WUXI BIOLOGICS (CAYMAN) INC.
藥明生物技術有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2269)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

FINANCIAL HIGHLIGHTS

		2018 ***RMB million***	2017 *RMB million*	Change
Revenue		**2,534.5**	1,618.8	56.6%
Gross Profit		**1,017.8**	660.6	54.1%
Gross Profit Margin		***40.2%***	*40.8%*	
Net Profit		**630.5**	252.6	149.6%
Net Profit Margin		***24.9%***	*15.6%*	
Adjusted Net Profit		**751.5**	432.9	73.6%
Adjusted Net Profit Margin		***29.7%***	*26.7%*	
		RMB	*RMB*	
Earnings per share	— Basic	**0.52**	0.24	116.7%
	— Diluted	**0.48**	0.22	118.2%
Adjusted Earnings per share	— Basic	**0.62**	0.40	55.0%
	— Diluted	**0.57**	0.37	54.1%

The Board does not recommend any payment of final dividend for the year ended December 31, 2018.

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with the IFRS, the Company has provided adjusted net profit, adjusted net profit margin, adjusted EBITDA, adjusted EBITDA margin and adjusted basic and diluted earnings per share (excluding the share-based compensation expenses, Listing expenses and foreign exchange gains or losses) as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the adjusted results on a stand-alone basis or as a substitute for results under the IFRS.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group continues to implement its "Follow-the-Molecule" strategy and capture attractive market growth opportunities and gain market share globally. The Group delivered strong growth in the total number of integrated projects during the Reporting Period. As at December 31, 2018, the Group had a total of 205 integrated projects, compared to the total of 161 projects as at December 31, 2017. In particular, 10 projects were transferred to the Group, which showcased the Group's end-to-end solution platform to empower its global partners to discover, develop and manufacture biologics from concept to commercial manufacturing.

- The total number of pre-clinical projects increased from 90 as at same period last year to 97 as at December 31, 2018.

- The total number of early-phase (phase I and II) projects increased by 51.6% from 62 as at same period last year to 94 as at December 31, 2018 (68 in phase I and 26 in phase II, respectively).

- The number of late-phase (phase III) projects increased by 62.5% from 8 as at same period last year to 13 as at December 31, 2018.

- The Group also achieved great success in progressing projects from pre-IND stage to post-IND stage: 33 projects progressed from pre-clinical development stage to early-phase stage during the Reporting Period.

The first commercial manufacturing project commenced production in the Group's Wuxi site, which was the first cGMP biologics facility in China approved by the U.S. FDA. The U.S. FDA's approval fully validated the Group's premier quality system as well as its advanced single-use disposable technology for commercial manufacturing. As more projects were initiated across different stages and its first commercial manufacturing project has been kicked off, the Group has built a stronger platform for integrated services and continued to increase its share in the global market.

The following table sets forth the status of the on-going integrated projects of the Group as at December 31, 2018:

Biologics development process stage	**Number of on-going integrated projects[(1)]**	**Typical duration**	**Typical Revenue[(2)]**
Pre-IND			
— Drug discovery	—	2 years	US$1.5–2.5 mm
— Pre-clinical development	97	2 years	US$4–6 mm
Post-IND			
— Early-phase (phases I & II) clinical development:	94	3 years	US$4–6 mm
— Phase I clinical development	(68)		
— Phase II clinical development	(26)		
— Late-phase (phase III) clinical development	13	3–5 years	US$20–50 mm
— Commercial manufacturing	1	Annually	US$50–100 mm[(3)]
Total	**205**		

Notes:

(1) Integrated projects are projects that required the Group to provide services across different divisions/ departments within the Group and across various stages of the biologics development process.

(2) Milestone fee can be paid at different research and development ("**R&D**") stages, while royalty fee will be charged for 5–10 years or until expiration of the patent once the new drug launches in the market.

(3) Estimated value when biologic drug reaches its peak sales. A biologic drug typically reaches its peak sales after a ramp-up period.

The Group's revenue for the year ended December 31, 2018 increased by 56.6% year-on-year to RMB2,534.5 million. The Group delivered strong growth in its total backlog, which comprised both service backlog and upcoming potential milestone fees. The service backlog surged by 243.1% from approximately US$476.0 million as at December 31, 2017 to approximately US$1,633.0 million as at December 31, 2018; the upcoming potential milestone fees doubled from approximately US$1,002.0 million as at December 31, 2017 to approximately US$2,006.0 million as at December 31, 2018. The service backlog represents the amount which the Group has contracted but yet to perform. The total upcoming potential milestone fees represent the total amount for upcoming milestone fees, which the Group has contracted but has not yet performed nor received and will take a longer term to charge at various development stages, depending on the success rate and progress of the projects which may not be within the Group's control.

The Group continued to invest in new technologies and platforms which will not only generate further milestone and royalty payments but also bring more biologics projects into the pipeline under the "Follow-the-Molecule" strategy. The Group launched a new proprietary bispecific antibody platform WuXiBody™, which will expedite bispecific development and reduce manufacturing costs. During the Reporting Period, the Group has successfully entered into multiple global and domestic strategic collaborations and licensed WuXiBody™ platform to its partners, such as a contract worth up to US$450 million with Oxford BioTherapeutics. Another state-of-the-art cell line development platform WuXia will enable the Group to launch more than 60 IND-enabling projects per year, one of the largest capacities in the world. The WuXia platform has been widely accepted by the industry. More than 20 clinical projects enabled by WuXia are under development in the U.S., the EU and China and 60 additional WuXia-enabled projects are to be developed. WuXiUP platform, which couples continuous cell culture operations with continuous column chromatography, is the Group's another technology innovation. This technology platform can use 2,000L disposable bioreactors to achieve comparable productivity of traditional 20,000L stainless steel bioreactors yet still provide similar purification yields. WuXiUP solidified the Group's global leader role in the continuous biomanufacturing field. With the successful launches and powerful support of the proprietary bispecific antibody platform, WuXiBody™, the cell line development platform, WuXia, and the continuous cell culture process platform, WuXiUP, the Group has significantly advanced the technology of biologics development and achieved outstanding progress to enhance the discovery, development and manufacturing of biologics.

During the Reporting Period, the Group invested significantly in capabilities and capacity globally. From April 2018 onwards, the Group started its global strategic layout with a total planned capacity of biopharmaceutical production reaching more than 220,000 liters. Under the principle of "Striving for Excellence and Executing for Results", the Group has achieved important milestones at remarkable speed by successfully commencing construction of several R&D and manufacturing facilities in both Ireland and China (including Wuxi, Shanghai and Shijiazhuang).

The Group introduced a new manufacturing paradigm "Global Dual Sourcing within WuXi Bio" to address its partners' needs in ensuring supply while minimizing technology transfer to two different suppliers. With this strategy, the Group's partners can select two facilities from the Group's global supply network in China, EU and US to ensure their global supply and eliminate the risks of inter-company technology transfer. The Group has successfully signed exclusive commercial manufacturing contracts using this approach.

During the Reporting Period, the Company's extensive experience and one-stop service platform continued to drive industry-leading R&D efficiency to enable the customers and partners. The Company reduced the IND-enabling timeline to between 15 and 18 months for monoclonal antibodies, while one program was shortened to a record of 7 months. The Company established more exclusive or strategic partnerships with global customers from biologics discovery, development, clinical manufacturing to commercial manufacturing for rare disease, first-in-class and other novel biologics. By leveraging cutting-edge technology, best timelines, excellent track record and unparalleled capacity, the Company kept improving the core competencies to become the most comprehensive technology platform in the global biologics industry to benefit patients globally.

With its continuous investment in talent and technology development in biologics discovery, development and manufacturing, the Group has established itself as a reliable global partner to leading global pharmaceutical companies as well as virtual, start-up companies and small-to-medium sized biotechnology companies. For the year ended December 31, 2018, the Group had worked with 13 out of the 20 largest pharmaceutical companies in the world and 22 of the 50 largest pharmaceutical companies in China. The Group provided services to 220 customers in the year of 2018, compared with 202 customers in 2017. The average revenue per customer among the top ten customers grew 35.0% from approximately RMB88.4 million for 2017 to approximately RMB119.3 million for 2018, and the average revenue per project increased 22.8% from approximately RMB10.1 million for 2017 to approximately RMB12.4 for 2018, which further validated the Group's "Follow-the-Molecule" strategy. The Group believes that continuous cooperation with and commitment to its existing customers will enhance its value chain and capture the opportunities in this growing market in the future.

In January 2018, five internationally recognized scientists, entrepreneurs and visionary thinkers were appointed as members of the Group's newly formed Scientific Advisory Board ("**SAB**"). The SAB supports the Group's mission of becoming a technology leader and a trusted partner for biopharmaceutical companies worldwide to advance the science and technology of biologics development and thereby ultimately benefiting patients worldwide. In September 2018, the Group introduced Harvard Professor David R. Liu to the SAB.

In March 2018, the Group's partner TaiMed Biologics, a public company listed on Taipei Exchange in Taiwan (Stock code: 4147), received the U.S. FDA's approval for Ibalizumab (**Trogarzo**™) and with that the Group became one of the world's top 10 biologics development and manufacturing service providers and the only Chinese biopharmaceutical manufacturing company which has obtained U.S. FDA cGMP manufacturing approval, thus reinforcing the Group's strong commitment to quality. During the Reporting Period, the Group completed several cGMP batches of Trogarzo™ drug substance ("**DS**") and drug product ("**DP**"). It is the Group's first commercial manufacturing project.

In July 2018, the Company entered into a joint venture agreement with Shanghai Hile Bio-pharmaceutical Co., Ltd. (上海海利生物技術股份有限公司), a company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (Stock code: 603718), in relation to the formation of a joint venture ("**WuXi Vaccines**") with total registered capital of RMB500 million. WuXi Vaccines primarily engages in human vaccines (e.g. cancer vaccine) CDMO (Contract Development and Manufacturing Organisation) business and the provision of end-to-end integrated service and solution platform covering the discovery, development and manufacturing of human vaccines from concept to commercial manufacturing. WuXi Vaccines will focus on the emerging fields of cancer vaccines and patient-specific vaccines to seize the growth opportunities of this CDMO business. Under an exclusive strategic partnership agreement the Group entered into in December 2018 with AC Immune SA, a Swiss-based clinical-stage biopharmaceutical company listed on NASDAQ (Stock code: ACIU), WuXi Vaccines will explore the application of AC Immune's vaccine portfolio in China.

Our Facilities

During the Reporting Period, we had three operation sites in Wuxi, Shanghai and Suzhou, respectively, all conveniently located within driving distance from each other.

Wuxi Site

The Wuxi site houses part of the clinical and commercial manufacturing facilities, and also provides services such as assay, formulation and process development, process validation, lot release testing, stability studies, drug product formulation, fill and finish, and regulatory support services for recombinant protein, monoclonal antibodies ("**mAbs**") and antibody drug conjugates ("**ADC**").

The Group's Manufacturing 1 ("**MFG1**"), the first commercial manufacturing facility at the Wuxi site, passed the U.S. FDA pre-license inspection ("**PLI**") for production of Ibalizumab (**Trogarzo**™) in August of 2017 and commenced to manufacture commercial products for customer since the medicine's approval by the U.S. FDA in 2018. MFG1 maintained cGMP run for customer orders and kept high capacity utilization rate during the Reporting Period.

The Group's Manufacturing 2 ("**MFG2**") began its cGMP biologics manufacturing in December 2017 and it is the largest biologics manufacturing facility globally leveraging single-use bioreactor technology as of 2018. MFG2 is a disposable bioreactor-based biologics commercial manufacturing facility with fourteen 2,000L-capacity and two 1,000L-capacity disposable bioreactors. The combination of multiple single-use bioreactors offers a highly flexible manufacturing strategy and competitive cost of goods sold (COGS) compared with traditional stainless steel bioreactor facilities. Currently it is mainly used for late-phase projects manufacturing. In July 2018, the Group conducted a process validation campaign at 6,000L scale to support global product registration and launch for a key partner in the fed-batch facility of MFG2.

In May 2018, the Group commenced the construction of the WuXi Biologics Life Science and Technology Park and held the ground breaking ceremony in Wuxi. By the end of 2018, the park has achieved significant progress in construction as planned and will combine the R&D and manufacturing areas with a training center and a biologics equipment localization center to establish the Group's global headquarter that integrates R&D, manufacturing, training, global collaboration and business support.

The Group has also commenced the construction of a state-of-the-art integrated biologics conjugate solution center facility in the New District of Wuxi city. This 6,000 square meter facility will provide integrated solutions from concept to commercialization for biologics conjugates, including ADCs and other protein conjugates.

The Group's Manufacturing 4 ("**MFG4**"), equipped with two 2,000L-capacity, two 1,000L-capacity and one 4,000L-capacity bioreactors, has made encouraging process in construction during the Reporting Period and expects to commence production in 2019.

Shanghai Site

The Group's Shanghai site houses the drug discovery and pre-clinical development facilities and part of the Group's cGMP clinical manufacturing facilities. Services provided include novel mAb discovery, bispecific antibody engineering, ADC discovery and development, cell line engineering and development, assay, formulation and process development, assay and process validation, product analytical characterization, and cGMP cell banking.

WuXia is the proprietary cell line development platform of the Company. It is one of the world's highly utilized cell line development platforms and has provided more than 220 cell lines for pre-clinical development and beyond. With the proprietary expression vector system, top 3 clones with high titer can be obtained and utilized for process development and cGMP manufacturing. Combined with cGMP cell banking and cell line characterization services, it is ideal for the production of a variety of therapeutic proteins including monoclonal antibodies, bispecific antibodies, fusion proteins, ADCs and recombinant proteins.

WuXiUP, a proprietary biologics cell culture process platform with ultra-high productivity, is the Group's next generation biologic manufacturing solution that the Group developed to accelerate biologics development and manufacturing as well as to improve affordability of biologics by reducing manufacturing costs. The platform enables almost any biologics, including mAbs, fusion proteins and recombinant proteins, to be manufactured at ultra-high productivity. The intensified and continuous cell culture process can be rapidly developed or converted from traditional fed-batch process with excellent scalability. It is also coupled with continuous column chromatography, which enables continuous product capture with a similar purification yield to traditional purification process.

Manufacturing 3 ("**MFG3**"), the new facility for clinical trial production at the Shanghai site with a total bioreactor capacity of 7,000L, successfully completed its first cGMP clinical trial run in July 2018. The facility includes both traditional fed-batch operations and new continuous perfusion suites coupled with continuous purification. It is one of the largest biologics clinical manufacturing facilities globally with six production lines enabling the Group to complete 60 IND-enabling projects per year, which showcases the Group's unparalleled capacities to enable its partners to reach their clinical manufacturing goals within the shortest time possible.

In addition, the Group has commenced construction of a global innovation center in the Fengxian district of Shanghai. The new state-of-the-art biologics center will integrate biologics discovery, development, clinical and commercial manufacturing to meet global cGMP standards while implementing modular and flexible design. With its 1.6 million square feet area, this center will be one of the largest facilities of its kind.

Suzhou Site

The Suzhou site houses the biosafety testing facilities, providing services such as viral clearance and cell line characterization studies. The Company has built state-of-the-art biosafety testing facilities at the Suzhou site that can support all biosafety testing requirements for biologics manufacturing.

During the Reporting Period, the Suzhou site has greatly enhanced its internal operations management and significantly shortened the delivery time of all biosafety testing projects, as well as virus clearance study projects. The site has increased its capabilities and capacity, including the acquirement of its own Transmission Electron Microscopy (TEM) technical expertise that meets current regulatory requirements. The viral clearance validation team undertook and completed several viral clearance validation projects for Biologics License Applications (BLAs). The newly expanded cell-bank-characterization laboratory is fully operational. The quality system and testing capability stepped up further by obtaining certifications from both China Metrology Accreditation ("**CMA**") and China National Accreditation Service for Conformity Assessment ("**CNAS**"). Based on the abovementioned achievements, once again the Group demonstrated a higher level of quality commitment to its global biopharmaceutical customers.

Research and Development ("R&D")

During the Reporting Period, the Group continuously focused on (i) enhancing innovative capabilities and optimizing several existing technological platforms to expedite the discovery of biologics including fully human antibodies, bispecifics, nanobodies and antibody fragments; (ii) supporting the cooperation with the Group's global partners in using the proprietary bispecific antibody platform WuXiBody™, so as to enable them to considerably accelerate the development process of new bispecific biologics; and (iii) refining system and team building for more efficient business operation and optimized cost control to ensure the provision of quality and efficient technical solutions to customers. Through R&D activities, the Group developed various proprietary technologies, which enable it to receive milestone and royalty fees from customers utilizing such technologies.

For the year ended December 31, 2018, the R&D expenditure was RMB169.3 million, which accounted for 6.7% of the revenue. The R&D team of the Company has around 230 scientists and many of whom have multiple years of biologics discovery experiences at multinational pharmaceutical companies.

With its stable and outstanding test database, WuXiBody™, as the Company's proprietary bispecific antibody technology platform, has been widely recognized in the industry. During the Reporting Period, the Company has signed license collaboration agreements with domestic and global companies. Relevant businesses based on WuXiBody™ have delivered strong growth for the results of the Company.

The Group fosters an environment of continuous improvement which in turn helps enhance the internal R&D efficiency and strengthen close cooperation with downstream divisions/ departments. Each technology platform keeps upgrading and innovating to optimize the entire spectrum of services offered to our partners, while the R&D team strives to provide the best new biologics R&D solutions, ensuring faster and better customer satisfaction with the ultimate goal of providing high quality biologics for the long-awaited needs of the patients.

Sales and Marketing

The Group takes a multichannel approach in achieving its marketing goals. The objectives of the marketing plan are to build awareness of the Company's brand and its open-access technology platforms and to communicate to the market the key technical, operational and business strategies of the Group. Marketing efforts strive to influence existing and potential clients to develop positive two-way communication with the Group in addition to furthering its overall business growth objectives.

The multichannel marketing approach involves both academic and sales presence at various global industry trade conferences. For the year of 2018, the Group invited C-level and other senior management in the industry to meet in January during the week of the JP Morgan Healthcare Conference in San Francisco and then again six months later at the annual "BIO" conference in Boston. Both of these conferences brought together over 16,000 executives and other key industry leaders from biopharma/pharma companies worldwide and allowed the Group's business development and senior management staff to discuss with key and potential clients how the Group can help them in their critical biologics development efforts. The Group also attended events held in more regional venues like BioEurope, BioKorea and CPhI Japan to further discuss with senior level executives on the advantages and competitiveness of the Group's single-source drug development platform. The Group also attended or presented its various platform technologies at technology-centric conferences dedicated to biologics development and manufacturing, including the Bioprocess International East Conference, Biologics Manufacturing Asia and PEGS (Protein Engineering Summit). In particular, during a presentation made by one of the Group's vice presidents of CMC management at the "Speed to IND" conference, the Group demonstrated to the audience how it was able to achieve an industry record 7-month DNA to IND timeline for Tychan's mAb therapeutic to treat Yellow Fever virus infection.

During the Reporting Period, the Group once again established itself as a premier supplier and partner in the biopharmaceutical industry by utilizing a global multichannel marketing approach to highlight its differentiated competitive strengths.

Quality Assurance ("QA")

The Quality Department, including quality assurance, quality control, regulatory affairs and training center functions, is committed to the highest standard of regulatory compliance while providing high quality services and products that meet customer's needs.

The Quality Department is responsible for implementing our global quality system and supervising the quality operations to ensure GMP compliance within the Group's manufacturing environment. The Company's manufacturing facility at the Wuxi site, which is listed in the Trogarzo™ Biologics License Application, was inspected in 2017 and subsequently approved by the U.S. FDA in March 2018, is the first biologics manufacturing facility in China approved by the U.S. FDA. This fully evidenced that DS and DP operations of the Group are in compliance with the applicable regulations and the Quality Department has established a global quality system in line with the international standard.

In addition, with solid support and comprehensive oversight of the Quality Department, the biosafety testing facility at the Suzhou site has successfully obtained CMA and CNAS accreditation.

In January 2018, Dr. Chiang Syin joined the Group as Chief Quality Officer and is responsible for the global quality management system, quality assurance, quality control and regulatory affairs. Dr. Syin has almost 30 years of experiences in the U.S. FDA regulatory review and cGMP inspection in biological products. In April 2018, another former U.S. FDA officer, Dr. Gang Wang joined the Group as Vice President of Quality reporting to Dr. Syin. Dr. Wang has worked for the U.S. FDA and National Medical Products Administration ("**NMPA**") (formerly known as China Food and Drug Administration ("**CFDA**")) for 13 years and is a peer-review expert on cGMP and manufacturing of biologics, with additional expertise in cellular and gene therapy products.

Capacity Expansion Plan

Due to the Group's increasing number of late-phase projects, long-term globalization strategy and other potential customer demands, the Company realized the need for further expansion. Thus, the Company made significant global investments to expand capacities by building across the world with a total planned capacity of biopharmaceutical production of more than 220,000 liters.

Facility	**Designed Capacity**	**Location**	**Comments**
MFG4	10,000L fed-batch/CFB	Wuxi	Clinical/Commercial
MFG5	60,000L fed-batch	Wuxi	Commercial
MFG6	6,000L perfusion	Ireland	Commercial
MFG7	48,000L fed-batch	Ireland	Commercial
MFG8	48,000L fed-batch	Shijiazhuang	Commercial
MFG9	6,000L fed-batch/CFB	Wuxi	Clinical/Commercial
MFG10	4,500L fed-batch/perfusion	Singapore	Clinical/Commercial
MFG11	4,500L fed-batch/perfusion	Worcester, US	Clinical/Commercial

By the end of 2018, the Group had commenced the construction of several R&D and manufacturing facilities in Ireland and China. The Ireland facilities, supported by the Irish Government, is the Company's first overseas site and it is designed to run both traditional fed-batch and perfusion continuous manufacturing processes. The Company's continuous manufacturing process is a next generation manufacturing technology. Once completed, the Ireland site will become one of the world's largest facilities using single-use bioreactors. Meanwhile, the Group's MFG8 at Shijiazhuang site with 48,000L bioreactor capacity has commenced its construction, which is designed to meet cGMP standards of the U.S., the EU and China.

These new sites will enable the Group to continue to implement the "Follow-the-Molecule" and "Globalization" strategies and maintain the fast-track growth compared to its competitive peers. Accordingly, the Group will be able to establish comprehensive capabilities and capacity to realize the full biologics development and manufacturing service chain. The capacity expansion plan will be reviewed regularly to align with future customer needs and market conditions.

Group Awards

In 2018, the Group has received and won many recognitions and awards for its efforts made and outstanding performance achieved in the provision of high-quality and best-in-class service to accelerate and transform biologics development and manufacturing. Among all, the following are some of the achievements:

- Forbes Asia's Best Under A Billion 2018 (《福布斯》雜誌「亞洲最佳中小上市企業」);

- Best Bioprocessing Excellence and Bioprocessing Innovations in Continuous Processing Implementation in China (IMAPAC「中國最佳生物工藝卓越獎」及「中國生物製藥連續生產工藝創新成就獎」) by a leading consulting firm IMAPAC, and the Company has received Best Bioprocessing Excellence in China Award for two years in a row;

- Asia's CMO of 2017 from the Biopharma Industry Awards (年度生物製藥行業頒獎大會「亞洲年度最佳CMO獎」);

- CMO Leadership Award for Reliability from Life Science Leader Magazine (Life Science Leader Magazine「CMO領軍企業獎」);

- Best Company in an Emerging Market from the SCRIP Awards (SCRIP「新興市場最佳公司獎」);

- Golden Hong Kong Stock and Most Valuable Pharmaceutical Stock from 2018 Golden Hong Kong Stock Awards (智通財經和同花順「金港股大獎」及「最具價值醫藥股獎」); the Company is the only pharmaceutical company that won the Golden Hong Kong Stock Award;

- Golden Wing Award — Most Growth Hong Kong Stock Connect Company by China mainstream security media (全國性主流財經媒體《證券時報》「金翼獎 — 最具成長港股通公司」); and

- Golden Lion Award — Best Investor Relationship Management Listed Company from China Listed Company International Development Forum (新浪財經「金獅獎 — 最佳投資者關係管理上市公司」).

Investor Relations

The Company strives to maintain high standards of corporate governance so as to ensure its sustainable long-term development strategy. The Company uses a range of communication tools to ensure its shareholders and investors are kept well informed of key business developments. These include but not limited to, announcements, press releases, general meetings, interim and annual reports and circulars.

To promote effective communication, the Company has also participated in a number of investment forums and roadshows to communicate with its investors and shareholders domestically and globally, including Annual J.P. Morgan Healthcare Conference in San Francisco, J.P. Morgan "Best of Asia" Conference in London, Morgan Stanley Annual China Summit in Beijing, Goldman Sachs Annual Global Healthcare Conference in Los Angeles, Deutsche Bank China Healthcare Industry Forum in Shanghai, Morgan Stanley's Annual Asia Pacific Summit in Singapore, Bank of America Merrill Lynch China Conference in Beijing etc. Moreover, the Company has also arranged factory site visits, teleconferences and one-on-one meetings with institutional investors at both Shanghai and Wuxi sites to deepen domestic and global investors' understanding towards the Company's business and its latest business developments.

Apart from participating in meetings and roadshows, the Company's investors and shareholders are also provided with contact details of the Company which are available on the Company's website, enabling them to make any inquiry so as to further facilitate a high degree of transparency.

During the Reporting Period, the Company has received several awards, which affirmed the Company's professional and efficient investor relations management. Please refer to the section headed "Group Awards".

Apart from being selected into Hang Seng Composite Index, Hang Seng Healthcare Index and Hang Seng Global Composite Index in 2017, the Company was also selected into Hang Seng Stock Connect Hong Kong Index, Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index, Hang Seng SCHK HK Companies Index, Hang Seng SCHK ex-AH Companies Index and Hang Seng HK 35 in 2018.

Future and Outlook

The global biologics market keeps growing at a steady pace. It also promises remunerative growth in next decade due to the presence of numerous biologics in pipeline. The growth is attributed to incessant expansion in product portfolio coupled with an increasing demand for biologics across the globe. According to World Health Organization, by 2020 chronic diseases would account for 75% of deaths globally. Biologics treating cancer, autoimmune diseases, and diabetes contribute more than 60% to the overall biologics market. In 2018, approximately 17 new molecular entities approved by FDA were biologics. The growing success rate of biologics drugs and their demand will drive the biologics market in the future. More pharma and biotech companies are seeking to be developing more innovative biotherapeutics through the development pipeline as efficiently as possible, and outsourcing gives sponsors ready access to increased capacity and specialized expertise as they contend with growing demand and competition in the large molecule space.

The opportunity in biopharmaceuticals is tremendous and still growing at a speed that no one can afford to ignore. It's by far the fastest-growing sector of the pharmaceutical industry. Investing in biotech R&D has yielded better returns than the pharma-industry in average. The success of the clinical pipeline will lead to an unprecedented number of new molecule launches. Furthermore, the emerging long-term picture is even more exciting as ground-breaking innovations such as immunotherapies, antibody drug conjugates, and gene and cell therapies are all making progress toward commercial launches in the future. However, given the inherent structural complexities of biological drugs, combined with the highly regulated nature of large molecule manufacturing processes and stringent quality standards, many pharma and biotech companies are seeking outsourcing solutions to minimize the R&D and manufacturing risks and simplify the supply chain. As biotech companies move from the scientific frontier to the business main-stream, the industry will increasingly be forced to confront the same challenges faced by other businesses: maintaining competitiveness by ensuring affordability, quality, and delivery performance.

Biopharmaceutical outsourcing has increased remarkably in recent years with a greater volume of work previously kept in-house being handed over to third party contractors. Growth of the full-service CDMO market has enabled a paradigm shift from early biotechnology companies that wanted to become "fully integrated pharmaceutical companies" to today's nimble, lean, and sometimes virtual companies. To respond to shifting biotechnology industry paradigms and current biopharmaceutical industry trends, CDMOs now offer a number of specialized, value-added services for customers and become indispensable partners to the biotechnology industry. Such integrated, specialized services enable greater flexibility and manageable cash flow than would be possible if a company utilized substantial internal infrastructure. The drive towards a CDMO business model could lead to innovative solutions that address cost containment while helping to bring better products to market more efficiently. Increased biologics R&D spending, cutting-edge technology, innovative manufacturing process technology and increasing demands by patients make biologics outsourcing market more attractive.

China has become the world's second largest pharmaceutical market, but is a relatively small player in biologics development and manufacturing. The Company believes that it will become to be best-in-class in this sector in a foreseeable future. And moving to that future is an inevitability and a natural progression. China has a nascent but actively transforming biologics landscape. The transformation is co-led by government policy, an emerging China biopharma and the big pharma. There are biologics developers and manufacturers domestically and soon-to-be internationally focused, meaning China anticipates ascending to an outsized and global role over the coming decade.

Meanwhile, the pharmaceutical market of China has been undergoing rapid development. Policies and investments have provided more favorable environment for innovative drugs. The huge market and growth potential have attracted deeper and broader participation of foreign investors in the China healthcare market through different means. To encourage medical innovation, the government has proposed supportive policies, opening a "green channel" for accelerated approval of innovative drugs and streamlined the approval process. Recently, relevant authorities have also introduced policies for accelerating drug innovation and improving quality. The Chinese government intended to create a suitable environment for the development of innovative drugs, nourish the domestic biopharmaceutical industry and promote industry transformation so as to compete in the global market. Benefiting from the favorable policies and support from the Chinese government, returnees of Chinese scientists from overseas and the huge potential patient group, the venture capital and private equity financing in the biopharmaceutical industry of China is surging, with biologic drugs being the most prospective investment opportunity in the medical industry. Moreover, the recent amendments to the Listing Rules has attracted biotechnology companies to list in Hong Kong, providing more diversified financing opportunities for Chinese biotechnology companies.

In 2018, the Chinese pharmaceutical industry has entered into a new era, marking the golden age of the biopharmaceutical industry and the harvest of innovative drugs. The pharmaceutical industry of China has begun to adopt an "Innovation-Driven" strategy. Following the standardization of the domestic pharmaceutical market, clinical value has gradually become the core of drug evaluation. Biologic drugs with definite efficacy will become the market's favorite. Against the backdrop of consumption upgrade and the rising affordability, there is a stronger demand in the biologic drug market. At the same time, the establishment of the National Healthcare Security Administration (中華人民共和國國家醫療保障局) and the healthcare insurance payment system will prompt a change in drug usage in the medical industry of China. Biologic drugs under development need to consider the quality, efficacy and cost of drug in an earlier stage, so as to maintain market differentiation under the new healthcare insurance payment system and capture more opportunities.

In view of the immense market opportunities, the Group has seen a boom in the R&D of biologic drugs in China. Various small and medium-sized biotech companies and big pharma have participated in the R&D of biologic drugs. The number and size of biologics being outsourced in China is expanding. As the shift in regulatory policy allowing contract manufacturing (MAH system reforms), China is demonstrating clear interest in participating investments in the global markets for both innovative biologics and biosimilars produced at GMP quality levels. These factors are creating a strong market environment for biologics outsourcing services and contributing to an increasingly robust China bio-ecosystem.

Due to the accelerated market approval process, small and medium size biotech companies account for a significant percentage of innovation while the total industry is also heating up, thus allowing the Group to continue its strong growth in the coming years. As a solutions provider, the Group can support customers from concept to market. The investment in state-of-the-art laboratories and facilities, innovation technology platforms and world-class talent pool have made the Group a leading global open-access integrated biologics technology platform. The Group now offers end-to-end solutions to empower organizations to discover, develop and manufacture biologics from concept to commercial manufacturing. At the same time, the Group will continue to invest significantly in new technologies and new platforms which will drive further milestone and royalty payments and introduce more biologics projects into the "Follow-the-Molecule" strategy. By expanding its capabilities and capacity continuously, the Group has become an indispensable partner to its customers and led to innovative solutions that address cost containment while introducing better products to the market.

2019 and beyond, the Group is embracing a bright future during which each of its members must be committed to their roles and responsibilities, while continuously raising the quality of operations and the services provided. All personnel will strive to fully prepare for the inspections of all regulatory agencies while better serving global clients and partners with high quality biological products. By practicing the core values of "Integrity & Dedication, Working Together & Sharing Success; Do the Right Thing and Do it Right" to improve the Group's core competencies, the Group is able to build the most comprehensive capability and technology platform in the global biologics industry and enable global clients and partners so as to benefit more patients world-wide.

Financial Review

Revenue

The revenue of the Group increased by 56.6% from approximately RMB1,618.8 million for the year ended December 31, 2017 to approximately RMB2,534.5 million for the year ended December 31, 2018. The growth of sales was mainly attributed to (i) leading technology platform, competitive timeline and strong execution track record contributing to more market share; (ii) strong growth in revenue, as a result of more projects entering into late-phase by the success of the Group's "Follow-the-Molecule" strategy; and (iii) production expansion of new fed-batch facilities of MFG2 (which commenced from the fourth quarter of 2017) and MFG3 (which commenced from the second half year of 2018), enabling higher revenue from more projects in late-phase (phase III).

The revenue of the Group recorded a strong growth during the Reporting Period. The Group derived a vast majority of its revenue from providing services to customers headquartered in the North America and PRC. In particular, the growth in China accelerated significantly in second half of 2018 due to recent regulatory reform performed in China. The table below shows the revenue distribution by countries/regions:

	Year ended December 31			
	2018		2017	
Revenue	***RMB million***	***%***	*RMB million*	*%*
— North America	**1,284.0**	**50.6%**	907.4	56.1%
— PRC	**980.0**	**38.7%**	552.0	34.1%
— Europe	**171.7**	**6.8%**	65.3	4.0%
— Rest of the World *(Note)*	**98.8**	**3.9%**	94.1	5.8%
Total	**2,534.5**	**100.0%**	1,618.8	100.0%

Note: Rest of the world primarily includes Israel, Singapore, Japan, South Korea and Australia.

For the year ended December 31, 2018, the pre-IND revenue of the Group increased by 38.3% to approximately RMB1,451.0 million, accounting for 57.2% of the total revenue. At the same time, the post-IND revenue of the Group demonstrated a rapid increase of 90.2% to approximately RMB1,083.5 million, accounting for 42.8% of the total revenue, as a result of more projects progressing from pre-IND to subsequent stages such as early-phase and late-phase stages by implementing the "Follow-the-Molecule" strategy.

The following table sets forth a breakdown of the revenue of the Group by pre-IND services and post-IND services for the periods indicated:

	Year ended December 31			
	2018		2017	
	RMB million	***%***	*RMB million*	*%*
Pre-IND services	**1,451.0**	**57.2%**	1,049.2	64.8%
Post-IND services	**1,083.5**	**42.8%**	569.6	35.2%
Total	**2,534.5**	**100.0%**	1,618.8	100.0%

Top 5 customers' revenue increased by 23.2% from approximately RMB646.6 million for the year ended December 31, 2017 to approximately RMB796.6 million for the year ended December 31, 2018, accounting for 31.4% of total revenue for the year ended December 31, 2018, as compared to 39.9% for the year ended December 31, 2017.

Top 10 customers' revenue increased by 34.9% from approximately RMB884.4 million for the year ended December 31, 2017 to approximately RMB1,193.1 million for the year ended December 31, 2018, accounting for 47.1% of total revenue for the year ended December 31, 2018, as compared to 54.6 % for the year ended December 31, 2017.

Cost of Services

The cost of services of the Group increased by 58.3% from approximately RMB958.3 million for the year ended December 31, 2017 to approximately RMB1,516.7 million for the year ended December 31, 2018. The increase of the cost of services was in line with the growth of the business.

The cost of services of the Group consists of direct labor costs, cost of raw materials and overhead. Direct labor costs primarily consist of salaries, bonuses, social security costs and share-based compensation for the employees in the Group's business units. Cost of raw materials primarily consists of costs incurred for the purchase of raw materials used in rendering the Group's services, such as reagents and chromatograph columns. Overhead primarily consists of depreciation charges of the facilities and equipment used in rendering the Group's services, outsourced testing service fees for the biologics testing work, utilities and maintenance.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 54.1% from approximately RMB660.6 million for the year ended December 31, 2017 to approximately RMB1,017.8 million for the year ended December 31, 2018. The increase in the gross profit was mainly attributed to the Group's strong business growth, along with the rapid increase in its number of integrated projects. The Group's gross profit margin showed a slight decrease from 40.8% for the year ended December 31, 2017 to 40.2% for the year ended December 31, 2018, mainly due to (i) an increased weight of share-based compensations in cost of services as compared to 2017; (ii) the foreign exchange rates fluctuation during the Reporting Period when more than 70% of the Group's revenue was traded in U.S. Dollar as the original transaction currency; and (iii) the ramp-up of operations of the 2nd and 3rd GMP manufacturing facilities (MFG2 & MFG3); partially offset by (iv) efficiency enhancement gained from our current manufacturing facility (MFG1) and overall operations.

Other Income

The Group's other income increased by 459.7% from approximately RMB34.7 million for the year ended December 31, 2017 to approximately RMB194.2 million for the year ended December 31, 2018, primarily due to (i) an increased interest income derived from bank deposits as a result of its improved cash flow; and (ii) an increase in government grants and subsidies.

Impairment Losses, Net of Reversal

As a result of the application on IFRS 9 Financial Instruments, impairment losses, net of reversal, has been individually presented in the Group's financial statements, started January 1, 2018.

Impairment losses, net of reversal, represent the loss allowance on the Group's financial assets (including trade and other receivables and contract assets) under Expected Credit Loss ("**ECL**") model. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings, based on the consideration of the credit risk for each grouping. Comparatively the impairment losses for the year ended December 31, 2017 were assessed based on the management's judgment including the assessment of changes in credit quality and the past collection history of each customer (instead of each grouping).

The Group has prospectively recorded the net impairment losses of approximately RMB55.9 million for the year ended December 31, 2018. The unfavorable change of the net impairment losses were mainly due to the change of assessment method following IFRS 9 as mentioned above, coupled with the increased trade receivable balance as a result of the Group's growing business. The management of the Group considers that the impairment loss under ECL model has been in a more conservative view in credit risk control. The management has been continuously managing the credit risk through periodic review and monitoring on the doubtful debts.

Other Gains and Losses

The Group recorded net other gains of approximately RMB21.1 million for the year ended December 31, 2018, compared with net other losses of approximately RMB89.9 million for the year ended December 31, 2017, primarily due to (i) a net foreign exchange gain of approximately RMB7.3 million for the year ended December 31, 2018 as compared to a net loss of approximately RMB99.0 million for year ended December 31, 2017; and (ii) a gain from investments in money market fund for unused proceeds from IPO and placing of new shares during the Reporting Period.

Selling and Marketing Expenses

The selling and marketing expenses of the Group represent a relatively stable percentage of the revenue of the Group (1.7% for both the year ended December 31, 2018 and 2017). Selling and marketing expenses increased by 53.6% from approximately RMB27.6 million for the year ended December 31, 2017 to approximately RMB42.4 million for the year ended December 31, 2018, which demonstrated our continuous efforts in the capability enhancement in business development to capture the blooming demand in biologics industry.

Administrative Expenses

The Group's administrative expenses increased by 69.9% from approximately RMB134.0 million for the year ended December 31, 2017 to approximately RMB227.7 million for the year ended December 31, 2018, primarily due to (i) workforce expansion to facilitate the smooth operation and support the Group's rapid growing business and its long-term development; (ii) an increase in its corporate governance related costs as the Shares were listed on the Stock Exchange in June 2017, such as cost of legal services, compliance advisory and audit services; and (iii) an increase in office administration cost, etc., which are in line with the Group's business growth and headcount growth.

Research and Development Expenses

The Group's research and development expenses increased by 127.2% from approximately RMB74.5 million for the year ended December 31, 2017 to approximately RMB169.3 million for the year ended December 31, 2018, as a result of our enhanced investment in new technologies and platforms, such as our newly launched proprietary bispecific antibody platform WuXiBody™. Consequently the Group has showed its capability in expediting bispecific development and cost reducing by successfully entering into multiple strategic collaborations with our partners.

Other Expenses

No other expenses was recorded for the year ended December 31, 2018, as compared to approximately RMB16.1 million for the year ended December 31, 2017, representing the IPO expenses which were incurred for the Listing on the Stock Exchange on June 13, 2017.

Finance Cost

No finance cost was recorded for the year ended December 31, 2018, as compared to approximately RMB35.7 million for the year ended December 31, 2017, representing the interest expenses on bank borrowings and finance lease.

Income Tax Expense

The Group's income tax expense increased by 110.0% from approximately RMB51.1 million for the year ended December 31, 2017 to approximately RMB107.3 million for the year ended December 31, 2018, as a result of the growth of the Group's business. The effective income tax rate decreased from approximately 16.8% for the year ended December 31, 2017 to approximately 14.5% for the year ended December 31, 2018, primarily due to a decreased weight of non-tax-deductible share-based compensation.

WuXi Biologics Co., Ltd ("**WuXi Co.**"), WuXi Biologics (Shanghai) Co., Ltd. ("**Shanghai Biologics**") and Wuxi Apptec (Suzhou) Testing Technology Co., Ltd. ("**Suzhou Biologics**") have been accredited as "High and New Technology Enterprise" by relevant government authorities. WuXi Co. is entitled to a preferential tax rate of 15% for a three-year period commencing from the year of 2016. Shanghai Biologics is entitled to a one-year's exemption from Enterprise Income Tax ("**EIT**") followed by three years of 50% tax reduction with effect from the beginning of 2016 in accordance with Guo Fa No. 40. Accordingly, the applicable EIT rate of Shanghai Biologics for the year ended December 31, 2018 is 12.5% (for the year ended December 31, 2017: 12.5%). Shanghai Biologics anticipates to continue enjoying the preferential income tax rate in the year of 2019. Suzhou Biologics is entitled to a preferential tax rate of 15% for a three-year period commencing from the year of 2018.

Net Profit and Net Profit Margin

As a result of the foregoings, the net profit of the Group increased by 149.6% from approximately RMB252.6 million for the year ended December 31, 2017 to approximately RMB630.5 million for the year ended December 31, 2018. The net profit margin of the Group for the year ended December 31, 2018 was 24.9%, as compared to 15.6% for the year ended December 31, 2017. The significant increase of net profit margin was primarily due to (i) the robust revenue growth as a result of the Group's leading technology platform and competitive execution track record, coupled with the efficiency in business operation and enhanced capacity utilization; (ii) an increase in government grants and subsidies; (iii) a considerable increase in interest income from bank deposits as a result of its improved cash flow; (iv) foreign exchange gains recorded for the year ended December 31, 2018 as compared to significant foreign exchange losses for the year ended December 31, 2017; partially offset by (v) expansion of administrative expenses and research and development expenses in line with the Group's business growth.

The adjusted net profit[1] of the Group increased by 73.6% from approximately RMB432.9 million[2] for the year ended December 31, 2017 to approximately RMB751.5 million for the year ended December 31, 2018. Adjusted net profit margin increased from 26.7% for the year ended December 31, 2017 to 29.7% for the year ended December 31, 2018. The increase of adjusted net profit margin follows the same set of reasons as in the above discussion.

EBITDA

The EBITDA[3] of the Group increased by 112.2% from approximately RMB453.4 million for the year ended December 31, 2017 to approximately RMB962.1 million for the year ended December 31, 2018. The EBITDA margin of the Group for the year ended December 31, 2018 was 38.0%, compared to 28.0% for the year ended December 31, 2017. The higher EBITDA margin of the Group for the year ended December 31, 2018 was primarily due to a higher net profit margin as discussed above.

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1 Calculation of adjusted net profit is modified and calculated as net profit for the Reporting Period, excluding share-based compensations, foreign exchange gains or losses and Listing expenses to better reflect the Company's current business and operations.

2 The adjusted net profit for the year ended December 31, 2017 disclosed herein is recalculated based on the revised calculation stated in (1). The same financial figure disclosed in the 2017 annual results announcement of the Company was RMB408.1 million, calculated by excluding share-based compensation expenses, Listing expenses and a foreign exchange loss due to translation loss from the IPO proceeds.

3 EBITDA represents net profit before (i) interest expenses, income tax expenses; and (ii) amortization and depreciation.

The adjusted EBITDA[4] of the Group increased by 70.9% from approximately RMB633.6 million[5] for the year ended December 31, 2017 to approximately RMB1,083.1 million for the year ended December 31, 2018. The adjusted EBITDA margin of the Group increased from 39.1% for the year ended December 31, 2017 to 42.7% for the year ended December 31, 2018. The increase of adjusted EBITDA margin follows the same set of reasons as discussed above.

Basic and Diluted Earnings Per Share

The basic earnings per share of the Group increased by 116.7% from RMB0.24 for the year ended December 31, 2017 to RMB0.52 for the year ended December 31, 2018. The diluted earnings per share of the Group increased by 118.2% from RMB0.22 for the year ended December 31, 2017 to RMB0.48 for the year ended December 31, 2018. The increase in the basic and diluted earnings per share was primarily due to the increase in the net profit resulted from the strong business growth of the Group.

The adjusted basic earnings per share for the year ended December 31, 2018 amounted to RMB0.62, representing an increase of 55.0% as compared with that of RMB0.40 for the year ended December 31, 2017. The adjusted diluted earnings per share for the year ended December 31, 2018 amounted to RMB0.57, representing an increase of 54.1% as compared with that of RMB0.37 for the year ended December 31, 2017. The increase in both the adjusted basic and diluted earnings per share was primarily due to the increase in the adjusted net profit resulted from the strong business growth of the Group as discussed in the above section headed "Net Profit and Net Profit Margin".

Plant and Equipment

The plant and equipment of the Group increased by 63.1% from approximately RMB1,780.2 million as at December 31, 2017 to approximately RMB2,903.9 million as at December 31, 2018, primarily as a result of the expansion of research, development and manufacturing capacities.

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4 Calculation of adjusted EBITDA is modified and calculated as EBITDA for the Reporting Period, excluding (i) interest expenses, income tax expenses; (ii) certain non-cash expenses, consisting of share-based compensations, amortization and depreciation; (iii) Listing expenses; and (iv) foreign exchange gains or losses to better reflect the Company's current business and operations.

5 The adjusted EBITDA for the year ended December 31, 2017 disclosed herein is recalculated based on the revised calculation stated in (1). The same financial figure disclosed in the 2017 annual results announcement of the Company was RMB608.9 million, calculated by excluding share-based compensation expenses, Listing expenses and a foreign exchange loss due to translation loss from the IPO proceeds.

Intangible Assets

Intangible assets represent a license with cash consideration of US$51.0 million (equivalent to approximately RMB341.8 million) to use certain animals for the purpose of researching, developing and making antibodies for the year ended December 31, 2018 (for the year ended December 31, 2017: nil).

Prepaid Lease Payments (Current Portion & Non-current Portion)

Prepaid lease payments represent the land use rights acquired by the Group of approximately RMB173.8 million for the year ended December 31, 2018 (for the year ended December 31, 2017: nil).

Equity Instruments at Fair Value Through Other Comprehensive Income ("FVTOCI")

On June 25, 2018, the Group subscribed 19.9% of the equity interest of Tysana Pte. Ltd. ("**Tysana**"), a private company limited by shares in Singapore, with a consideration of US$9.95 million (equivalent to approximately RMB68.3 million as at December 31, 2018). Tysana focuses on the business of infectious diseases drug research, development and commercialization in respect of the monoclonal antibodies in relation to Viruses of Zika EV71, and Yellow Fever.

On July 16, 2018, the Group subscribed 19.9% of the equity interest of Privus Biologics, LLC ("**Privus**"), a limited liability company organized under the law of the State of Delaware, U.S.A., with a consideration of US$9.95 million (equivalent to approximately RMB68.3 million as at December 31, 2018). Privus focuses on the business of optimizing, manufacturing and developing pharmaceuticals intended for use in the field containing one or more subject antibodies as an active ingredient.

The Group has no controlling power nor significant influence over the management and the operation of Tysana and Privus. At the date of initial recognition, the Group made an irrevocable election to designate these equity instruments as at FVTOCI as the management of the Company believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run. Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income ("**OCI**"); and are not subject to impairment assessment.

During the year ended December 31, 2018, the Group managed and evaluated the unlisted investments performance of ordinary shares purchased on a fair value basis in accordance with the Group's investment strategy. As at December 31, 2018, the management of the Company has confirmed with the respective management of Tysana and Privus that there were no significant changes of Tysana and Privus in business and together with the fact that the respective investment dates were close to the year ended December 31, 2018, the directors of the Company are of the opinion that there was no significant fair value change occurred in these FVOCI investment as of December 31, 2018.

Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

During the Reporting Period, the Group entered into an agreement to purchase 429,799 Series Mezzanine 2 Preferred Shares of Inhibrx, Inc. ("**Inhibrx**"), a Delaware corporation, with a consideration of US$3.0 million (equivalent to approximately RMB20.6 million). Inhibrx focuses on the business of delivering optimized, biologic therapeutics to people with life-threatening conditions and building a large and diverse pipeline with the potential to impact cancer, infectious disease and orphan diseases.

On September 10, 2018, the Group entered into an agreement to purchase 481,454 Series C-1 Preferred Shares of Canbridge Pharmaceuticals Inc. ("**Canbridge**"), an exempted company incorporated with limited liability under the laws of Cayman Islands, for a cash consideration of US$5.0 million (equivalent to approximately RMB34.3 million). Canbridge focuses on the business of developing, selling, or marketing the pharmaceuticals for treatment or prevention of oncology or rare disease indications.

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss.

During the year ended December 31, 2018, the Group managed and evaluated the unlisted investment performance of preferred share purchased on a fair value basis in accordance with the Group's investment strategy. Gain on fair value change of RMB796,000 was recognized for the equity instrument in Canbridge, which was backsolved from the most recent transaction price.

Inventories

The inventories of the Group increased by 67.7% from approximately RMB135.5 million as at December 31, 2017 to approximately RMB227.2 million as at December 31, 2018, primarily as a result of the growth of the Group's business. Along with the Group's increased number of on-going integrated projects, the Group is required to reserve a higher inventory level for safe service provision.

Service Work in Progress/Contract Costs

As a result of the application on IFRS 15 Revenue from Contracts with Customers, service work in progress was reclassified to contract costs as at January 1, 2018. Contract costs of the Group increased by 45.6% from approximately RMB202.4 million of service work in progress as at December 31, 2017 to approximately RMB294.6 million of contract costs as at December 31, 2018, primarily as a result of the growth of the Group's business. Following its "Follow-the-Molecule" strategy, the Group has achieved more projects progressing from pre-IND stage into next stages such as early-phase (phase I and II) and late-phase (phase III), which have carried higher records of contract costs.

Trade and Other Receivables

As a result of the application on IFRS 15 Revenue from Contracts with Customers, unbilled revenue previously included in trade and other receivables was reclassified to contract assets as at January 1, 2018. Trade and other receivables of the Group increased by 80.9% from approximately RMB589.9 million (excluding unbilled revenue) as at December 31, 2017 to approximately RMB1,067.2 million as at December 31, 2018, primarily due to (i) the growth of the Group's business; (ii) an increase in value added tax recoverable; partially offset by (iii) a decrease in receivables for purchase of raw materials on behalf of customers and custom duty recoverable.

Contract Assets

As a result of the application on IFRS 15 Revenue from Contracts with Customers, unbilled revenue of approximately RMB24.4 million previously included in trade and other receivables was reclassified to contract assets as at January 1, 2018. The Group has recorded 47.5% increase in contract assets to approximately RMB36.0 million as at December 31, 2018, primarily due to the growth of the Group's business.

Derivative Financial Assets and Liabilities

Derivative financial assets and liabilities represent the USD/RMB foreign currency forward contracts which the Group entered into with banks in order to manage the Group's currency risk. Under the foreign currency forward contracts, the Group will pay to the bank notional amount of USD and receive from the bank an amount in RMB equal to the product of the relevant notional amount of USD and the relevant forward rate as specified within the respective contracts.

The Group designates certain derivatives as hedging instruments for cash flow hedges. The effective portion of changes in the fair value of derivatives instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is include in the "other gains and losses" line item.

Trade and Other Payables

As a result of the application on IFRS 15 Revenue from Contracts with Customers, advances from customers previously included in trade and other payables were reclassified to contract liabilities as at January 1, 2018. The trade and other payables of the Group increased by 34.3% from approximately RMB529.9 million (excluding advances from customers) as at December 31, 2017 to approximately RMB711.8 million as at December 31, 2018, primarily due to (i) an increase in trade payables to third parties along with its business growth; and (ii) an increase in salary and bonus payables in line with the expansion of work force.

Contract Liabilities

As a result of the application on IFRS 15 Revenue from Contracts with Customers, advances from customers of approximately RMB254.7 million in respect of contracts with customers previously included in trade and other payables were reclassified to contract liabilities as at January 1, 2018. The Group has recorded 96.2% increase in contract liabilities (advances from customers) along with its business growth and the improved credit control.

Liquidity and Capital Resources

The Group's bank balances and cash amounted to approximately RMB4,084.4 million in total as at December 31, 2018, as compared to approximately RMB2,060.0 million (including time deposits and financial assets designated at FVTPL representing investment in monetary funds and financial products) as at December 31, 2017, as a result of placement proceeds received in March 2018 of RMB3,186.7 million and cash provided by operating activities; partially offset by payments for the purchase of plant and equipment and other non-current assets. The cash and cash equivalents held by the Company are composed of Renminbi and U.S. dollar. Currently, the Company follows a set of funding and treasury policies to manage its capital resources and prevent risks involved.

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2018, there were no significant investment held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Indebtedness

Borrowings

There was no bank borrowing drawn by the Group as at December 31, 2018 and 2017.

Contingent Liabilities and Guarantees

As at December 31, 2018, the Group did not have any material contingent liabilities or guarantees.

Currency Risk

The Group principally operates in the PRC with a major portion of the procurements being settled in Renminbi, which is the functional currency of the Group's entities. The Group also has certain subsidiaries in foreign operations. Foreign exchange risk arises from the recognized revenue and expenses, assets and liabilities and net investments in foreign operations. The Group's entities are exposed to foreign exchange risk of foreign currencies other than their functional currencies, primarily with respect to the U.S. dollars.

During the Reporting Period, a majority of the Group's revenue was generated from sales denominated in U.S. dollar, while most of the cost of services and operation costs and expenses of the Group were settled in Renminbi. As a result, the Group's margins are pressured when the Renminbi fluctuates against the U.S. dollar. The monetary assets and liabilities denominated in U.S. dollar are exposed to foreign exchange risk through revaluation at the end of each reporting period, when the Renminbi appreciates or depreciates against the U.S. dollar.

The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. Since January 2018, the Group has engaged into a series of forward contracts to manage the Group's currency risk.

Charges of Assets

As at December 31, 2018, the Group pledged bank deposits with an amount of approximately RMB25.2 million, which increased by 18.9% from approximately RMB21.2 million as at December 31, 2017. The balance mainly represented deposits placed in banks as collaterals for the banks to issue letters of credit for the Group's imported raw materials and equipments.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents, divided by total equity and multiplied by 100%. Both as at December 31, 2018 and 2017, the Group had no borrowing and thus, gearing ratio is not applicable.

Employees and Remuneration Policies

As at December 31, 2018, the Group had a total of 4,141 employees, of whom 1,905 were located in Shanghai, 2,028 were located in Wuxi, Jiangsu Province, 175 were located in Suzhou, Jiangsu Province, and 33 were located overseas. The staff costs, including Directors' emoluments but excluding any contributions to retirement benefit scheme contributions and share-based payment expenses, were approximately RMB690.3 million for the year ended December 31, 2018, as compared to approximately RMB394.8 million for the year ended December 31, 2017. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund as applicable to the countries where the Group operates.

The Group has adopted the Pre-IPO Share Option Scheme and the Restricted Share Award Scheme to provide incentive or reward to eligible participants for their contribution or potential contribution to the Group.

In addition, the Group has an effective training system for its employees, including orientation and continuous on-the-job training, to accelerate the learning progress and improve the knowledge and skill levels of its workforce. Its orientation process covers subjects, such as corporate culture and policies, work ethics, introduction to the biologics development process, quality management, and occupational safety, and its periodic on-the-job training covers streamlined technical know-hows of its integrated services, environmental, health and safety management systems and mandatory training required by applicable laws and regulations.

The remuneration of the Directors and senior management is reviewed by the Remuneration Committee and approved by the Board. The relevant experience, duties and responsibilities, time commitment, working performance and the prevailing market conditions are taken into consideration in determining the emoluments of the Directors and senior management.

Final Dividend

The Board does not recommend any payment of final dividend for the year ended December 31, 2018.

OTHER INFORMATION

AGM and Closure of Register of Members

The AGM of the Company will be held on Wednesday, June 5, 2019. A notice convening the AGM will be published and despatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

For determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Friday, May 31, 2019 to Wednesday, June 5, 2019, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, May 30, 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with all the code provisions as set out in the CG Code throughout the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Written Guidelines on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines throughout the Reporting Period. On February 22, 2019, the Company received a letter from Mr. William Robert Keller ("**Mr. Keller**"), an independent non-executive Director that on February 1, 2019, Mr. Keller purchased 5,500 Shares at the price of HK$69.45 per Share, although Mr. Keller, as the Director, was prohibited from dealing with the securities of the Company during the black-out period (being the period from January 17, 2019 up to the publication date of this announcement). Mr. Keller explained to the Company that such mistake was made out of an inadvertent oversight. Upon realizing the mistake himself, Mr. Keller immediately sold 5,500 Shares at the price of HK$73.80 per Share on March 1, 2019. Mr. Keller has donated the gain of approximately HK$23,925 made as a result of the transactions to Hong Kong Red Cross on the same date. It is confirmed that there was no inside information provided to Mr. Keller and he did not possess any inside information at the time of both purchase and selling down. Mr. Keller voluntarily reported to the Company for his breach of Rules A.3 and B.8 of the Model Code in relation to this incident. In view of this incident and in order to ensure strict compliance of the Listing Rules and enhance corporate governance measures, the Company will remind all Directors as to their respective obligations under the Listing Rules in all aspects, including but not limited to the restrictions in dealing with Company's securities. In addition, refresher course as to the Listing Rules and corporate governance will be provided to Mr. Keller as appropriate. No incident of non-compliance of the Guidelines for Securities Transactions by Employees (員工證券交易管理辦法) by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

USE OF PROCEEDS

The total proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related expenses) amounted to approximately RMB3,437.8 million[(1)], and the balance of unutilized net proceeds of approximately RMB741.9 million was kept at the bank accounts of the Group as at December 31, 2018.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2018:

Use of proceeds	**Planned applications** *(RMB million)*	**Percentage of total net proceeds**	**Actual usage up to December 31, 2018** *(RMB million)*	**Unutilized net proceeds as at December 31, 2018** *(RMB million)*
To repay all of the Group's outstanding bank facilities	1,238.6	37%	1,238.6	—
To construct new facilities and existing facility improvement and maintenance	1,739.7	52%	1,178.7	561.0
For the Group's working capital and other general corporate purposes	275.9	8%	95.0	180.9
To improve and maintain the Group's existing facilities	113.7	3%	113.7	—
Total	3,367.9[(1)]	100%	2,626.0	741.9

Note:

(1) It included approximately RMB69.9 million which forms part of the Listing expenses payable settled after the receipt of IPO proceeds. By excluding this portion, the net proceeds planned for applications amount to approximately RMB3,367.9 million.

The net proceeds from the placing of new Shares by the Company were approximately RMB3,186.7 million, which have been and will be used for the future expansion of the Group, including the capital requirements to increase its laboratory and manufacturing capacity, as disclosed in the announcement of the Company dated March 22, 2018. During the Reporting Period, the proceeds used to construct new facilities was approximately RMB409.8 million. The balance of the unutilized net proceeds as at December 31, 2018 was approximately RMB2,776.9 million.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The Audit Committee comprises two independent non-executive Directors, namely, Mr. Teh-Ming Walter Kwauk, Mr. William Robert Keller, and a non-executive Director, Mr. Edward Hu. The chairman of the Audit Committee is Mr. Teh-Ming Walter Kwauk.

The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2018 and has recommended for the Board's approval thereof.

EVENTS AFTER THE REPORTING PERIOD

The Group has the following events taken place subsequent to December 31, 2018:

- In February 2019, European Medicines Agency (EMA) has completed the Pre-Approval Inspection (the "**Inspection**") of the Group's cGMP (Current Good Manufacturing Practice) drug substance (DS) and drug product (DP) facilities for the production of Trogarzo™ by TaiMed Biologics, the Group's partner, with no critical findings. The Group believes that the Inspection is the first of biomanufacturing industry in China by EMA and the Group will have the first cGMP biologics DS facility, the first cGMP biologics DP facility and the first cGMP cell banking facility in China to be approved by EMA for commercial manufacturing once the GMP approval is obtained. The DS and DP facilities were also approved by U.S. FDA in March 2018.

- In February 2019, the Group and Amicus Therapeutics ("**Amicus**"), a global, patient-dedicated biotechnology company listed on NASDAQ (Stock code: FOLD), entered into an exclusive commercial manufacturing partnership for Amicus' Pompe biologic ATB200. The Group will be the exclusive commercial drug substance (DS) manufacturing partner and key commercial drug product (DP) supplier of ATB200. The ATB200 program was initiated at the Group in 2012 with just an initial concept and now progresses through a pivotal study enabled by the global leading technology platform and unparalleled manufacturing capacity at the Group, which fully showcases the Group's "Follow-the-Molecule" as well as the "Global Dual Sourcing within WuXi Bio" strategies. Furthermore, in the same month, Amicus has received U.S. FDA Breakthrough Therapy Designation for AT-GAA (comprising ATB200) in late onset Pompe disease. This is the second product successfully receiving Breakthrough Therapy Designation that the Group has enabled its partner to develop subsequent to Trogarzo™.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the HKEX (www.hkexnews.hk) and the Company's website (www.wuxibiologics.com.cn). The annual report for the year ended December 31, 2018 containing all the information in accordance with the requirements under the Listing Rules, will be despatched to the Shareholders and published on the respective websites of the HKEX and the Company in due course.

RESULTS

The Board is pleased to announce the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended December 31, 2018 and the Group's consolidated statement of financial position as at December 31, 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2018

	NOTES	**2018** ***RMB'000***	2017 *RMB'000*
Revenue	4	**2,534,453**	1,618,829
Cost of services		**(1,516,698)**	(958,272)
Gross profit		**1,017,755**	660,557
Other income	5	**194,217**	34,694
Impairment losses, net of reversal		**(55,940)**	(13,747)
Other gains and losses	6	**21,128**	(89,863)
Selling and marketing expenses		**(42,430)**	(27,622)
Administrative expenses		**(227,721)**	(134,019)
Research and development expenses		**(169,287)**	(74,479)
Other expenses		**—**	(16,143)
Finance cost	7	**—**	(35,691)
Profit before tax	8	**737,722**	303,687
Income tax expense	9	**(107,257)**	(51,059)
Profit for the year		**630,465**	252,628
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**102**	—
Fair value gain on hedging instruments designated in cash flow hedges		**11,701**	—
Other comprehensive income for the year		**11,803**	—
Total comprehensive income for the year		**642,268**	252,628

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2018

	NOTES	**2018** ***RMB'000***	2017 *RMB'000*
Profit for the year attributable to:			
Owners of the Company		**630,592**	252,628
Non-controlling interests		**(127)**	—
		630,465	252,628
Total comprehensive income for the year attributable to:			
Owners of the Company		**642,395**	252,628
Non-controlling interests		**(127)**	—
		642,268	252,628
		RMB	*RMB*
Earnings per share — Basic	11	**0.52**	0.24
— Diluted	11	**0.48**	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2018

	NOTES	**2018** ***RMB'000***	2017 *RMB'000*
Non-current assets			
Plant and equipment		**2,903,900**	1,780,172
Deferred tax assets		**22,481**	6,855
Intangible assets		**331,813**	—
Deposits paid for acquisition of a land use right		**—**	17,128
Prepaid lease payments		**168,623**	—
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")	12	**136,578**	—
Financial assets at fair value through profit or loss ("**FVTPL**")	13	**55,699**	—
Derivative financial assets	19	**9,847**	—
Other long-term deposits		**19,021**	11,378
		3,647,962	1,815,533
Current assets			
Inventories		**227,189**	135,547
Service work in progress		**—**	202,389
Contract costs		**294,569**	—
Trade and other receivables	14	**1,067,235**	614,302
Contract assets	15	**36,026**	—
Prepaid lease payments		**2,910**	—
Financial assets at FVTPL/designated at FVTPL	13	**—**	641,333
Tax recoverable		**793**	—
Pledged bank deposits	16	**25,197**	21,189
Time deposits	16	**—**	914,788
Bank balances and cash	16	**4,084,395**	503,881
Derivative financial assets	19	**6,874**	—
		5,745,188	3,033,429

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2018

	NOTES	**2018** ***RMB'000***	2017 *RMB'000*
Current liabilities			
Trade and other payables	17	**711,779**	784,669
Contract liabilities	18	**499,743**	—
Income tax payable		**88,244**	13,405
Derivative financial liabilities	19	**18,991**	—
		1,318,757	798,074
Net current assets		**4,426,431**	2,235,355
Total assets less current liabilities		**8,074,393**	4,050,888
Non-current liabilities			
Deferred revenue		**77,408**	19,711
Derivative financial liabilities	19	**77**	—
Deferred tax liabilities		**2,680**	6,817
		80,165	26,528
Net assets		**7,994,228**	4,024,360
Capital and reserves			
Share capital	20	**202**	192
Reserves		**7,993,553**	4,024,168
Equity attributable to owners of the Company		**7,993,755**	4,024,360
Non-controlling interests		**473**	—
Total equity		**7,994,228**	4,024,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

For the year ended December 31, 2018

1. GENERAL INFORMATION

WuXi Biologics (Cayman) Inc. (the "**Company**") was established in the Cayman Islands as an exempted company with limited liability on February 27, 2014, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since June 13, 2017. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as "**the Group**") are principally engaged in provision of discovery, development and manufacturing of biologics services.

As at the date of issuance of these consolidated financial statements, the immediate and ultimate holding company of the Company is WuXi Biologics Holdings Limited ("**Biologics Holdings**"), a company incorporated in the British Virgin Islands, which is ultimately controlled by Dr. Ge Li ("**Dr. Li**"); Dr. Ning Zhao, the spouse of Dr. Li; Mr. Xiaozhong Liu and Mr. Zhaohui Zhang who are all acting in concert (collectively known as "**Controlling Shareholders**").

The functional currency of the Company is Renminbi ("**RMB**"), which is the same as the presentation currency of the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time in the current year:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers and the related Amendments*
IFRIC-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IAS 28	*As part of the Annual Improvements to IFRSs 2014–2016 Cycle*
Amendments to IAS 40	*Transfers of Investment Property*

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognized for each of the line item affected. Line items that were not affected by the changes have not been included.

	December 31, 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	January 1, 2018 (Restated) *RMB'000*
Non-current assets				
Deferred tax assets	6,855	—	871	7,726
Current assets				
Service work in progress	202,389	(202,389)	—	—
Contract costs	N/A	202,389	—	202,389
Trade and other receivables	614,302	66,697	(4,653)	676,346
Contract assets	N/A	24,447	(3,816)	20,631
Financial assets designated as at FVTPL	641,333	—	(641,333)	—
Financial assets at FVTPL	N/A	—	641,333	641,333
Current liabilities				
Trade and other payables	784,669	(254,746)	—	529,923
Contract liabilities	N/A	345,890	—	345,890

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of the reporting period.

4. REVENUE

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Group) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating and reportable segment and no further analysis of this single segment is present.

Geographical information

The Group's operations are primarily located in the PRC. An analysis of the Group's revenue from external customers, analyzed by their respective country/region of operation, is detailed below:

	2018	2017
	RMB'000	*RMB'000*
Revenue		
— North America	**1,283,935**	907,408
— PRC	**980,024**	552,039
— Europe	**171,664**	65,305
— Rest of the world	**98,830**	94,077
	2,534,453	1,618,829

As at December 31, 2018, the Group's non-current assets (excluding financial instruments, deferred tax assets) located in Ireland amount to RMB549,426,000, the remaining of the non-current assets (excluding financial instruments, deferred tax assets) are primarily located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2018	2017
	RMB'000	*RMB'000*
Customer A	**281,281**	N/A*
Customer B	**N/A***	192,689

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year concerned.

5. OTHER INCOME

	2018	2017
	RMB'000	*RMB'000*
Bank interest income	**78,394**	3,149
Interest income from time deposits	**—**	5,597
Government grants and subsidies related to		
— Assets *(Note i)*	**2,845**	1,298
— Income *(Note ii)*	**112,978**	24,650
	194,217	34,694

Notes:

i. The Group has received certain government grants and subsidies to invest in laboratory equipment. The grants and subsidies were recognized in profit or loss over the useful lives of the relevant assets.

ii. The government grants have been received for the Group's contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

6. OTHER GAINS AND LOSSES

	2018	2017
	RMB'000	*RMB'000*
Net foreign exchange gain (loss)	**101,224**	(99,025)
Loss on derivative financial instruments	**(93,942)**	—
Gains on fair value changes from financial assets at FVTPL	**11,170**	6,877
Others	**2,676**	2,285
	21,128	(89,863)

7. FINANCE COST

	2018	2017
	RMB'000	*RMB'000*
Interest expense	**—**	36,292
Interest on finance lease	**—**	476
Less: amounts capitalized	**—**	(1,077)
	—	35,691

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	2018	2017
	RMB'000	*RMB'000*
Depreciation for plant and equipment	**212,143**	122,748
Less: capitalized in contract costs/service work in progress	**(80,580)**	(35,269)
	131,563	87,479
Staff cost (including directors' emoluments):		
— Salaries and other benefits	**688,228**	394,825
— Retirement benefit scheme contributions	**67,806**	51,529
— Retention bonus	**2,113**	—
— Share-based payment expenses	**128,374**	65,076
	886,521	511,430
Less: capitalized in contract costs/service work in progress	**(264,353)**	(119,889)
	622,168	391,541
Impairment losses, net of reversal		
— Trade receivables	**60,275**	8,788
— Receivables for purchase of raw materials on behalf of customers	**(4)**	—
— Contract assets/unbilled revenue	**(4,331)**	4,959
	55,940	13,747
Amortization of intangible assets	**9,969**	—
Amortization of prepaid lease payments	**2,238**	—
Auditors' remuneration	**4,591**	3,100
Minimum operating lease payment in respect of rented premises	**54,481**	34,524
Initial public offering expenses (included in other expenses)	**—**	16,143
Write down of inventories (included in cost of services)	**4,041**	2,665
Write down of contract costs (included in cost of services)	**2,475**	—
Loss on disposal of plant and equipment	**1,215**	1,001
Cost of inventories recognized as an expense	**449,306**	303,401

9. INCOME TAX EXPENSE

	2018	2017
	RMB'000	*RMB'000*
Current tax:		
— the PRC Enterprise Income Tax ("**EIT**")	**133,011**	50,721
— Hong Kong profits tax	**—**	1,633
— the US Federal and State Income taxes	**1,018**	1,173
— the UK Income taxes	**218**	45
(Over) Under provision in prior years:		
— EIT	**(8,098)**	645
	126,149	54,217
Deferred tax:		
— current year	**(18,892)**	(3,158)
	107,257	51,059

The Company is registered as an exempted company and as such is not subject to Cayman Islands taxation.

On March 21, 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No provision for Hong Kong profits tax has been made since the Group did not have any assessable profit arising in Hong Kong for 2018.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%, with the exception of WuXi Co., Shanghai Biologics and Suzhou Biologics.

WuXi Co. was accredited as a "High and New Technology Enterprise" on August 5, 2013. In 2016, WuXi Co. renewed its High and New Technology Enterprise status, which has been approved by the relevant government authorities, and it is entitled to a preferential tax rate of 15% for a three-year period commencing from the year of 2016.

Shanghai Biologics was accredited as a "High and New Technology Enterprise" in November 2016 and therefore is entitled to a one year's exemption from EIT followed by three years of 50% tax reduction with effect from the beginning of 2016 in accordance with Guo Fa No. 40. Accordingly, the applicable EIT rate of Shanghai Biologics for the year ended December 31, 2018 and 2017 are both 12.5%.

Suzhou Biologics was accredited as a "High and New Technology Enterprise" on December 12, 2018 and it is entitled to a preferential tax rate of 15% for a three-year period commencing from the year of 2018.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. DIVIDENDS

No dividends were declared or paid by the Company during the year ended December 31, 2018.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2018	2017
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	**630,592**	252,628

	2018	2017
Number of Shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,210,539,897**	1,074,088,204
Effect of dilutive potential ordinary shares:		
Share options	**101,850,082**	86,267,013
Restricted shares	**1,481,453**	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,313,871,432**	1,160,355,217

The computation of diluted earnings per share for the year ended December 31, 2018 does not assume the exercise of certain pre-IPO share options since their exercise prices plus fair value of services yet to be rendered are higher than the average share prices of the Company.

12. EQUITY INSTRUMENTS AT FVTOCI

On June 25, 2018, the Group subscribed 19.9% of the equity interest of Tysana Pte. Ltd. ("**Tysana**"), a Singapore corporation, for a cash consideration of US$9.95 million (equivalent to approximately RMB68.3 million as at December 31, 2018).

On July 16, 2018, the Group subscribed 19.9% of the equity interest of Privus Biologics, LLC ("**Privus**"), a limited liability company organized under the law of the State of Delaware, U.S.A., with a consideration of US$9.95 million (equivalent to approximately RMB68.3 million as at December 31, 2018).

The Group has no controlling power nor significant influence over the management and the operation of Tysana and Privus. At the date of initial recognition, the Group made an irrevocable election to designate these equity instruments as at FVTOCI as the management of the Company believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

During the year ended December 31, 2018, the Group managed and evaluated the unlisted investments performance of ordinary shares purchased on a fair value basis in accordance with the Group's investment strategy. As at December 31, 2018, the management of the Company has confirmed with the respective management of Tysana and Privus that there were no significant changes of Tysana and Privus in business and together with the fact that the respective investment dates were close to the year ended December 31, 2018, the directors of the Company are of the opinion that there was no significant fair value change occurred in these FVOCI investment as of December 31, 2018.

13. FINANCIAL ASSETS AT FVTPL/DESIGNATED AT FVTPL

	2018	2017
	RMB'000	*RMB'000*
Current assets		
Monetary fund investments *(Note i)*	**—**	573,378
Financial products *(Note ii)*	**—**	67,955
	—	641,333
Non-current assets		
Unlisted equity investments *(Note iii)*	**55,699**	**—**

Notes:

(i) During 2017, the Group entered into several contracts of funds (the "**Fund**") with a financial institution. The Fund primarily invested in debt securities including but not limited to the US treasury securities, securities issued or guaranteed by the US government or by its agencies, corporate securities and asset-backed securities, with the objective of achieving returns in excess of those achieved by holding a portfolio of the US money market instruments over a comparable period. The entire contracts have been designated as at financial assets at FVTPL on initial recognition. As at December 31, 2017, the fair value of the Fund was US$87,750,000 (equivalent to RMB573,378,000) based on the investment report provided by the financial institution. Over the first half of 2018, the Group had withdrawn through different tranches the investment in the Fund in full.

(ii) During 2017, the Group also entered into a contract of financial product (the "**Financial Product**") with a bank for a period of six months, which has been designated as at financial assets at FVTPL on initial recognition. The return of the Financial Product was determined by reference to the performance of the underlying instruments in the currency market, the interbank market, the bond market, the security and equity market and the derivative financial assets. The principle of the Financial Product was US$10,400,000 (equivalent to RMB67,955,000) as at December 31, 2017; and the expected return rate stated in the contract was 2.45% per annum. In March 2018, the Group withdrew the Financial Product as it expired.

(iii) During 2018, the Group entered into an agreement to purchase 429,799 Series Mezzanine 2 Preferred Shares of Inhibrx, Inc. ("**Inhibrx**"), a Delaware corporation, for a cash consideration of US$3.0 million (equivalent to approximately RMB20.6 million).

On September 10, 2018, the Group entered into an agreement to purchase 481,454 Series C-1 Preferred Shares of Canbridge Pharmaceuticals Inc. ("**Canbridge**"), an exempted company incorporated with limited liability under the laws of Cayman Islands, for a cash consideration of US$5.0 million (equivalent to approximately RMB34.3 million).

During the year ended December 31, 2018, the Group managed and evaluated the unlisted investment performance of preferred share purchased on a fair value basis in accordance with the Group's investment strategy. Gain on fair value change of RMB796,000 was recognized for the equity instrument in Canbridge, which was backsolved from the most recent transaction price.

14. TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables		
— related parties	**8,791**	6,425
Less: Allowance for credit losses	**(3)**	—
— third parties	**810,365**	293,650
Less: Allowance for credit losses	**(56,295)**	(10,218)
	762,858	289,857
Unbilled revenue		
— related parties	**—**	1,645
— third parties	**—**	29,948
Less: Allowance for credit losses	**—**	(7,146)
	—	24,447
Receivables for purchase of raw materials on behalf of customers		
— third parties	**87,980**	108,295
Less: Allowance for credit losses	**(1,014)**	—
	86,966	108,295
Advances to suppliers	**18,647**	12,256
Prepayments	**3,153**	927
Other receivables	**24,604**	20,609
Custom duty recoverable *(Note)*	**1,669**	30,285
Value added tax recoverable	**169,338**	127,626
	217,411	191,703
Total trade and other receivables	**1,067,235**	614,302

Note: WuXi Co. has been recognized by the relevant government authority as a foreign-invested research and development center, which makes it eligible for a waiver of import tax on imported raw materials and equipment. The related import tax has been levied by way of "paid and refund" basis. The amount represents the related import tax paid by WuXi Co. to the PRC Customs which shall be refunded upon the application documents of the import tax refund have been validated by the PRC Customs.

The Group allows a credit period ranging from 10 to 90 days to its customers. The following is an age analysis of trade receivables (net of allowance for credit losses) presented based on the invoice dates, at the end of the reporting period:

	2018	2017
	RMB'000	*RMB'000*
Not past due	**461,772**	186,442
Within 90 days	**236,288**	57,549
91 days to 1 year	**60,556**	45,554
Over 1 year	**4,242**	312
	762,858	289,857

15. CONTRACT ASSETS

	31/12/2018	01/01/2018*
	RMB'000	*RMB'000*
Contract assets		
— third parties	**42,657**	29,948
— related parties	**—**	1,645
Less: Allowance for credit losses	**(6,631)**	(10,962)
	36,026	20,631

* The amounts in this column are after the adjustments from the application of IFRS 9 and 15.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned upon the Group's future performance in achieving specified milestones as stipulated in the contract.

16. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/TIME DEPOSITS

Bank balances and cash of the Group comprised of cash and short term bank deposits with an original maturity of three months or less. The short term bank deposits carried interests at market rates which ranged from 0.001% to 3.55% per annum as at December 31, 2018 (2017: 0.001% to 1.650%).

Certain deposits are pledged to banks as collateral for the issue of letter of credit by the bank in connection with the purchase of raw materials, and plant and equipment by the Group.

As at December 31, 2018, the Group performed impairment assessment on pledged bank deposits and bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

17. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables		
— related parties	**9,143**	—
— third parties	**211,840**	137,293
	220,983	137,293
Other payables and accrual		
— related parties	**—**	13,919
— third parties	**107,855**	50,927
	107,855	64,846
Advances from customers		
— related parties	**—**	11,064
— third parties	**—**	243,682
	—	254,746
Option fee received *(Note)*	**27,453**	26,136
Payable for purchase of plant and equipment	**210,052**	213,022
Salary and bonus payables	**142,161**	85,240
Other taxes payable	**3,275**	3,386
	711,779	784,669

Note:

The amount represents a US$4 million non-refundable option fee received from an independent third party for granting the party an option to purchase certain of the Group's assets. In December 2015, an agreement (hereafter referred to as the "**Option to Purchase Agreement**") was entered into between the Company and a Company's strategic customer, pursuant to which the Company granted the customer an option to acquire certain of its biologics manufacturing facilities. The total consideration for the option was US$8 million, 50% of which had been paid in March 2016 and the remaining 50% would be payable upon the Company completing certain required documentations. Pursuant to the Option to Purchase Agreement, the customer has a right to exercise the purchase option on or before June 30, 2020, which upon mutual agreement between the Company and the customer, may be extended until no later than June 30, 2023. Should the customer choose to exercise the purchase option, it has to pay the Company an acquisition price for the biologics manufacturing facilities determined on the basis as specified in the Option to Purchase Agreement; and the Company has to fulfill certain stipulated conditions including completing the transfer of the title of the biologics manufacturing facilities to the customer or its designated person, and obtaining all necessary regulatory approvals and consents in relation to the transfer of the facilities. The option fee would then be applied for part payment for the manufacturing facilities acquisition price. Should the customer choose to terminate the agreement without exercising the purchase option, the customer could apply the option fee to pay for any service fees due and payable to the Group for services rendered by the Group, up to a maximum of 50% of the option fee paid.

Payment terms with suppliers are mainly on credit within 90 days from the time when the goods are received from the suppliers. The following is an age analysis of trade payables presented based on invoice date at the end of the reporting period:

	2018	2017
	RMB'000	*RMB'000*
Within three months	**192,189**	129,184
Over three months but within one year	**27,721**	6,660
Over one year but within two years	**1,073**	1,449
	220,983	137,293

18. CONTRACT LIABILITIES

	31/12/2018	01/01/2018*
	RMB'000	*RMB'000*
Contract liabilities	**499,743**	345,890

* The amounts in this column are after the adjustments from the application of IFRS 15.

Revenue of RMB303,337,000 was recognized during the year ended December 31, 2018 that was included in the contract liabilities at the beginning of 2018.

19. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	Assets		**Liabilities**	
	December 31, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Derivatives not under hedge accounting				
Foreign currency forward contracts	**—**	—	**14,010**	—
Less: current portion	**—**	—	**14,010**	—
Non-current portion	**—**	—	**—**	—

	Assets		**Liabilities**	
	December 31, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Derivatives under hedge accounting				
Foreign currency forward contracts				
— Cash flow hedges	**16,721**	—	**5,058**	—
Less: current portion	**6,874**	—	**4,981**	—
Non-current portion	**9,847**	—	**77**	—

Derivatives not under hedge accounting

During the year ended December 31, 2018, the Group entered into several USD/RMB foreign currency forward contracts with banks in order to manage the Group's currency risk. Under the foreign currency forward contracts, the Group will pay to the bank notional amount of USD and receive from the bank an amount in RMB equal to the product of the relevant notional amount of USD and the relevant forward rate as specified within the respective contracts.

Except for above, the Group also entered into USD/RMB foreign currency forward contract of European Knockout with conditional payment structured forward ("**European Knockout**") with certain banks. The strike price of the forward contract is 6.5250 (the "**Strike Price**") and the European Knockout barrier is 6.1900 (the "**KO Barrier**") which means the Group is entitled to the right of selling USD to the bank at the Strike Price when the mid spot exchange rate of USD/RMB on the relevant expiration date is above the KO Barrier. The bank shall pay the Group one additional payment of RMB65,000 if the mid spot exchange rate of USD/RMB on the relevant expiration date is at or below the KO Barrier.

Extracts of major terms of foreign currency forward contracts on a net settlement basis from the respective contracts as at December 31, 2018 are as follows:

	Average strike/ forward rate	**Foreign currency** *USD'000*	**Total outstanding notional value** *RMB'000*	**Fair value liabilities** *RMB'000*
Sell USD				
Less than 3 months	6.4600–6.5990	21,000	137,959	6,474
4 to 6 months	6.4807–6.7260	24,000	159,904	5,214
7 to 12 months	6.7260	15,000	100,890	2,322

The Group did not elect to adopt hedge accounting for these contracts and therefore, for the year ended December 31, 2018, losses under such forward foreign exchange contracts of RMB93,942,000 was recognized in other gains and losses.

Derivatives under hedge accounting

The Group entered into forward foreign exchange contracts with banks to manage its foreign exchange rate risk arising from anticipated future foreign currency sales transactions up to 18 months, in particular, the exchange rate between USD and RMB, which are designated as cash flow hedges. The major terms of these contracts on a net settlement basis as at December 31, 2018 presented are as follows:

	Average strike/ forward rate	Foreign currency *USD'000*	Total outstanding notional value *RMB'000*	Fair value assets *RMB'000*
Sell USD				
Less than 3 months	6.8925–6.9022	24,000	165,535	654
4 to 6 months	6.8743–6.9175	48,000	331,044	1,169
7 to 12 months	6.8861–7.0410	135,600	938,132	5,051
13 to 18 months	6.9282–7.0033	140,000	973,500	9,847

	Average strike/ forward rate	Foreign currency *USD'000*	Total outstanding notional value *RMB'000*	Fair value liabilities *RMB'000*
Sell USD				
Less than 3 months	6.7490–6.8715	44,000	301,527	941
4 to 6 months	6.8510–6.8715	18,000	123,380	450
7 to 12 months	6.7750–6.8820	61,000	416,069	3,590
13 to 18 months	6.8820	14,000	96,348	77

As at December 31, 2018, the aggregate amount of gains after tax under foreign exchange forward contracts recognized in other comprehensive income and accumulated in the cash flow hedging reserve relating to the exposure on anticipated future sales transactions denominated in USD is RMB11,701,000. It is anticipated that the sales will take place within next 18 months at which time the amount deferred in equity will be reclassified to profit or loss.

As at December 31, 2018, no ineffectiveness has been recognized in profit or loss.

20. SHARE CAPITAL

	Number of shares	Amount *US$*
ORDINARY SHARES OF US$0.000025 EACH AUTHORIZED:		
At January 1, 2017, December 31, 2017 and December 31, 2018	2,000,000,000	50,000

ISSUED AND FULLY PAID:

	Number of shares	Amount *US$*	Shown in the financial statements as *RMB'000*
At January 1, 2017	964,000,000	24,100	158
Issue of shares by initial public offerings	170,118,057	4,253	29
Issue of shares by exercise of over-allotment option	28,947,000	724	5
At December 31, 2017	1,163,065,057	29,077	192
Issue of new shares *(note)*	57,000,000	1,425	9
Exercise of pre-IPO share options	5,876,333	147	1
At December 31, 2018	1,225,941,390	30,649	202

Note:

On March 29, 2018, the Company issued 57,000,000 new ordinary shares of US$0.000025 each through placement to certain independent third parties at a price of HK$70.00 per share. The net cash proceeds was HK$3,966,060,000 (equivalent to approximately RMB3,186,690,000), after deducting the issue cost of HK$23,940,000 (equivalent to approximately RMB19,236,000).

All the shares issued by the Company ranked pari passu in all respects.

"AGM"	annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"cGMP"	Current Good Manufacturing Practice regulations, regulations enforced by the Food and Drug Administration of the United States on pharmaceutical and biotech firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity
"Chairman"	the Chairman of the Board
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Company"	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on February 27, 2014
"Director(s)"	the director(s) of the Company
"EU"	a politico-economic union of 28 member states that are located primarily in Europe
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKEX"	Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards

"IND"	investigational new drug, an experimental drug for which a pharmaceutical company obtains permission to ship across jurisdictions (usually to clinical investigators) before a marketing application for the drug has been approved
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange on June 13, 2017
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company with effect from January 5, 2017, and amended on August 10, 2017, the principal terms of which are summarized in "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus
"Prospectus"	the prospectus issued by the Company dated May 31, 2017
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the one-year period from January 1, 2018 to December 31, 2018
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company with effect from January 15, 2018
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.000025 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S." or "U.S.A"	the United States of America

"U.S. dollar(s)" or "US$" or "USD"	United States dollar(s), the lawful currency of the United States of America
"U.S. FDA" or "FDA"	The Food and Drug Administration of the United States of America
"Written Guidelines"	the Guidelines for Securities Transactions by Directors adopted by the Company

In this announcement, the terms "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By order of the Board
WuXi Biologics (Cayman) Inc.
Dr. Ge Li
Chairman

Hong Kong, March 18, 2019

As at the date of this announcement, the Board comprises Dr. Zhisheng Chen and Dr. Weichang Zhou as executive Directors; Dr. Ge Li, Mr. Edward Hu, Mr. Yibing Wu and Mr. Yanling Cao as non-executive Directors; and Mr. William Robert Keller, Mr. Teh-Ming Walter Kwauk and Mr. Wo Felix Fong as independent non-executive Directors.

* *For identification purpose only*