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, 2020

FINANCIAL HIGHLIGHTS

		2020 ***RMB million***	2019 *RMB million*	Change
Revenue		**5,612.4**	3,983.7	40.9%
Gross Profit		**2,533.0**	1,658.8	52.7%
Gross Profit Margin		***45.1%***	*41.6%*	
Operating Profit		**1,623.4**	954.8	70.0%
Operating Profit Margin		***28.9%***	*24.0%*	
Net Profit		**1,692.7**	1,010.3	67.5%
Net Profit Margin		***30.2%***	*25.4%*	
Profit attributable to equity shareholders of the Company		**1,688.9**	1,013.8	66.6%
Adjusted Net Profit		**1,715.8**	1,201.4	42.8%
Adjusted Net Profit Margin		***30.6%***	*30.2%*	
Adjusted net profit attributable to equity shareholders of the Company		**1,722.0**	1,204.9	42.9%
		RMB	*RMB (Note)*	
Earnings per share	— Basic	**0.43**	0.27	59.3%
	— Diluted	**0.40**	0.25	60.0%
Adjusted earnings per share	— Basic	**0.44**	0.32	37.5%
	— Diluted	**0.41**	0.30	36.7%

The Board does not recommend any payment of final dividend for the year ended December 31, 2020.

Note: The authorized and issued shares of the Company were subdivided on the basis that every one (1) issued share is subdivided into three (3) subdivided shares (the "**Share Subdivision**"), which became effective on November 16, 2020. Basic and diluted earnings per share were stated after taking into account the effect of the Share Subdivision. Comparative figures have also been restated on the assumption that the Share Subdivision had been effective in the prior year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall Performance

The Group achieved outstanding performance by maintaining its reliability and resiliency during the Reporting Period. After adjustments for COVID-19 pandemic disruption and the successful launch of the "Win-the-Molecule" strategy, the Group leveraged its unparalleled capabilities and capacity to support and enable global customers and partners, particularly those pursuing COVID-19 treatments and vaccines, which boosted the Group's strong growth.

- The total number of integrated projects increased by 33.6% from 250 as at the same time last year to 334 as at December 31, 2020.

- The total number of pre-clinical projects increased by 39.7% from 121 as at the same time last year to 169 as at December 31, 2020.

- The total number of early-phase (phase I and II) projects increased by 20.5% from 112 as at the same time last year to 135 (103 in phase I and 32 in phase II) as at December 31, 2020.

- The number of late-phase (phase III) projects increased by 75.0% from 16 as at the same time last year to 28 as at December 31, 2020.

- The Group added one more commercial manufacturing project during the Reporting Period.

- The Group also achieved great success in progressing projects from pre-IND stage to post-IND stage: 36 projects progressed from pre-clinical development stage to early-phase stage during the Reporting Period.

The following table sets forth the status of the on-going integrated projects of the Group as at December 31, 2020:

Biologics development process stage	**Number of on-going integrated projects** [(1)(4)]	**Typical duration**	**Typical service revenue** [(2)]
Pre-IND			
— Drug discovery	—	2 years	US$1.5–2.5 mm
— Pre-clinical development	169	2 years	US$4–6 mm
Post-IND			
— Early-phase (phases I & II) clinical development	135	3 years	US$4–6 mm
— Phase I clinical development	103		
— Phase II clinical development	32		
— Late-phase (phase III) clinical development	28	3–5 years	US$20–50 mm
— Commercial manufacturing	2	Annually	US$50–100 mm [(3)]
Total	**334**		

Notes:

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

(2) Milestone fees can be paid at different research and development ("**R&D**") stages, while royalty fees will be charged for 5–10 years or until the patent expires 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.

(4) As at the date of this announcement, the total number of on-going integrated projects is 361, including 190 pre-clinical projects, 137 early-phase projects (101 in phase I and 36 in phase II), 32 late-phase projects and 2 commercial manufacturing projects.

The Group's revenue for the year ended December 31, 2020 increased by 40.9% year-on-year to RMB5,612.4 million, together with a 67.5% year-on-year growth in net profit to RMB1,692.7 million. The Group's total backlog, including the service backlog and upcoming potential milestone fees backlog, also soared sharply by 122.0% from US$5,102 million as of December 31, 2019 to US$11,324 million as of December 31, 2020, of which service backlog increased by 293.2% from US$1,686 million to US$6,629 million and upcoming potential milestone fees backlog increased 37.4% from US$3,416 million to US$4,695 million. The service backlog represents the revenue amount the Group has contracted but has yet to perform. The total upcoming potential milestone fees backlog represent the total amount for upcoming milestone fees, which the Group has contracted but has not yet performed nor received. This milestone revenue may take longer to receive at the various development stages as it depends on the success rate and progress of the projects, which may not be within the Group's control.

During the Reporting Period, the Group further diversified its customer base by working with 14 out of the 20 largest pharmaceutical companies in the world and 32 of the 50 largest pharmaceutical companies in China. The Group provided services to 369 customers for the year ended December 31, 2020, compared with 266 customers last year. The Group believes that continuous capability and capacity expansion as well as cooperation with and commitment to its existing customers will enhance its value chain and continue to capture the future opportunities in this growing market.

Perseverance During the Pandemic

Having been disrupted through the COVID-19 outbreak in the initial months of the Reporting Period, the Group's operations recovered and resumed to its full capacity by proactive and effective implementation of the Business Continuity Plan. Credit to the commitment of our employees and management team, all key milestones were achieved for both existing and new integrated projects undertaken by the Group during these unprecedented times.

The Group's perseverance throughout the COVID-19 pandemic is a remarkable demonstration of the Group's capabilities and capacity. Throughout the pandemic, the Group has looked for opportunities to lead the COVID-19 response effort by assembling a large team of leading R&D scientists and collaborating with global customers and partners, seeking to develop potential new treatments and vaccines for COVID-19.

With its state-of-the-art technology platforms and robust global-quality supply network, the Group is among several biologics Contract Development and Manufacturing Organizations ("**CDMO**") that are leaders in expediting the development and manufacturing of potential treatments and vaccines. The Group mobilized over half of its employees to work on COVID-19 projects, enabled over 10 COVID-19 projects globally with more than 20 INDs approved in the U.S., EU, Singapore and China within a record-breaking three to five months DNA to IND timeline. Moving forward, the Group will continue to apply its expertise, industry-leading technology platforms and world-class quality standard to support its global customers and business partners in overcoming the pandemic.

Strategic Highlights

During the Reporting Period, the Group enabled customers and partners seeking to confront COVID-19 and other diseases by offering its industry-leading single-source platform. Driven by the Group's innovative "Win-the-Molecule" strategy, the Group achieved the following strategic milestones during the Reporting Period:

- The Group stepped up its investment and efforts to deploy globally a total planned biologics production capacity of around 430,000 liters as of the date of this announcement, to fulfill its "Global Dual Sourcing within WuXi Bio" manufacturing paradigm. This paradigm enables the Group's partners to manufacture from facilities within the Group's global supply network throughout China, the EU and the U.S. to eliminate technical risks associated with cross-company technology transfer while also ensuring their global biologics supply needs. Please also refer to the section headed "Capacity Expansion" for more information.

- In January 2020, the Group purchased from Bayer Aktiengesellschaft certain facility assets of the biologics drug product (**DP**) cGMP fill-and-finish manufacturing plant located in Leverkusen, Germany. In December 2020, the Group further purchased from Bayer Aktiengesellschaft certain facility assets of the biologics drug substance (**DS**) manufacturing plant located in Wuppertal, Germany. These acquisitions further expanded the Group's DP and DS manufacturing capacities to meet the growing global demand for biological therapeutics. For more details, please refer to the Company's announcements dated January 16, 2020, January 20, 2020, and December 21, 2020.

- The Group's vaccines CDMO business made significant progress by signing four new contracts, including a strategic partnership manufacturing agreement with a global vaccine leader for an initial term of twenty years and a total contract value estimated to be over US$3 billion, and other COVID-19 vaccine contracts valued over US$260 million to combat against the pandemic. The Group also initiated an investment in a new integrated vaccine manufacturing facility in Ireland. The vaccines business will contribute substantially to the Group's future overall business growth[(1)].

- The Company has been selected as a constituent of the Hang Seng Index (**HSI**) with an index weight of 1.75% (ranking 13th among the 50 constituents), with effect on September 7, 2020. Being a company listed only for three and a half years, the Company's inclusion as one of the three pharmaceutical companies in the HSI, the most representative and important benchmark as well as the most widely quoted indicator of the overall performance of the Hong Kong stock market, not only validates the capital market's recognition of the Group's leading market position in the healthcare industry, robust fundamentals and strong financial performance but also demonstrates the successful implementation of our business strategies.

(1) As of the end of the Reporting Period, the total assets and total equity of WuXi Vaccines are approximately RMB1,599.5 million and approximately RMB726.3 million, respectively. During the Reporting Period, the total business revenue, total business cost and total net profit of WuXi Vaccines are approximately RMB72.2 million, RMB64.1 million and RMB12.3 million, respectively.

Technology Platforms

As an industry-leading technology pioneer, the Group is fueled by a culture of innovation. It constantly invests in cutting-edge technology platforms throughout the life cycle of biologics discovery, development and manufacturing. These proprietary technology platforms will not only generate further milestones and royalty revenues but will also introduce more biologics projects into the Group's pipeline under the "Win-the-Molecule" strategy.

Antibody-drug Conjugates

Antibody-drug Conjugate (**ADC**) is a new class of highly potent biologics composed of an antibody linked, via a chemical linker, to a biologically active drug or cytotoxic compound. Compared to traditional chemotherapies and mAbs, ADCs show superior efficacy, lower off-target toxicity and a larger therapeutic window. They are now considered as a versatile therapeutic tool and have been accepted into the contemporary portfolio of mainstream biologics drugs. Since 2019, five ADCs have been approved by the U.S. FDA, accounting for half of all approved ADCs in history. With the number of ADC product candidates at unprecedented levels in clinical trials, the industry is optimistic that ADC will shape future treatment paradigms.

As a global leading biologics CDMO service provider, the Group gained considerable experience in working with numerous different antibodies or other biological molecules, linkers and payload chemistries, and combinations thereof, which uniquely qualifies the Group to provide its partners with tailor-made options and solutions for development and manufacturing of ADCs. Through its world-class R&D efforts, the Group has also developed a novel linker for lysine-based conjugation that demonstrates higher reactivity, better solubility and a more flexible range of conjugation temperatures. A unique payload chemistry to provide more homogenous drug loading for cysteine-based conjugation was also developed. As of the end of the Reporting Period, the Group has secured 40 ADC projects globally, many of them have reached IND stages to phase II/III stages.

The Group's new ADC facility, DP3, encompasses an area of approximately 6,000 square meters and provides integrated solutions from process development, technology transfer, and pilot scale to large-scale cGMP production for ADCs and other complex protein conjugates, strictly complying with global quality standards. This state-of-the-art facility adopts an advanced fully isolated automatic aseptic filling system, which can produce 2/6/10/20/50 ml liquid and lyophilized products and provide the flexibility to meet the production requirements of global clinical trials and product launch. Since its GMP production release in 2019, DP3 has produced more than 50 GMP DS and DP batches. Furthermore, the demand for ADCs produced by the Group continues to increase as evidenced by a huge leap in the number of the completed production batches in the second half year of 2020.

The extreme difficulties associated with the development of ADCs have led to a remarkable 70–80% of ADCs under development being outsourced to CDMOs. As a response to such emerging and urgent demands from the global ADC projects, the Group has initiated a capacity expansion project at DP3. An additional 20 square meter capacity lyophilizer is being installed in the existing facility, thus bringing a five-fold lyophilization capacity increase. This additional capacity was added to meet the requirements from multiple late stage ADC development and manufacturing projects. In addition, some pilot operation areas are being transformed into GMP suites to meet upcoming conjugation and formulation needs. These new GMP areas will also provide segregated suites for special projects such as liposome and nanoparticle production.

Bispecific and Multispecific Antibodies

Multispecific drugs, particularly bispecific and multispecific antibodies, have been leading the way in the field of antibody-based therapeutics and viewed as the start of a new era of biologics innovation. Two recent industry journal articles help outline the growing excitement and utility of multispecific antibody therapeutics as new therapeutic modalities. The articles "Multispecific drugs herald a new era of biopharmaceutical innovation" (Nature, April 2020) and "Biology drives the discovery of bispecific antibodies as innovative therapeutics" (Antibody Therapeutics, January 2020) show exciting results and how these emerging therapies are currently being developed to fight cancer and other diseases. With currently more than 100 different bispecific formats available, and approximately 120 bispecific antibodies in clinical trials, many believe that the market for these bispecific and multispecific antibodies hold significant long-term potential growth.

Despite how promising they are, various challenges associated with protein engineering, product stability and manufacturing delayed bispecific antibodies from undergoing wide-spread development. Utilizing the Group's extensive experience in antibody development and its world-class scientist team, the Group developed and launched the innovative WuXiBody® bispecific antibody platform. This platform allows valency flexibility and also permits almost any mAb pair to be easily joined to build a bispecific antibody.

In addition to the shortened development timelines and substantially reduced cost, WuXiBody® platform also offers many other benefits, including high yield, high solubility, good stability in serum and increased in vivo half-life, amongst others, to global bispecific antibody therapeutic developers.

Since its market launch, WuXiBody® has been steadily adopted in the industry. The Group's scientists have also been invited to present on the WuXiBody® platform at various world renowned conferences focused on antibody therapeutics including but not limited to PEGS (Protein Engineering Summit) and the Antibody Engineering and Therapeutics Conference. Relevant projects based on WuXiBody® platform have delivered strong growth for and will continue contributing to the Group's businesses. As of the end of the Reporting Period, the WuXiBody® platform has been widely used in 29 projects. The first WuXiBody® bispecific molecule has received IND approval during the Reporting Period and expects to start First-in-Human (**FIH**) trials soon.

In addition to the widely recognized WuXiBody® platform, leveraging our leading technical capability of Variable Heavy Homodimers (**VHH**) libraries, advanced VHH immunization, VHH affinity maturation and humanization platforms and the deep understanding of disease and target biology, the Group's scientist team has also developed a cutting-edge VHH based multispecific antibody platform to enable our clients and partners who are focusing on those multi-functional therapeutic modalities.

Other Proprietary Technology Platforms

In addition to the industry-leading technology platforms listed previously, the Group also offers various state-of-the-art platforms, such as an exciting platform for mRNA (messenger RNA)-based vaccines, for biologics discovery, development and manufacturing.

WuXia™, the Group's proprietary Chinese Hamster Ovary (**CHO**) cell line development platform enables the Group to conduct more than 80 IND-enabling projects per year, one of the largest capacities in the world. WuXia™ has provided more than 400 cell lines for pre-clinical development and beyond. Utilizing an Artificial Intelligence (**AI**) based codon optimization program, and proprietary expression vector system, in only 9–10 weeks top 3 clones with high expression levels can be obtained and utilized for process development and cGMP manufacturing. Combined with the Group's EU EMA certified cGMP cell banking and cell line characterization services, the WuXia™ platform is ideal for the production of a variety of therapeutic proteins including mAbs, bispecific antibodies, fusion proteins and recombinant proteins.

WuXiUP™, the Group's proprietary continuous manufacturing platform, utilizes 1,000–2,000L disposable bioreactors to achieve comparable productivity as a traditional 10,000–20,000L stainless steel bioreactor while still providing similar or even better purification yield. The WuXiUP™ platform accelerates biologics development and manufacturing, and significantly reduces manufacturing costs of biologics. The intensified and continuous cell culture process used in this novel technology platform can be rapidly developed or converted from traditional fed-batch process while maintaining excellent scalability and robustness. Coupled with continuous product capture column chromatography, the WuXiUP™ platform enables continuous direct product capture with a similar or better purification yield as traditional purification processes for almost any kind of biologics. During the Reporting Period, this continuous direct product capture platform was established and successfully scaled up at the Shanghai site for clinical production of a bispecific antibody developed using our WuXiBody® platform with consistent process performance and product quality profiles. In addition, the IND application for this product has been approved by China National Medical Products Administration (**NMPA**). Furthermore, scale-up manufacturing has been successfully conducted for four more projects utilizing the WuXiUP™ platform. In total, WuXiUP™ has been implemented in more than 30 projects for production of mAbs, bispecific antibodies, fusion proteins and enzymes achieving ultra-high productivity at lab scale.

Research and Development

During the Reporting Period, the Group's R&D team, which has more than 350 scientists, many of whom have multiple years of biologics drug discovery experience at multinational pharmaceutical companies, continuously focused on: (i) enhancing innovative biologics generation capabilities and optimizing several existing technological platforms, including traditional hybridoma technology, premium humanization and various antibody optimization platforms (including pH sensitivity engineering and disease microenvironment modulating engineering), phage display technology, fully human antibodies, bispecifics, multispecifics, nanobodies and antibody fragments to expedite the discovery of novel therapeutic biologics; (ii) supporting the Group's global partners in using the proprietary bispecific antibody platforms, including WuXiBody®, enabling them to considerably accelerate the development process of new bispecific and multi-functional biologics; (iii) enhancing the Group's in vitro and particularly in vivo biology capabilities and capacity to further enhance our one-stop service offering and to enable the screening, identification and characterization of desired biologics as drug development candidates; (iv) continuously identifying and prioritizing new areas of biologic innovation and developing proprietary technologies to enable the Group's clients to discover and develop differentiated novel biologic drugs; (v) continuously enhancing R&D capabilities in the design and discovery of best-in-class and novel preclinical candidates (**PCC**) driven by deep understanding of disease biology and target biology and mastery of state-of-the-art biologics engineering technologies; (vi) further expanding our service from PCC to preclinical development for IND enabling by providing rapid pre-clinical development services to multiple client SARS-CoV-2 neutralization antibody projects; and (vii) refining systems and structuring teams for more efficient business operations and optimized cost control to ensure the provision of quality and efficient technical solutions for clients.

Manufacturing, Testing and Quality

Manufacturing

In the spirit of "WuXi Bio Grit", the Group minimized the pandemic's impact on its manufacturing operations. The Group maintained regular and transparent communications with clients and exceeded its manufacturing goals by deploying various cutting-edge information technologies and creative collaboration processes, including remote Person-in-Plant (**PIP**), remote due diligence and remote quality auditing processes. During the Reporting Period, most of the Group's manufacturing facilities maintained almost full utilization due to surging global demands for COVID-19-related and other biologics

projects. The Group passed all GMP audits and inspections during the Reporting Period, including remote audits from global clients and regulatory agencies, which validated the Group's premier quality system and advanced single-use disposable technology for biologics manufacturing.

- The Group's Manufacturing Facility 1 (**MFG1**), the first biologics manufacturing facility in China approved by both the U.S. FDA and the EU EMA, despite the challenges of the first quarter of the Reporting Period, successfully completed process performance qualification (**PPQ**) projects during the COVID-19 pandemic.

- The Group's Manufacturing Facility 2 (**MFG2**) deploys 14 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 structure compared with traditional stainless steel bioreactor facilities. MFG2 achieved a significant milestone during the Reporting Period by completing its PPQ runs in April 2020.

- With a 7,000L bioreactor capacity at Manufacturing Facility 3 (**MFG3**), the Group's Shanghai site now offers complete one-stop biologics development and manufacturing services in one central location. Having both functions within the same location streamlines clinical Chemistry, Manufacturing and Control (**CMC**) activities, enabling the Group's clients to reach their clinical manufacturing goals within the shortest time possible. During the Reporting Period, MFG3 completed business-substantial batches with a remarkable 100% success rate.

- The Group's Manufacturing Facility 4 (**MFG4**), the first facility in China to use a 4,000L-capacity single use bioreactor, was GMP released in July 2019. In June 2020, MFG4 successfully completed the first 4,000L DS GMP production, representing a significant breakthrough in the biologics industry as it was the first time in Asia that a 4,000L single use bioreactor was used for this purpose.

- The Group's Drug Product Facility 1 (**DP1**) with dual approval from both the U.S. FDA and the EU EMA maintained a high capacity utilization rate during the Reporting Period, for both lyophilization and liquid fill DP, with a 100% success rate.

- The Group's Drug Product Facility 4 (**DP4**) was GMP released in July 2019. DP4 is the first robotic aseptic filling line for biologics in China and the Group's second GMP released sterile filling DP facility for manufacturing both pre-filled syringes (**PFS**) and vial products for early stage clinical supplies. During the Reporting Period, DP4 successfully completed the filling of batches of PFS. The whole process was performed using the robotic filling isolator in a closed system without gloves or human intervention, delivering high-quality and controlled filling accuracy, as well as improved aseptic assurance.

- Please also refer to the section headed "**Technology Platforms**" for our ADC facility.

Testing

During the Reporting Period, the Group's biosafety testing facility at the Suzhou site continued to improve its operations. The Suzhou site significantly shortened the turnaround times for all the biosafety tests and viral clearance validation studies it conducted for our clients. The Suzhou site also received an EU EMA GMP certificate during the Reporting Period, which is a great achievement for its quality system and testing capability. This approval continues to validate the Group's high level of quality commitment to our global clients and partners. The Suzhou site also expanded its biosafety testing capabilities by developing analytical methods for various gene therapy products, as well as expanding its cell bank characterization test panels to include other species commonly used in the production of biologics and vaccines.

Along with other business units, the Suzhou site actively deployed for our clients its high-quality biosafety testing platform for more than 10 new biologics targeting the SARS-CoV-2 virus, including the first new neutralizing antibody against COVID-19 approved by NMPA for clinical trials.

Additionally in the Suzhou site, full operation of another new laboratory building at the beginning of the Reporting Period further increased the biosafety testing capacity, which provided a solid basis for the Suzhou site to provide higher quality and higher speed biosafety testing services to more clients and partners. With substantial growth expected for the biosafety testing business, an additional facility has been strategically planned to help increase our capacity further and ensure we meet client expectations for delivering high-quality, efficient and expeditious testing services.

Quality

The Quality Department, which includes quality assurance, quality control, global quality compliance, regulatory affairs and training center functions, is committed to the highest standard of regulatory compliance while providing high-quality services and products that meet client needs.

The Quality Department is responsible for implementing the Group's global quality system and supervising quality operations to ensure GMP compliance within the Group's manufacturing environment. The Quality Assurance Department, as an independent function supervises the implementation of the quality strategy and quality plan. The department is also responsible for all quality and compliance-related decisions and for implementing all site quality management programs.

The Quality Control Department manages all material and product testing including environmental monitoring, analytical method qualification and validation, and support of process and cleaning validations. It uses modern laboratory electronic systems, such as lab information management systems (**LIMS**), to maximize efficiency and to perform data mapping risk assessments and establish control measures to ensure data integrity.

The Global Quality Compliance Department, established in late 2019, will continue to assist quality assurance and quality control departments and to facilitate global quality operations.

With its industry-leading quality system, the Group has passed various regulatory inspections conducted by U.S. FDA, EU EMA and Brazilian Health Regulatory Agency (**ANVISA**), which distinguishes the Group as the first and the only biologics company certificated by these regulatory agencies for commercial manufacturing in China. The Group believes that these certificates will help to manifest the Group's world-class quality system that meets global quality standards and thereby benefits patients globally with biologics of better quality.

Capacity Expansion

The Group is continuously investing in its global capacity expansion to accommodate the Group's increasing number of late-phase projects, satisfy burgeoning global capacity demands, and fulfill its "Global Dual Sourcing within WuXi Bio" manufacturing paradigm. The Group's total planned capacity across the world has reached around 430,000 liters as of the date of this announcement.

Facility	**Designed Capacity**	**Location**	**Comments**
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	96,000L fed-batch	Wuxi	Commercial
MFG10	4,500L fed-batch/perfusion	Singapore	Clinical/Commercial
MFG11	16,000L fed-batch	Worcester, MA	Clinical/Commercial
MFG12	48,000L fed-batch	Chengdu	Clinical/Commercial
MFG13	2,000L Viral	Hangzhou	Clinical/Commercial
MFG14	2,300L Microbial	Hangzhou	Clinical/Commercial
MFG17	10,000L fed-batch	Shanghai	Clinical
MFG18	6,000L fed-batch	Cranbury, NJ	Clinical
MFG19	15,000L fed-batch/perfusion	Wuppertal, Germany	Commercial
MFG20	8,000L fed-batch	Hangzhou	Commercial
MFG21	7,000L fed-batch	Suzhou	Clinical

During the Reporting Period, despite the challenges posed by the pandemic, the Group made breathtaking achievements on the track to extend its global footprint. Highlights included:

- The Group's Dundalk, Ireland site (**MFG6** and **MFG7**), its first European site, is well under way with 85% of its construction completed as of the end of the Reporting Period . Commissioning, qualification and validation work are ongoing with production expected in 2022. Once completed, this "Factory of the Future" will be one of the world's largest facilities using single-use bioreactors alongside next generation continuous manufacturing process technology.

- The Group's vaccines facility in Ireland also steadily progressed. As of the end of the Reporting Period, its modular lab was released into operation and is generating revenue. It was announced the Winner of the Large Pharma Project of the Year by Ireland's 2020 Pharma Industry Awards. The main facility is expected to achieve "weather-tight" status in early 2021.

- To meet increasing demand from the U.S. market, the Group has taken firm steps to establish and expand its capacity there:

  - During the Reporting Period, the Group signed a land purchase agreement and broke ground on a new biologics Development and Manufacturing Facility (**MFG11**) in Worcester, Massachusetts, a biotechnology hub. This 107,000 square-foot facility will enable biomanufacturing from late-phase clinical to commercial production and is expected to be completed in 2023.

  - The Group's Manufacturing Facility 18 (**MFG18**) in Cranbury, New Jersey, is expected to commence production in 2021 as the Group's first manufacturing facility to be operational in the U.S. This 66,000 square-foot cGMP clinical manufacturing facility will have full process development capability, from cell line development to non-GMP pilot production. With a clinical DP manufacturing expansion plan expected in the near future, MFG18 will soon provide comprehensive services within the Group's global site network.

  - In addition, the Group opened a 33,000 square-foot process development and testing lab in King of Prussia, Pennsylvania (**KOP**) during the Reporting Period. The KOP facility further enables the Group to work with both local and global partners to advance their innovative and life-saving products.

- The Group's new site in the Fengxian district of Shanghai will become a comprehensive one-stop center for biologics discovery, development, and clinical and commercial manufacturing. Phase I construction, which consists of a 34,000 square meter six-story building that houses laboratories and facilities for biologics discovery and development, has been completed and will begin full operation in early 2021. Phase II construction consisting of four buildings totaling 60,000 square meters, is in progress smoothly with a completion rate of 70% by the end of the Reporting Period. Altogether, including the future Phase III facilities, the total area of this new state-of-the-art biologics center will be 150,000 square meters.

- The Group's Manufacturing Facility 5 (**MFG5**), located in Wuxi city, is progressing well to be GMP released in 2021. Once completed, MFG5 will be the world's largest single-use bioreactor-based cGMP biologics facility. It will host a nine 4,000L bioreactor line and a twelve 2,000L bioreactor line for commercial DS production. In early 2021, its nine 4,000L single-use bioreactors line has successfully launched GMP operation, which greatly enhanced the Group's capability to enable global clients and partners.

- The Group's Manufacturing Facility 8 (**MFG8**) broke ground in 2018 at Shijiazhuang, the capital city of the Hebei Province in Northern China. With a planned capacity of 48,000L, MFG8 is designed to meet the rigorous international cGMP standards of the U.S., EU and China. The outer shells of the facility were completed during the Reporting Period.

- The Group's biologics integrated innovation center has been in operation in Hangzhou, Zhejiang Province, China since November 2020. From process development to analytical testing, from cGMP DS manufacturing to robotic aseptic DP filling, the innovation center in Hangzhou will provide a full spectrum of services to next-generation biological products based on viral production (**MFG13**) and microbial fermentation (**MFG14**) platforms as part of the Group's continuous efforts to meet the surging demand from these new modalities.

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 Group'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 global COVID-19 pandemic dramatically influenced the way the Group interacted with its clients and partners, especially in North America and Europe, as more digital and web-based methods were employed. Throughout the Reporting Period, as all major conferences and trade events globally were cancelled and as client on-site meetings were dramatically reduced due to COVID-19 risk mitigation protocols, the Group adapted quickly to the new digital and web-based meeting options that were provided by conference providers and its client's and the Group's own digital meeting tools. For example, the Group was still able to participate in events like BIO 2020 and BioEurope using web-based and digital communication platforms. Not letting the lack of face-to-face meetings impact our outreach endeavors, the Group increased its efforts to contact executives and other key industry leaders from biopharma and pharma companies worldwide to keep communication channels open and flowing.

During the Reporting Period, the Group used multiple digital marketing and promotional strategies that included advertisements, company press releases, social media, webinars, podcasts and email marketing and advertising to promote its various technologies and platforms, including the exciting WuXiBody® bispecific antibody platform, proprietary WuXia™ cell line development system, novel formulation and fill capabilities, facility expansions throughout China, Europe and the U.S., "Global Dual Sourcing within WuXi Bio" strategy and the WuXiUP™ continuous manufacturing platform. In the fourth quarter of 2020, special emphasis was placed on promoting the Group's single-source ADC/bioconjugates capabilities and our industry leading DNA to IND timelines. A successful informational webinar to the global drug development market on how these timelines expedited critical COVID-19 biologics into clinical trials for all those affected by the pandemic. Using this digital and global multichannel marketing approach to highlight its differentiated competitive strengths, the Group once again solidified its role as the world's leading premier supplier and partner in the biologics industry.

Strategic Collaborations with Global Partners

Despite various constraints imposed by the pandemic, the Group continued to form strategic partnerships and introduce more biologics projects into the pipeline by leveraging its cutting-edge technologies, best-in-industry timelines, excellent track record and unparalleled capacity with the "Win-the-Molecule" strategy and the "Global Dual Sourcing within WuXi Bio" manufacturing paradigm.

- Strategic collaboration with Almirall, S.A. ("**Almirall**"), a leading dermatological pharmaceutical company listed on the Spanish Stock Exchange (Stock code: ALM), to enable Almirall to leverage the Group's various technology platforms including the proprietary WuXiBody® platform to develop bispecific antibodies for dermatological diseases;

- Development and manufacturing collaboration with Vir Biotechnology, Inc. (NASDAQ: VIR), a clinical-stage immunology company focused on combining immunologic insights with cutting-edge technologies to treat and prevent serious infectious diseases, to advance and produce human monoclonal antibodies for the potential treatment of COVID-19;

- Strategic collaboration with Aravive, Inc. (NASDAQ: ARAV), a clinical-stage biopharmaceutical company, using the WuXiBody® platform to develop high-affinity bispecific antibodies for a target implicated in cancer and fibrosis;

- Strategic collaboration with Tubulis GmbH ("**Tubulis**") and STA Pharmaceutical Co., Ltd. ("**WuXi STA**") to advance Tubulis' next generation ADCs towards IND-enabling studies. Tubulis is a Germany-based company that generates uniquely matched protein-drug conjugates by combining proprietary novel technologies with disease-specific biology. In accordance with the partnership agreement, the Group and WuXi STA will become the CDMO partners for Tubulis and will perform scale-up, process development and GMP manufacturing for the ADC product intermediates;

- Expansion of a strategic relationship with Arcus Biosciences, Inc. ("**Arcus**") (NYSE: RCUS), an oncology-focused biopharmaceutical company, to aid in discovering anti-CD39 antibodies. This is the fourth antibody development program collaboration using the Group's proprietary technology;

- Strengthened a strategic partnership with AC Immune SA ("**AC Immune**") (NASDAQ: ACIU), a Switzerland-based, clinical-stage biopharmaceutical company with a broad pipeline focused on neurodegenerative diseases, to accelerate advancement of AC Immune's TDP-43 antibody into clinical development for NeuroOrphan indications. The expansion of the partnership reflects the extensive trust and recognition of the Group by AC Immune; and

- Collaboration with AB2 Bio Ltd. ("**AB2 Bio**"), a Switzerland-based advanced clinical-stage biotech company developing innovative therapies for the treatment of severe systemic autoinflammatory diseases, to set-up and accelerate commercial-scale manufacturing of Tadekinig alfa, AB2 Bio's novel recombinant IL-18 binding protein.

Environmental, Social and Governance (ESG)

During the Reporting Period, the Group continued to advance its mission of accelerating and transforming the discovery, development and manufacturing of biologics. The Group strived to enforce the highest ESG standards by, among others, adopting various environmentally friendly technologies to protect natural resources, launching more Corporate Social Responsibility (**CSR**) initiatives to benefit global employees, partners, patients and communities and reorganizing the ESG taskforce to prioritize the efforts of

fulfilling the social responsibility and contributing to global sustainable development goals. As a recognition to these endeavors, the Group was granted an A rating by the MSCI ESG assessment and received ESG awards during the Reporting Period. Please refer to the section headed "**Company Awards**".

Company Awards

In acknowledgment of its outstanding performance achieved in providing industry-leading service to accelerate and transform biologics development, as well as its continuous effort in Environmental, Social and Governance (**ESG**), the Group received and won more recognitions and awards during the Reporting Period. Certain honors include:

- Forbes Asia's Best Under A Billion 2020;

- 2020 CMO Leadership Awards from Life Science Leader for the third consecutive year in all six categories (Quality, Reliability, Service, Expertise, Capabilities and Compatibility) across both the Big Pharma and Overall groups; the highly-coveted, hard-earned honors underscore the Group's steadfast determination and unremitting pursuit of premier quality, first-class service, efficient execution, and rising influence for our global partners;

- 2020 Top Graduate Employers Award in China (「中國大學生喜愛僱主」) from The Top Graduate Employers, co-launched by 51job.com, the leading integrated human resources service provider in China, and yingjiesheng.com, the leading online job search portal for college users in China; this award was granted for the Group's systematic plans to attract and train talent and enormous efforts to create a good working environment for employees to gain respect, passion and rapid personal development;

- Most Honored Company and Best ESG awards by Institutional Investor, an international financial publication, which affirms the Group's high-performing leadership team, investor relations management, and dedication to ESG practices;

- Golden Hong Kong Stock, Best Investor Relationship (IR) and Best Public Relationship (PR) awards from 2019 Golden Hong Kong Stock Awards (智通財經和同花順「金港股大獎」、「最佳投資者關係獎」及「最佳公共關係獎」);

- Best Investor Relationship Management Hong Kong Listed Company from Newfortune, China's leading finance media, for the second consecutive year (中國知名財經媒體新財富「最佳 IR 港股公司」); and

- Best Corporate Governance Awards 2020 from Hong Kong Institute of Certified Public Accountants.

Investors Relations

The Group prioritizes its efforts to maintain effective communication with shareholders and investors to sustain high corporate transparency. The Group has taken a multichannel approach to ensure that the shareholders and investors have timely access to the Group's key business imperatives. These communication tools include announcements, press releases, general meetings, interim and annual reports and a company-sponsored Investor Day, etc.

The Group promptly and proactively responded to the impact brought by the COVID-19 pandemic by instituting more web-based communication, such as live broadcasting and teleconferences for the annual and interim results announcements, Investor Day and investor meetings. To promote effective communication, the Group has also participated in several investment forums and road shows to maintain ongoing communication with investors and shareholders globally. In addition, due to the continued impact of the COVID-19 pandemic on a global scale, the Group held an additional conference call in October 2020 to make sure the shareholders and investors were kept posted of the Group's latest business developments.

Apart from participating in meetings and road shows, the Group's investors and shareholders can also get easy access to the announcements, press releases, and company presentations through the Group's website. The Group has also established a section within the Group's website for investors to make inquiries, and endeavors to ensure timely reply, thus further facilitating a high degree of transparency.

The Group always places a high value on investors' feedback. Thus, a survey was conducted during the Reporting Period to hear back from shareholders and investors. This can help the Group better summarize its past efforts and further improve investor relations initiatives in the future.

Through the above efforts, within the Reporting Period, the Group has been well recognized by the capital market. The Group has been included in Hang Seng Index in September 2020, marking another great milestone since its listing in 2017. Furthermore, the Group has won several awards during the Reporting Period, please refer to the section headed "**Company Awards**".

Index Inclusion

- Hang Seng Index
- Hang Seng HK 35 Index
- Hang Seng Composite Index
- Hang Seng Composite LargeCap & MidCap Index
- Hang Seng Composite LargeCap Index
- Hang Seng Hong Kong-Listed Biotech Index
- Hang Seng Healthcare Index
- Hang Seng SCHK HK Companies Index
- Hang Seng SCHK ex-AH Companies Index
- Hang Seng Stock Connect Hong Kong Index
- Loncar China BioPharma Index
- MSCI China Index

Future Outlook

The COVID-19 outbreak impacted the global economic, geopolitical and technological landscape. Even though COVID-19 vaccines were developed and brought to market sooner than expected, the world's economic output was reported to be substantially lower than it would have been otherwise.

The COVID-19 pandemic has not just brought about the need for change, it also points the way forward — innovation. During this period, technology innovation has not only connected work, families and businesses like never before, but also resulted in cutting-edge healthcare solutions. In particular, the biologics community quickly mobilized to develop vaccines for COVID-19 and made enormous strides in record time. Currently, several vaccines have been approved for use by national authorities and more than 150 candidates are at various stages of development. Biologics outsourcing, benefiting from its inherent flexibility and capacity advantages, is being viewed as indispensable to accommodate these emerging COVID-19 vaccine projects in such a short time frame.

In addition to supporting the demand for COVID-19 vaccines, biologics outsourcing has a more sustained benefit. As the biologics are encountering ever-increasing complexities, cutting-edge technologies, extensive expertise, experience and massive capital expenditure are essential to develop innovative biologics. However, it is not only costly, but also risky for pharmaceutical companies to establish sophisticated in-house infrastructure of

advanced biologics, even for big pharmaceutical companies. The biologics industry is more comfortable with the business model that outsources certain or all discovery, development and manufacturing functions to experienced CDMOs, especially single-source CDMOs, for the most optimal use of both sides' know-how, resources and infrastructure. Biologics outsourcing becomes necessary for small and medium-sized biotech companies entering the market as they lack their own internal capability and capacity. Increased pressures on big pharmaceutical companies to roll out products, reduce costs and diversify supply chains may also lead them to outsource to experienced CDMOs. At the same time, through continuous expansion of their own service chains, CDMOs gradually participate in the end-to-end industry supply chain model by developing long-term and in-depth strategic partnerships with clients. This enhances client loyalty and satisfaction and also helps clients improve efficiency, control costs and reduce asset burdens.

From startups to multinational companies, the biologics industry constantly seeks agile, reliable and qualified partners to meet the increasing demand for drug substances, drug products and, ideally, integrated supply services. The demand for CDMO support will endure. Biopharma companies expect to outsource more. The global biologics CDMO market is expected to reach US$16.9 billion by 2025, registering a CAGR of 11.2% during 2020 to 2025.

In recent years, China has gradually become a hub for biologics CDMOs. China has also become the world's second-largest biologics industry following the U.S. due to the emergence of some 140 new biotechnology firms in the past decade. Together with various regulation and policy reforms, China's biologics boom has been unleashed. The mode of consistency assessment and bulk purchase is forcing Chinese pharmaceutical enterprises to innovate, and China-based pharmaceutical enterprises will better survive if they continuously increase investment in research and development and develop innovative drugs with real clinical value. In addition, the introduction of major regulatory reforms that include the revision of its Drug Administration Law, the new Vaccine Administration Law, the MAH system and a number of policies encouraging innovation, such as clinical trial notification and self-reporting of clinical trial sites, the priority review, patent compensation system given to novel drugs, and data protection of drug trials have driven China's biologics industry to evolve from a fast follower to a true innovator. China's biologics CDMO industry will therefore continue to thrive in the coming years.

The Group will continue to maintain its leading role by investing in cutting-edge technology platforms and state-of-the-art infrastructure. With ever-evolving capabilities and capacity — including but not limited to the world-class ADC center, bispecific antibody technology platform WuXiBody®, "Factory of the Future" and the integrated vaccines manufacturing facility in Ireland — the Group will obtain more business opportunities and boost its milestones and revenue streams by attracting more clients and introducing more biologics into its pipeline.

History tells us that humankind often ends up in a better place. Looking further ahead, we take a more sanguine view even in the face of challenges posed by the COVID-19 pandemic. Using our most comprehensive capabilities and technology platforms, we will strive to support the global biologics community as we continue to work towards the development of new drugs and vaccines. We are confident that our efforts and dedication will enable our clients and partners to benefit patients worldwide.

Financial Review

Revenue

The revenue of the Group increased by 40.9% from approximately RMB3,983.7 million for the year ended December 31, 2019 to approximately RMB5,612.4 million for the year ended December 31, 2020. Such increase was mainly attributed to (i) leading technology platform, best-in-industry timeline and excellent execution track record contributing to significantly higher market share of new integrated projects; (ii) successful launch of "Win-the-Molecule" strategy adding considerable late-stage pipeline and near-term revenue; (iii) acceleration and efficient execution of more COVID-19 projects to support and enable the Group's global customers in the second half of 2020; and (iv) strong growth of milestone revenue generated from the Group's various technology platforms.

The revenue of the Group has maintained a strong growth during the Reporting Period. The Group derived a vast majority of its revenue from providing services to customers headquartered in North America and the PRC. The table below shows the revenue distribution by countries/regions:

	Year ended December 31,			
	2020		2019	
Revenue	***RMB million***	**%**	*RMB million*	*%*
— North America	**2,479.2**	**44.2%**	2,137.5	53.7%
— PRC	**2,464.1**	**43.9%**	1,407.6	35.3%
— Europe	**446.6**	**8.0%**	311.5	7.8%
— Rest of the world *(Note)*	**222.5**	**3.9%**	127.1	3.2%
Total	**5,612.4**	**100.0%**	3,983.7	100.0%

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

For the year ended December 31, 2020, the pre-IND services revenue of the Group increased by 54.8% to approximately RMB2,800.3 million, accounting for 49.9% of the total revenue. On the other hand, the post-IND services revenue of the Group increased by 26.6% to approximately RMB2,724.8 million, accounting for 48.5% of the total revenue, as a result of more projects progressing from pre-IND stage to subsequent stages such as early-phase and late-phase stages.

The following table sets forth a breakdown of the Group's revenue by pre-IND services, post-IND services and others for the years indicated:

	Year ended December 31,			
	2020		2019	
	RMB million	*%*	*RMB million*	*%*
Pre-IND services	**2,800.3**	**49.9%**	1,808.4	45.4%
Post-IND services	**2,724.8**	**48.5%**	2,152.0	54.0%
Others *(Note)*	**87.3**	**1.6%**	23.3	0.6%
Total	**5,612.4**	**100.0%**	3,983.7	100.0%

Note: Others mainly included revenue from Pinghu U-Pure Biosciences Co., Ltd. ("**U-Pure**") and BestChrom (Shanghai) Biosciences Co., Ltd. ("**BestChrom**"), two non-wholly owned subsidiaries which were acquired in the second half of 2019. U-Pure and BestChrom primarily engage in production and sale of biologics purification medium and chromatographic column.

The top 5 customers' revenue increased by 34.2% from approximately RMB1,255.7 million for the year ended December 31, 2019 to approximately RMB1,684.7 million for the year ended December 31, 2020, accounting for 30.0% of total revenue for the year ended December 31, 2020, as compared to 31.5% for the year ended December 31, 2019.

The top 10 customers' revenue increased by 17.7% from approximately RMB1,976.3 million for the year ended December 31, 2019 to approximately RMB2,326.9 million for the year ended December 31, 2020, accounting for 41.5% of total revenue for the year ended December 31, 2020, as compared to 49.6% for the year ended December 31, 2019.

Cost of Sales and Services

The cost of sales and services of the Group increased by 32.5% from approximately RMB2,324.9 million for the year ended December 31, 2019 to approximately RMB3,079.4 million for the year ended December 31, 2020. The increase of the cost of sales and services was in line with the Group's business and revenue growth.

The cost of sales and 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 the purchase cost of raw materials used in the Group's services rendering and manufacturing. Overhead primarily consists of depreciation charges of the facilities and equipment in use, outsourced testing service fees, utilities and maintenance, etc.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 52.7% from approximately RMB1,658.8 million for the year ended December 31, 2019 to approximately RMB2,533.0 million for the year ended December 31, 2020. The Group's gross profit margin increased from 41.6% for the year ended December 31, 2019 to 45.1% for the year ended December 31, 2020. The increase in the gross profit margin was primarily attributable to (i) the Group's robust increase in the number of integrated projects; (ii) significant improvement in capacity utilization of our existing manufacture facilities which enabled delivery of more production batches; (iii) continuous operational efficiency enhancement in development business which minimized leading time and enabled delivery of more pre-IND projects under severe time stress; (iv) strong growth of milestone revenue with higher gross margin generated from projects progressed along the value chain and more out-license new projects; and (v) partially offset by ramp-up of new facilities.

Other Income

The other income of the Group mainly consists of government grants and interest income from banks and other financial assets at amortized cost. The other income of the Group increased by 22.3% from approximately RMB179.9 million for the year ended December 31, 2019 to approximately RMB220.1 million for the year ended December 31, 2020, primarily due to both increases in government grants and interest income.

Impairment Losses, Net of Reversal

Impairment losses, net of reversal of the Group represent loss allowances on the Group's financial assets (including trade and other receivables and contract assets). Given the adverse impact of the COVID-19 pandemic on the global economy, the Group has experienced longer collecting cycles from some of its customers. During 2020, the revenue derived from the customers headquartered in China increased sharply by 75.1%, as compared to the revenue increase of 16.0% from the customers headquartered in North America. Due to longer historical collection cycles of the customers headquartered in China, the Group has conservatively recorded approximately RMB121.1 million impairment losses for the year of 2020, as compared to approximately RMB6.8 million for the year of 2019. To mitigate the risks from receivables collection, the Group has implemented stringent controls over

its down-payment requirements, enhanced due-diligence procedure on new customers and involved top management's efforts on overdue receivables. The Group will continuously monitor and manage the collection of trade receivables by various means.

Other Gains and Losses

The other gains and losses of the Group primarily include gains or losses from foreign exchange revaluation and derivative financial instruments, fair value change on financial assets at fair value through profit or loss ("**FVTPL**"), investment income, etc. The net other gains of the Group increased by 1,218.1% from approximately RMB21.5 million for the year ended December 31, 2019 to approximately RMB283.4 million for the year ended December 31, 2020, primarily due to an increase in fair value gain on investments in listed equity securities amounting to approximately RMB341.6 million, which was partially offset by the foreign exchange loss amounting to approximately RMB91.3 million (for the year ended December 31, 2019: foreign exchange gain amounting to approximately RMB8.1 million), generated from revaluation of the foreign currencies denominated assets and liabilities of the Group, mainly as USD has been depreciated sharply against RMB during the year of 2020.

Selling and Marketing Expenses

The selling and marketing expenses of the Group increased by 22.4% from approximately RMB77.1 million for the year ended December 31, 2019 to approximately RMB94.4 million for the year ended December 31, 2020, mainly due to (i) our continuous efforts to enhance the capability of the Group's business development to keep dominant in the growing global market; and (ii) the amortization of customer relationship in intangible assets, which was generated from acquisition of U-Pure and BestChrom in the second half of 2019. As a result of strict control over expenses, the proportion of the selling and marketing expenses to the Group's total revenue decreased to 1.7% for the year ended December 31, 2020, as compared to 1.9% for the year ended December 31, 2019.

Administrative Expenses

The Group's administrative expenses increased by 39.2% from approximately RMB367.3 million for the year ended December 31, 2019 to approximately RMB511.4 million for the year ended December 31, 2020, primarily due to (i) an increase in staff related costs and administrative expenses to support the set-up of new sites in the U.S. and Europe and the Group's expansion into new business such as vaccines, ADC production, viral and microbial; and (ii) an increase in investment of IT infrastructure to strengthen the Group's corporate infrastructures.

Research and Development Expenses

The research and development expenses of the Group increased by 16.9% from approximately RMB259.7 million for the year ended December 31, 2019 to approximately RMB303.7 million for the year ended December 31, 2020, as a result of our continuous investment in innovation and technologies to enhance the Group's core competitiveness in the evolving industry.

Finance Costs

The finance costs of the Group mainly include interest expense on lease liabilities, interest expense on bank borrowings and interest expense on financing component of advance received from a customer. The finance costs of the Group increased by 117.9% from approximately RMB19.6 million for the year ended December 31, 2019 to approximately RMB42.7 million for the year ended December 31, 2020, mainly due to (i) an increase of interest expense on bank borrowings, since the Group has utilized the bank loans as financing measures from the second half of 2019; (ii) an increase of interest expense on lease liabilities, since more new lease agreements have been entered into, in line with the Group's business expansion around the world; and (iii) interest expense newly generated from financing component of advance received which was presented as non-current contract liabilities.

Income Tax Expense

The income tax expense of the Group increased by 134.8% from approximately RMB116.3 million for the year ended December 31, 2019 to approximately RMB273.1 million for the year ended December 31, 2020, in line with the profit growth of the Group. The effective income tax rate increased from approximately 10.3% for the year ended December 31, 2019 to approximately 13.9% for the year ended December 31, 2020, along with an increase in profit before tax.

Net Profit and Net Profit Margin

As a result of the foregoings, the net profit of the Group increased by 67.5% from approximately RMB1,010.3 million for the year ended December 31, 2019 to approximately RMB1,692.7 million for the year ended December 31, 2020. The net profit margin of the Group for the year ended December 31, 2020 was 30.2%, as compared to 25.4% for the year ended December 31, 2019. The increase in net profit margin was primarily due to (i) the Group's robust increase in the number of integrated projects and as a result, strong growth in revenue; (ii) continuously improved capacity utilization and operating efficiency leading to the growth in gross profit; and (iii) growing gains from investments in listed equity securities, which was partially offset by the increase in impairment losses on the Group's financial assets.

The profit attributable to owners of the Company increased by 66.6% from approximately RMB1,013.8 million for the year ended December 31, 2019 to approximately RMB1,688.9 million for the year ended December 31, 2020. The margin of profit attributable to owners of the Company increased from 25.4% for the year ended December 31, 2019 to 30.1% for the year ended December 31, 2020. These increases followed the same set of reasons as discussed above.

Basic and Diluted Earnings Per Share

The basic earnings per share of the Group increased by 59.3% from RMB0.27[(1)] for the year ended December 31, 2019 to RMB0.43 for the year ended December 31, 2020. The diluted earnings per share of the Group increased by 60.0% from RMB0.25[(1)] for the year ended December 31, 2019 to RMB0.40 for the year ended December 31, 2020. The increase in the basic and diluted earnings per share was primarily due to the increase in net profit resulted from strong business growth of the Group as discussed above.

Property, Plant and Equipment

The balance of the property, plant and equipment of the Group increased by 89.3% from approximately RMB6,338.5 million as at December 31, 2019 to approximately RMB11,996.2 million as at December 31, 2020, primarily as a result of (i) on-going facility construction in various sites of the Group, mainly including Ireland sites; and (ii) the asset acquisition of drug product manufacturing facility in Germany, all following the Group's "Global Dual Sourcing within WuXi Bio" manufacturing paradigm.

Right-of-Use Assets

The balance of the right-of-use assets of the Group increased by 90.9% from approximately RMB457.9 million as at December 31, 2019 to approximately RMB874.2 million as at December 31, 2020, primarily due to the commencement of some new lease agreements during the Reporting Period, especially in Germany and U.S., in line with the Group's business expansion.

Investment in an Associate/Share of Profit (Loss) of an Associate

The investment in an associate of the Group represented the equity interest invested in Shanghai Duoning Biotechnology Co., Ltd. ("**Duoning**"), which was acquired in the year of 2019.

---

(1) Basic and diluted earnings per share were stated after taking into account the effect of the Share Subdivision. Comparative figures have also been restated on the assumption that the Share Subdivision had been effective in the prior year.

The balance of investment in Duoning increased by 506.8% from approximately RMB30.9 million as at December 31, 2019 to approximately RMB187.5 million as at December 31, 2020. The increase was mainly due to additional investment amounting to approximately RMB154.5 million in December 2020, and as a result, the proportion of equity interest held by the Group in Duoning increased from 8.13% as at December 31, 2019 to 15.86% as at December 31, 2020.

In December 2020, the Group entered into a lending agreement of RMB50.0 million with Duoning. As at December 31, 2020, the balance due from Duoning was presented in trade and other receivables. The principal and interest was fully collected by the Group in January 2021.

Financial Assets at FVTPL (Current Portion & Non-current Portion)

The financial assets at FVTPL of the Group mainly included investments in wealth management products purchased from several banks, listed equity securities and unlisted investments. The aggregated balances of the financial assets at FVTPL in the current assets and non-current assets of the Group increased by 137.1% from approximately RMB367.5 million as at December 31, 2019 to approximately RMB871.3 million as at December 31, 2020, mainly due to (i) fair value gain on investments of listed equity securities and unlisted investments, amounting to approximately RMB344.6 million; and (ii) new and further investments in a wide variety of companies in life science and healthcare industry to support the sustainable growth of the Group.

Inventories

The inventories of the Group increased by 171.5% from approximately RMB399.4 million as at December 31, 2019 to approximately RMB1,084.2 million as at December 31, 2020, mainly due to (i) more inventory stock held in various sites, along with the Group's business growth and premises expansion; and (ii) more raw materials imported and reserved in advance to tackle with the inconvenience of procurement and transportation of raw materials because of the COVID-19 pandemic.

Contract Costs

The contract costs of the Group increased by 38.0% from approximately RMB284.2 million as at December 31, 2019 to approximately RMB392.1 million as at December 31, 2020, mainly in line with the increment of on-going projects. The slower increasing trend as compared to the revenue growth was mainly due to the effective control on labor cost and overhead which optimized the production cost flow into contract cost, coupled with the better utilization of MFG capacity, which has lightened the burden of fixed cost of each batch and improved the turnover in the contract cost.

Trade and Other Receivables

The trade and other receivables of the Group increased by 86.7% from approximately RMB1,736.7 million as at December 31, 2019 to approximately RMB3,241.9 million as at December 31, 2020, primarily due to (i) an increase in trade receivables amounting to approximately RMB998.1 million, as a result of revenue growth coupled with slightly longer collection cycle because of the COVID-19 pandemic; and (ii) an increase in receivables for purchase of raw materials on behalf of customers amounting to approximately RMB230.0 million, in line with the increment of integrated projects. The Group has actively monitored and managed the collection of trade receivables by various means. Please refer to the section headed "Impairment Losses, Net of Reversal" in the announcement for more details.

Contract Assets

The contract assets of the Group decreased by 39.8% from approximately RMB40.0 million as at December 31, 2019 to approximately RMB24.1 million as at December 31, 2020, mainly due to that more projects have achieved the milestones stipulated in the contracts and have been reclassified to trade receivables accordingly.

Trade and Other Payables

The trade and other payables of the Group increased by 48.0% from approximately RMB1,843.7 million as at December 31, 2019 to approximately RMB2,728.5 million as at December 31, 2020, primarily due to (i) an increase in trade payables of approximately RMB460.2 million, in line with the increment of raw material reserve; (ii) an increase in salary and bonus payables of approximately RMB244.0 million, in line with the workforce growth of the Group; and (iii) an increase in payable for additional investment in Duoning in December 2020, amounting to approximately RMB154.5 million, which was partially offset by reclassification of advance received from a vaccine partner amounting to approximately RMB390.1 million to the contract liabilities.

Contract Liabilities (Current Portion & Non-current Portion)

The contract liabilities in the current liabilities of the Group increased by 97.7% from approximately RMB336.4 million as at December 31, 2019 to approximately RMB664.9 million as at December 31, 2020, mainly due to more contracts have been entered into, as a result of the Group's robust increase in the number of integrated projects, coupled with the management's efforts on stringent requirement of down-payments, as discussed in the section headed "Impairment Losses, Net of Reversal" in this announcement.

The contract liabilities in the non-current liabilities of the Group represented the total instalment received from a vaccine partner (as at December 31, 2019: the first instalment received was presented in trade and other payables). In February 2020, the Group entered into the vaccine manufacturing agreement with the vaccine partner, and thus the advance received was classified as non-current contract liabilities as the related services will be provided beyond twelve months.

Lease Liabilities (Current Portion & Non-current Portion)

The aggregated lease liabilities of the Group increased by 148.5% from approximately RMB292.6 million as at December 31, 2019 to approximately RMB727.2 million as at December 31, 2020, primarily due to more plants and offices have been leased to support the Group's business expansion globally, especially in Germany and the U.S..

Liquidity and Capital Resources

The aggregated balances of bank balances and cash and time deposits of the Group increased by 34.8% from approximately RMB6,205.5 million as at December 31, 2019 to approximately RMB8,368.1 million as at December 31, 2020. The increase was mainly due to (i) the receipt of placement proceeds of approximately RMB5,545.8 million in July 2020; and (ii) cash generated from business operations, which was partially offset by the increase in payment for purchase of property, plant and equipment, along with the expansion of the Group's facility construction.

Treasury Policy

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. The Group expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to internal financing and external financing at reasonable market rates. In order to better control and minimize the cost of funds, the Group's treasury activities are centralized and all cash transactions are dealt with the state-owned banks and international banks with good reputation.

The Group's treasury policies are also designated to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations. The cash and cash equivalents held by the Group are mainly composed of RMB and USD. The Group principally uses foreign currency forward contracts to hedge the foreign currency risks in the ordinary course of business.

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2020, there was no significant investment held by the Company, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Indebtedness

Borrowings

The aggregated borrowings of the Group increased by 37.0% from approximately RMB1,901.3 million as at December 31, 2019 to approximately RMB2,604.7 million as at December 31, 2020, mainly due to that more bank facilities have been utilized to support the continuous business expansion, especially the construction activities overseas.

Of the total borrowings as at December 31, 2020, RMB denominated borrowings amounted to approximately RMB85.1 million with the effective interest rate around 4.90% per annum; USD denominated borrowings amounted to approximately RMB2,283.7 million with the effective interest rate ranging from 1.25% to 3.68% per annum; and Euro denominated borrowings amounted to approximately RMB235.9 million with the effective interest rate around 1.50% per annum, respectively.

Among all, approximately RMB767.1 million will be due within one year; approximately RMB1,770.9 million will be due in more than one year but within two years; approximately RMB27.6 million will be due in more than two years but within five years; and approximately RMB39.1 million will be due after five years.

As at December 31, 2020, RMB denominated borrowings of approximately RMB85.1 million was secured against the Group's buildings, while the security registration was in progress. The remaining borrowings were unsecured.

Contingent Liabilities and Guarantees

As at December 31, 2020, the Group did not have any material contingent liabilities or guarantees.

Currency Risk

Following the "Global Dual Sourcing within WuXi Bio" manufacturing paradigm, the Group has continued its business expansion around the world. The Group's entities are exposed to foreign exchange risk of foreign currencies other than their functional currencies, primarily with respect to USD.

The majority of the Group's revenue was generated from sales denominated in USD, while most of the purchase activities of raw materials, property, plant and equipment and expenditures were settled in RMB (in China) and in Euro (in Ireland and Germany). During the Reporting Period, the exchange rate between USD and RMB has experienced an uneven fluctuation, and as a result, the Group's operating margins were inevitably impacted.

The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. The Group has engaged in a series of forward contracts to manage its currency risk. Hedge accounting is also adopted by the Group for derivatives to mitigate the impact on profit or loss due to the fluctuations in foreign currency exchange rates.

Charges of Assets

The Group pledged the bank deposits as collateral for the banks to issue the letter of credit and the letter of guarantee for the Group's purchase of property, plant and equipment. As at December 31, 2020, the pledged bank deposits amounted to approximately RMB528.8 million, representing an increase by 22.5% from approximately RMB431.6 million as at December 31, 2019, primarily due to an increase in bank deposits pledged for construction in Ireland.

Also, as at December 31, 2020, the buildings with carrying amounts of approximately RMB42.1 million has been pledged for RMB denominated borrowing of approximately RMB85.1 million in China.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings divided by total equity and multiplied by 100%. Gearing ratio decreased from 14.7% as at December 31, 2019 to 12.5% as at December 31, 2020, mainly due to the increase of reserves, as a result of net profit reported during the Reporting Period.

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided adjusted net profit, adjusted net profit margin, adjusted net profit attributable to owners of the Company, adjusted EBITDA, adjusted EBITDA margin and adjusted basic and diluted earnings per share as additional financial measures, which are not required by, or presented in accordance with IFRS.

The Group believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Group's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's core business. These non-IFRS financial measures, as the management of the Group believes, is widely accepted and adopted in the industry in which the Group is operating in. 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 IFRS. Shareholders of the Company and potential investors should not view the adjusted results on a stand-alone basis or as a substitute for results under IFRS. And these non-IFRS financial measures may not be comparable to the similarly-titled measures represented by other companies.

Additional information is provided below to reconcile adjusted net profit, EBITDA and adjusted EBITDA.

Adjusted Net Profit

	Year ended December 31,	
	2020	2019
	RMB million	*RMB million*
Net Profit	**1,692.7**	1,010.3
Add: Share-based compensation expense	**276.4**	202.7
Add: Foreign exchange loss (gain)	**91.3**	(8.1)
Less: Gains on fair value change of listed equity securities and unlisted investments at FVTPL	**(344.6)**	(3.5)
Adjusted Net Profit *(Note i and ii)*	**1,715.8**	1,201.4
Adjusted Net Profit Margin	***30.6%***	*30.2%*
Adjusted Net Profit Attributable to Owners of the Company	**1,722.0**	1,204.9
	RMB	*RMB* *(Note iii)*
Adjusted Earnings Per Share		
— Basic	**0.44**	0.32
— Diluted	**0.41**	0.30

Notes:

i. In order to better reflect the key performance of the Group's current business and operations, the adjusted net profit is calculated on the basis of net profit, excluding:

   a) share-based compensation expense, a non-cash expenditure;

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

c) gains or losses on fair value change of investments in listed equity securities and unlisted investments at FVTPL, a non-operating item.

ii. The adjusted net profit for the year ended December 31, 2019 disclosed herein is recalculated based on the calculation formula stated in Note i. The adjusted net profit, adjusted net profit attributable to owners of the Company and adjusted EBITDA disclosed in 2019 annual results announcement of the Company was RMB1,205.0 million, RMB1,208.4 million and RMB1,671.1 million respectively, calculated by excluding a) share-based compensation expense; and b) foreign exchange gain.

iii. Adjusted basic and diluted earnings per share were stated after taking into account the effect of the Share Subdivision. Comparative figures have also been restated on the assumption that the Share Subdivision had been effective in the prior year.

EBITDA and Adjusted EBITDA

		Year ended December 31,	
		2020	2019
		RMB million	*RMB million*
Net Profit		**1,692.7**	1,010.3
Add:	Income tax expense	**273.1**	116.3
	Interest expense	**42.7**	19.6
	Depreciation	**400.4**	309.4
	Amortization	**32.0**	20.8
EBITDA		**2,440.9**	1,476.4
EBITDA Margin		***43.5%***	*37.1%*
Add	Share-based compensation expense	**276.4**	202.7
Add:	Foreign exchange loss (gain)	**91.3**	(8.1)
Less:	Gains on fair value change of listed equity securities and unlisted investments at FVTPL	**(344.6)**	(3.5)
Adjusted EBITDA *(Note i and ii)*		**2,464.0**	1,667.5
Adjusted EBITDA Margin		***43.9%***	*41.9%*

Employees and Remuneration Policies

As of December 31 2020, the Group had a total of 6,646 employees. The staff costs, including Directors' emoluments but excluding any contributions to (i) retirement benefits scheme contributions; and (ii) share-based payment expenses, were approximately RMB1,787.7 million for the year ended December 31, 2020, as compared to approximately RMB1,078.8 million for the year ended December 31, 2019. 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, 2020.

OTHER INFORMATION

AGM and Closure of Register of Members

The AGM will be held on Wednesday, June 16, 2021. A notice convening the AGM is expected to be published and dispatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, June 10, 2021 to Wednesday, June 16, 2021, 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, non-registered holders of Shares shall ensure that 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, June 9, 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board is of the view that the Company has complied with all applicable code provisions of the CG Code throughout the Reporting Period. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

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. 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. 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 FROM LISTING

The total proceeds from the issue of new Shares by the Group in its Listing (after deducting the underwriting fees and related Listing expenses) amounted to approximately RMB3,437.8 million. The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been fully utilized in accordance with the purposes set out in the Prospectus by the end of December 2019.

USE OF PROCEEDS FROM PLACING

On March 21, 2018, the Company entered into a placing agreement with Morgan Stanley & Co. International plc (the "**Placing Agent**"), pursuant to which the Placing Agent agreed to place 57,000,000 shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors (the "**First Placing**"). The First Placing price was HK$70.00 per share.

The net proceeds from the First Placing were approximately RMB3,186.7 million, which have been 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. By the end of December 2020, the net proceeds have been fully utilized.

On October 31, 2019, the Company entered into a placing agreement with the Placing Agent, pursuant to which the Placing Agent agreed to place 46,500,000 shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors (the "**Second Placing**"). The Second Placing price was HK$85.00 per share.

The net proceeds from the Second Placing were approximately RMB3,512.2 million, which have been and will be used for the future expansion of the Group, including the capital requirements to support its development of vaccines and microbial based products as well as continuous global capacity expansion, as disclosed in the announcement of the Company dated November 1, 2019. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2020:

Use of proceeds	**Planned applications** *(RMB million)*	**Percentage of total net proceeds**	**Actual usage up to December 31, 2020** *(RMB million)*	**Net proceeds brought forward for the Reporting Period** *(RMB million)*	**Unutilized net proceeds as at December 31, 2020** *(RMB million)*	**Expected timeframe for utilizing the remaining unutilized net proceeds** [(1)]
To support its development of vaccines and microbial based products as well as continuous global capacity expansion	3,512.2	100%	2,726.4	3,512.2	785.8	By the end of 2021

Note:

(1) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

On June 29, 2020, the Company entered into a placing agreement with the Placing Agent, pursuant to which the Placing Agent agreed to place 45,000,000 shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors (the "**Third Placing**"). The Third Placing price was HK$137.00 per share.

The net proceeds from the Third Placing were approximately RMB5,545.8 million, which will be used for continuous global capacity expansion of the Group, including the construction of commercial manufacturing facilities in the United States for projects involving COVID-19 treatments and other related CDMO projects, acquisition of manufacturing facilities outside of the PRC and development of microbial facilities in the PRC, as well as for general corporate purposes of the Group, as disclosed in the announcement of the Company dated June 30, 2020. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2020:

Use of proceeds	**Planned applications** *(RMB million)*	**Percentage of total net proceeds**	**Actual usage up to December 31, 2020** *(RMB million)*	**Net proceeds brought forward for the Reporting Period** *(RMB million)*	**Unutilized net proceeds as at December 31, 2020** *(RMB million)*	**Expected timeframe for utilizing the remaining unutilized net proceeds** [(1)]
To construct commercial manufacturing facilities in the United States for projects involving COVID-19 treatments and other related CDMO projects, acquisition of manufacturing facilities outside of the PRC and development of microbial facilities in the PRC, as well as for general corporate purposes	5,545.8	100%	—	—	5,545.8	By the end of 2022

Note:

(1) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

On February 2, 2021, the Company entered into a placing agreement with the Placing Agent, pursuant to which the Placing Agent agreed to place 118,000,000 shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors (the "**Fourth Placing**"). The Fourth Placing price was HK$112.00 per share.

The closing of the Fourth Placing took place on February 10, 2021, which is after the Reporting Period. The net proceeds from the Fourth Placing were approximately HK$13,121.24 million, which will be used in the following manner: (i) approximately 40% will be used for merger and acquisition of additional capacities for drug substances/drug products (DS/DP) manufacturing to match a rapidly growing pipeline; (ii) approximately 40% will be used for building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms; (iii) approximately 10% will be used for investment in mRNA (messenger RNA) related technologies to further enable its global clients; and (iv) approximately 10% shall be used for general corporate purposes of the Group. The expected timeline for utilizing the net proceeds of the Fourth Placing is by the end of 2023. Such timeline is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

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 independent auditors of the Company, namely Messrs. Deloitte Touche Tohmatsu, have carried out a review of the annual financial information, which is based on the audited consolidated financial statements of the Group for the year ended December 31, 2020. The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the annual results for the year ended December 31, 2020) of the Group. The Audit Committee and the independent auditors considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2020 as set out in this announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

KEY EVENTS AFTER THE REPORTING PERIOD

The Group has the following events taken place subsequent to December 31, 2020:

- The Group has been named a winner of the 2021 "CMO Leadership Awards" for the fourth year in a row. The Group is proud to receive this distinction in all six award categories — capabilities, compatibility, expertise, quality, reliability, and service — and across the three respondent groups — Big Pharma, Small Pharma, and Overall (combined Big and Small Pharma). It is a great testimony to the efforts made by each of the Group's employees around the globe and to the satisfaction of our partners.

- On February 2, 2021, the Company and Placing Agent entered into the Primary Placing Agreement pursuant to which the Placing Agent agreed to place 118,000,000 Primary Placing Shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors at a price of HK$112.00 per share. The closing date is February 10, 2021 and net proceeds is approximately HK$13,121.24 million.

- On March 17, 2021, the Group entered into an equity agreement with Pfizer China to acquire its state-of-the-art biologics manufacturing facilities as well as its labor force in Hangzhou, China. The transaction is expected to close in the first half of 2021, which will immediately boost the commercial DS and DP capacities for the Group to address surging manufacturing demands.

- On March 18, 2021, the Group entered into a security purchase agreement with CBC Group, a healthcare-dedicated investment firm, and other companies including Ming Bioventures under which the Group will acquire over 90% interest of CMAB Biopharma Group ("**CMAB**"), a Contract Development and Manufacturing Organization (CDMO) based in Suzhou, China. The transaction is expected to close in the second quarter of 2021. Upon transaction completion, the Group will increase 7,000L DS capacity (**MFG21**) and DP capacity for liquid and lyophilization within its global manufacturing network.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.wuxibiologics.com). The annual report for the year ended December 31, 2020 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 Stock Exchange 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, 2020 and the Group's consolidated statement of financial position as at December 31, 2020, together with the comparative figures for corresponding period in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2020

	NOTES	**2020** ***RMB'000***	2019 *RMB'000*
Revenue	4	**5,612,384**	3,983,687
Cost of sales and services		**(3,079,418)**	(2,324,858)
Gross profit		**2,532,966**	1,658,829
Other income	5	**220,137**	179,869
Impairment losses, net of reversal		**(121,062)**	(6,842)
Other gains and losses	6	**283,404**	21,520
Selling and marketing expenses		**(94,415)**	(77,080)
Administrative expenses		**(511,436)**	(367,288)
Research and development expenses		**(303,734)**	(259,651)
Share of profit (loss) of an associate		**2,632**	(3,119)
Finance costs	7	**(42,732)**	(19,605)
Profit before tax	8	**1,965,760**	1,126,633
Income tax expense	9	**(273,066)**	(116,296)
Profit for the year		**1,692,694**	1,010,337
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(2,686)**	—
Items that may be reclassified subsequently to profit or loss:			
Exchange loss arising on translation of foreign operations		**(24,297)**	(2,628)
Fair value gain on hedging instruments designated in fair value hedges and cash flow hedges, net of income tax		**226,600**	3,419
Other comprehensive income for the year		**199,617**	791
Total comprehensive income for the year		**1,892,311**	1,011,128

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2020

	NOTE	**2020** ***RMB'000***	2019 *RMB'000*
Profit for the year attributable to:			
Owners of the Company		**1,688,886**	1,013,805
Non-controlling interests		**3,808**	(3,468)
		1,692,694	1,010,337
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,885,582**	1,014,596
Non-controlling interests		**6,729**	(3,468)
		1,892,311	1,011,128
		RMB	*RMB*
Earnings per share — Basic	10A	**0.43**	0.27
— Diluted	10A	**0.40**	0.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2020

	NOTES	**2020** **RMB'000**	2019 RMB'000
Non-current Assets			
Property, plant and equipment		**11,996,171**	6,338,457
Right-of-use assets		**874,153**	457,930
Goodwill		**185,408**	185,408
Intangible assets		**391,857**	415,845
Investment in an associate		**187,520**	30,857
Equity instruments at FVTOCI		**127,167**	138,826
Financial assets at FVTPL		**758,813**	282,479
Finance lease receivables		**87,672**	—
Derivative financial assets		**20,870**	—
Deferred tax assets		**80,136**	36,043
Other long-term deposits and prepayments		**49,478**	44,568
		14,759,245	7,930,413
Current Assets			
Inventories		**1,084,192**	399,389
Finance lease receivables		**8,615**	—
Trade and other receivables	11	**3,241,878**	1,736,659
Contract assets	12	**24,069**	39,981
Contract costs		**392,123**	284,235
Tax recoverable		**3,147**	10
Derivative financial assets		**440,997**	31,446
Financial assets at FVTPL		**112,469**	85,000
Other financial assets		**—**	458,000
Pledged bank deposits	13	**528,787**	431,640
Time deposits	13	**1,272,356**	—
Bank balances and cash	13	**7,095,735**	6,205,496
		14,204,368	9,671,856

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2020

	NOTES	**2020** ***RMB'000***	2019 *RMB'000*
Current Liabilities			
Trade and other payables	14	**2,728,543**	1,843,652
Borrowings	16	**767,126**	506,107
Contract liabilities	15	**664,863**	336,395
Income tax payable		**250,893**	142,149
Lease liabilities		**60,711**	26,489
Derivative financial liabilities		**26,112**	16,406
		4,498,248	2,871,198
Net Current Assets		**9,706,120**	6,800,658
Total Assets less Current Liabilities		**24,465,365**	14,731,071
Non-current Liabilities			
Deferred tax liabilities		**180,885**	24,734
Borrowings	16	**1,837,623**	1,395,240
Contract liabilities	15	**659,949**	—
Lease liabilities		**666,513**	266,112
Deferred income		**213,740**	148,885
Derivative financial liabilities		**7,259**	—
		3,565,969	1,834,971
Net Assets		**20,899,396**	12,896,100
Capital and Reserves			
Share capital	17	**225**	214
Reserves		**20,564,220**	12,784,149
Equity attributable to owners of the Company		**20,564,445**	12,784,363
Non-controlling interests		**334,951**	111,737
Total Equity		**20,899,396**	12,896,100

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.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	*Definition of Material*
Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*

In addition, the Group has early applied the Amendment to IFRS 16 *Covid-19-Related Rent Concessions*.

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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 each 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 Company) 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

An analysis of the Group's revenue from external customers, analyzed by their respective country/region of operation, is detailed below:

	2020	2019
	RMB'000	*RMB'000*
Revenue		
— North America	**2,479,155**	2,137,515
— PRC	**2,464,118**	1,407,617
— Europe	**446,604**	311,457
— Rest of the world	**222,507**	127,098
	5,612,384	3,983,687

As at December 31, 2020, the Group's non-current assets located in Ireland, Germany and USA amount to RMB5,835,495,000, RMB962,725,000 and RMB452,971,000 respectively (2019: RMB2,088,621,000, nil and RMB18,156,000), the remaining of the non-current assets are primarily located in the PRC.

Information about major customers

No revenue from customers contributes over 10% of the total revenue of the Group for both years.

5. OTHER INCOME

	2020	2019
	RMB'000	*RMB'000*
Interest income from banks and other financial assets at amortized cost	**80,864**	63,856
Government grants and subsidies related to		
— Asset *(Note i)*	**10,953**	10,137
— Income *(Note ii)*	**127,201**	92,112
Gain on non-refundable option fee	**—**	13,764
Others	**1,119**	—
	220,137	179,869

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

	2020	2019
	RMB'000	*RMB'000*
Net foreign exchange loss	**(91,298)**	(5,967)
Gain on derivative financial instruments	**—**	14,047
Fair value gain on		
— listed equity securities at FVTPL	**341,595**	—
— unlisted investments at FVTPL	**3,030**	3,515
Investment income from financial assets at FVTPL	**26,812**	11,896
Others	**3,265**	(1,971)
	283,404	21,520

7. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest expense on financing component of advance payments received from a customer	**8,377**	—
Interest expense on bank borrowings	**57,143**	12,427
Interest expense on lease liabilities	**20,901**	12,534
Less: amounts capitalized in the cost of qualifying assets	**(43,689)**	(5,356)
	42,732	19,605

Borrowing costs capitalized during the year arose on the specific borrowings with interest rate of 1.5% to 3.68% per annum (2019: 1.5% to 3.88%) to expenditure on qualifying assets, respectively.

8. PROFIT BEFORE TAX

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

	2020	2019
	RMB'000	*RMB'000*
Depreciation for property, plant and equipment	**358,754**	280,245
Depreciation for right-of-use assets	**68,234**	34,892
	426,988	315,137
Staff cost (including directors' emoluments):		
— Salaries and other benefits	**1,787,662**	1,078,786
— Retirement benefits scheme contributions	**102,849**	100,515
— Share-based payment expenses	**284,177**	203,938
	2,174,688	1,383,239
Impairment losses, net of reversal		
— Trade receivables	**116,679**	5,005
— Contract assets	**(567)**	1,714
— Receivables for purchase of raw materials on behalf of customers	**4,950**	123
	121,062	6,842
Amortization of intangible assets	**32,049**	20,814
Covid-19-related rent concessions	**(484)**	—
Auditors' remuneration	**4,280**	3,600
Write down of inventories (included in cost of sales and services)	**19,341**	3,561
Write down of contract costs (included in cost of sales and services)	**13,266**	9,372
Loss on disposal of property, plant and equipment	**2,660**	1,437
Cost of inventories recognized as an expense	**943,839**	728,042
Less: Capitalized in contract costs, property, plant and equipment	**773,472**	575,015

9. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Current tax:		
— the PRC Enterprise Income Tax ("**EIT**")	**272,590**	174,591
— Hong Kong Profits Tax	**36,061**	11,782
— US Federal and State Income Taxes	**—**	522
— UK Income Taxes	**—**	4
Over provision in prior years:		
— EIT and Hong Kong Profits Tax	**(108,805)**	(54,440)
	199,846	132,459
Deferred tax:		
— Current year	**73,220**	(16,163)
	273,066	116,296

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

Under the two-tiered profits tax rates regime in Hong Kong, 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%.

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 Biologics Co., Ltd. ("**WuXi Co.**"), WuXi Biologics (Shanghai) Co., Ltd. ("**Shanghai Biologics**"), WuXi Biologics (Suzhou) Co., Ltd. ("**Suzhou Biologics**"), U-Pure and WuXi Biologics (Beijing) Co., Ltd. ("**Beijing Biologics**").

WuXi Co., Suzhou Biologics and U-Pure were accredited as a "High and New Technology Enterprise" and entitled to a preferential EIT rate of 15% for each of the two years ended December 31, 2019 and 2020 respectively.

Shanghai Biologics was accredited as a "High and New Technology Enterprise" and entitled to preferential EIT rate of 12.5% and 15% for the year ended December 31, 2019 and 2020 respectively.

Beijing Biologics was accredited as a "Micro and Small Enterprise" and entitled to a preferential taxable income deduction rate of 75% and a preferential EIT rate of 20%.

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

10A. EARNINGS PER SHARE

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

	2020	2019
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	**1,688,886**	1,013,805

	2020	2019
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**3,952,963,529**	3,717,119,844
Effect of dilutive potential ordinary shares:		
Share options	**231,435,303**	266,039,109
Restricted shares	**24,770,504**	13,966,146
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,209,169,336**	3,997,125,099

The weighted average number of ordinary shares show above have been arrived at after deducting the weighted average effect on 42,434,881 shares (December 31, 2019: 24,554,598 shares) held by a trustee under Restricted Share Award Scheme and after adjusting the effect of Share Subdivision for the years ended December 31, 2019 and 2020.

The effect of dilutive potential ordinary shares (i.e. share options and restricted shares) show above and basic and diluted earnings per share were stated after taking into account the effect of the Share Subdivision.

Comparative figures have also been restated on the assumption that the Share Subdivision had been effective in the prior year.

10B. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables from contracts with customers		
— related parties	**6,113**	4,184
Less: Allowance for credit losses	**(20)**	(22)
— third parties	**2,504,003**	1,394,856
Less: Allowance for credit losses	**(177,398)**	(64,378)
	2,332,698	1,334,640
Bill receivables from contracts with customers	**5,160**	2,248
Receivables for purchase of raw materials on behalf of customers		
— third parties	**321,987**	87,080
Less: Allowance for credit losses	**(6,087)**	(1,137)
	315,900	85,943
Advances to suppliers	**35,718**	21,565
Prepayments	**6,629**	4,096
Payments for potential acquisition	**149,555**	—
Loan receivables	**50,000**	—
Other receivables	**42,996**	42,030
Value added tax recoverable	**303,222**	246,137
	588,120	313,828
Total trade and other receivables	**3,241,878**	1,736,659

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

	2020	2019
	RMB'000	*RMB'000*
Not past due	**1,517,790**	833,005
Within 90 days	**446,644**	309,276
91 days to 1 year	**286,697**	168,467
Over 1 year	**81,567**	23,892
	2,332,698	1,334,640

As at December 31, 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB814,908,000 (2019: RMB501,635,000) which are past due as at the reporting date. Out of the past due balances, RMB368,264,000 (2019: RMB192,359,000) has been past due 90 days or more and is not considered as in default as the amounts will be repaid by the customers based on the customers' promise and historical experience. The Group does not hold any collateral over these balances.

12. CONTRACT ASSETS

	2020	2019
	RMB'000	*RMB'000*
Contract assets	**31,854**	48,331
Less: Allowance for credit losses	**(7,785)**	(8,350)
	24,069	39,981

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. The contract assets are transferred to trade receivables when the rights become unconditional.

13. 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% to 2.38% per annum as at December 31, 2020 (2019: 0% to 3.32%).

Certain deposits are pledged to banks as collateral for the issue of standby letter of credit and the letter of guarantee in connection with the Group's purchase of property, plant and equipment. Such bank deposits carried fixed interest rate at 1.75% per annum as at December 31, 2020 (2019: 2.25%).

The time deposits as at December 31, 2020 carried fixed interests rate from 1.25% to 1.70% per annum and have maturity over three months (2019: Nil).

The Group performed impairment assessment on time deposits, pledged bank deposits and bank balances and concluded that the associated credit risk is limited because the counterparties are banks with high credit rating and good reputation.

14. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables		
— related parties	**33,212**	9,507
— third parties	**612,790**	176,303
	646,002	185,810
Other payables and accrual		
— related parties	**450**	736
— third parties	**655,299**	230,617
	655,749	231,353
Advance from Vaccine Partner *(Note i)*	**—**	390,125
Advance from disposal of property, plant and equipment	**—**	47,641
Payable for purchase of property, plant and equipment	**717,100**	695,798
Payable for acquisition of equity interests of an associate	**154,526**	—
Consideration payables for acquisition of subsidiaries	**23,018**	28,702
Salary and bonus payables	**500,993**	257,043
Other taxes payable	**31,155**	7,180
Trade and other payables	**2,728,543**	1,843,652

Note i: During the year of 2019, the Group entered into a letter of intent with an independent global vaccine leader (the "**Vaccine Partner**"), according to which the Group and the Vaccine Partner were contemplating entering into a contract manufacturing agreement (the "**Vaccine Manufacturing Agreement**") pursuant to which the Group shall build an integrated vaccine manufacturing facility in Ireland, and manufacture for, and supply to, the Vaccine Partner certain vaccine products. The Group received first instalment of US$55 million (equivalent to RMB390,125,000) in December 2019 and recognized the amount as "advance from Vaccine Partner".

In February 2020, the Group entered into the Vaccine Manufacturing Agreement with the Vaccine Partner. In February and June 2020, the Group received additional instalments of US$45 million from the Vaccine Partner and the total instalments are US$100 million (equivalent to RMB652,490,000) at December 31, 2020, which represents the Group's obligation to provide services to the Vaccine Partner and is recognized as contract liabilities. The contract liabilities are classified as non-current due to the related services will be provided beyond twelve months. The non-current contract liabilities amounted to RMB659,949,000 at December 31, 2020 after considering the financing components and the recognition of revenue during the current year.

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:

	2020	2019
	RMB'000	*RMB'000*
Within three months	**620,291**	165,838
Over three months but within one year	**25,031**	18,764
Over one year but within two years	**680**	1,208
	646,002	185,810

15. CONTRACT LIABILITIES

	2020	2019
	RMB'000	*RMB'000*
Contract liabilities	**1,324,812**	336,395
Less: Amounts shown under current liabilities	**664,863**	336,395
Amounts shown under non-current liabilities *(Note 14(i))*	**659,949**	—

16. BORROWINGS

	2020	2019
	RMB'000	*RMB'000*
Secured bank loans	**85,100**	—
Unsecured bank loans	**2,519,649**	1,901,347
	2,604,749	1,901,347
The carrying amounts of the above borrowings are repayable*:		
Within one year	**767,126**	506,107
Within a period of more than one year but not exceeding two years	**1,770,923**	139,524
Within a period of more than two years but not exceeding five years	**27,600**	1,255,716
Within a period of more than five years	**39,100**	—
	2,604,749	1,901,347
Less: Amounts due within one year shown under current liabilities	**(767,126)**	(506,107)
Amounts shown under non-current liabilities	**1,837,623**	1,395,240

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group's bank borrowings are as follows:

	2020	2019
	RMB'000	*RMB'000*
Fixed-rate borrowings	**85,100**	280,000
Variable-rate borrowings	**2,519,649**	1,621,347
	2,604,749	1,901,347

The Group's variable-rate borrowings carry interest at London Interbank Offered Rate ("**LIBOR**") plus 1.1% and 1.74%, and European Central Bank Rate plus 1.5%. Interest is reset each one to three months based on the contracts.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2020	2019
Effective interest rate:		
Fixed-rate borrowings	**3.70% to 4.90%**	3.70% to 3.92%
Variable-rate borrowings	**1.25% to 3.68%**	1.50% to 3.88%

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	2020	2019
	RMB'000	*RMB'000*
Floating rate		
— expiring within one year	**331,061**	775,740
— expiring beyond one year	**652,490**	697,620
Fixed rate		
— expiring within one year	**—**	160,000
	983,551	1,633,360

At December 31, 2020, the Group's borrowings is in the process of security registration with carrying amounts as follows:

	2020	2019
	RMB'000	*RMB'000*
Property, plant and equipment	**42,147**	—

17. SHARE CAPITAL

AUTHORIZED:

	Number of shares	Par value *US$*	Authorized share capital *US$*
At January 1, 2019 and December 31, 2019	2,000,000,000	0.000025	50,000
Share subdivision *(Note ii)*	4,000,000,000		—
At December 31, 2020	6,000,000,000	1/120,000	50,000

ISSUED AND FULLY PAID:

	Number of shares	Amount *US$*	Shown in the financial statements as *RMB'000*
At January 1, 2019	1,225,941,390	30,649	202
Issue of new shares	54,684,866	1,368	10
Exercise of pre-IPO share options	13,899,730	347	2
At December 31, 2019	1,294,525,986	32,364	214
Issue of new shares *(Note i)*	51,882,141	1,296	9
Exercise of pre-IPO share options prior to the Share Subdivision	14,317,347	358	1
Share subdivision *(Note ii)*	2,721,450,948	—	—
Exercise of pre-IPO share options after the Share Subdivision	2,586,638	22	1
At December 31, 2020	4,084,763,060	34,040	225

Notes:

i. On June 1, 2020, the Company issued and allotted 6,882,141 new ordinary shares at nil consideration to trustee under the Restricted Share Award Scheme. On July 8, 2020, the Company issued 45,000,000 new ordinary shares of US$0.000025 each through placement to certain independent third parties at a price of HK$137.00 per share. The net cash proceeds was HK$6,121,994,000 (equivalent to approximately RMB5,545,791,000), after deducting the issue cost of HK$43,006,000 (equivalent to approximately RMB38,959,000).

ii. Pursuant to a shareholders' resolution passed at an extraordinary general meeting on November 12, 2020, the authorized and issued shares of the Company were subdivided on the basis that every one issued share is subdivided into three subdivided shares (the "**Share Subdivision**"). The Share Subdivision became effective on November 16, 2020.

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

"AGM"	the annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"Business Continuity Plan"	he business continuity plan as adopted by the Group in light of the COVID-19 pandemic and its impact
"CDMO"	Contract development and manufacturing organization
"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 27 member states that are located primarily in Europe
"EU EMA"	European Medicines Agency
"GMP"	Good Manufacturing Practice
"Group" or "we" or "our"	the Company and its subsidiaries

"H.K. dollar(s)" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"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 of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"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, 2016, and amended on August 10, 2016, 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
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the one-year period from January 1, 2020 to December 31, 2020
"Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company on 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$1/120,000 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"U.S. FDA"	The Food and Drug Administration of the United States of America
"Written Guidelines"	the Written Guidelines for Securities Transactions by Directors adopted by the Company
"WuXi Vaccines"	WuXi Vaccines (Hong Kong) Limited, a limited company incorporated in Hong Kong and an indirect non-wholly owned subsidiary of the Company

In this announcement, the terms "associate", "connected person", "substantial shareholder" and "subsidiary" 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 23, 2021

As of 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. Kenneth Walton Hitchner III as independent non-executive Directors.

* *For identification purpose only*