥品註冊證書申請); |
| "NDA approval" | new drug application approval (藥品註冊證書批准); |
| "NIFDC" | the National Institutes for Food and Drug Control of the PRC (中國食品藥品檢定研究院); |
| "NMPA" | the National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局); |
| "PCV" | pneumonia conjugate vaccines; |
| "Prospectus" | the Company's prospectus dated September 23, 2022; |
| "Remuneration Committee" | the remuneration and appraisal committee of the Board of Directors; |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC; |
| "RSV" | respiratory syncytial virus; |
| "Share(s)" | ordinary share(s) in the issued share capital of our Company with a nominal value of RMB1.00 each; |
| "Shareholder(s)" | holder(s) of our Shares; |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "subsidiary(ies)" | has the meaning ascribed thereto in section 15 of the Companies Ordinance; |

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|---|---|
| "Unlisted Foreign Share(s)" | ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which is (are) held by non-PRC investors and not listed on any stock exchange; |
| "Unlisted RMB Denominated Ordinary Share(s)" | Domestic Share(s) and/or Unlisted Foreign Share(s) (as the case may be); and |
| "%" | percentage. |

By order of the Board
**AIM Vaccine Co., Ltd.**
**Mr. Yan ZHOU**
*Chairman of the Board,*
*Executive Director and Chief Executive Officer*

Hong Kong, March 27, 2024

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Yan ZHOU, Mr. Wen GUAN and Mr. Shaojun JIA as executive Directors; Mr. Jie ZHOU, Mr. Xin ZHOU, Mr. Jichen ZHAO and Ms. Aijun WANG as non-executive Directors; and Professor Ker Wei PEI, Mr. Xiaoguang GUO, Ms. Jie WEN and Mr. Hui OUYANG as independent non-executive Directors.*