



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

The background of the cover is a vibrant blue and purple gradient. It features a large, glowing DNA double helix structure on the left side. In the center and right, there are blurred images of a microscope and a pipette. The scene is filled with numerous small, glowing white and blue particles, creating a sense of scientific activity and discovery.

INTERIM REPORT  
2024

\* For identification purpose only

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Dr. Zhisheng Chen (*Chief Executive Officer*)

### Non-executive Directors

Dr. Ge Li (*Chairman*)

Dr. Weichang Zhou

Dr. Yibing Wu

Mr. Yanling Cao

### Independent Non-executive Directors

Mr. William Robert Keller

Mr. Kenneth Walton Hitchner III

Mr. Jackson Peter Tai

Dr. Jue Chen

## AUDIT COMMITTEE

Mr. Jackson Peter Tai (*Chairman*)

Mr. William Robert Keller

Mr. Kenneth Walton Hitchner III

## REMUNERATION COMMITTEE

Mr. William Robert Keller (*Chairman*)

Mr. Kenneth Walton Hitchner III

Mr. Jackson Peter Tai

## NOMINATION COMMITTEE

Dr. Ge Li (*Chairman*)

Mr. William Robert Keller

Mr. Jackson Peter Tai

## STRATEGY COMMITTEE

Dr. Zhisheng Chen (*Chairman*)

Dr. Ge Li

Dr. Yibing Wu

Dr. Weichang Zhou

Mr. William Robert Keller

Mr. Kenneth Walton Hitchner III

Dr. Jue Chen

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Dr. Zhisheng Chen (*Chairman*)

Mr. Kenneth Walton Hitchner III

Mr. William Robert Keller

Dr. Jue Chen

## AUTHORISED REPRESENTATIVES

Dr. Zhisheng Chen

Ms. Sham Ying Man

## JOINT COMPANY SECRETARIES

Mr. Huang Yue

Ms. Sham Ying Man

## REGISTERED OFFICE

PO Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

## CORPORATE HEADQUARTER

No. 108, Meiliang Road

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Wuxi

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# Corporate Information

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Hong Kong

## STOCK CODE

2269

## COMPANY WEBSITE

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## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR

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

## HONG KONG LEGAL ADVISER

Fangda Partners  
26/F One Exchange Square  
8 Connaught Place, Central  
Hong Kong

## AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditors*  
35/F One Pacific Place  
88 Queensway  
Hong Kong

# Financial Highlights

	Six months ended June 30,		
	2024	2023	Change
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	(%)
<b>Operating results</b>			
Revenue	8,574,214	8,492,046	1.0%
Gross profit	3,349,951	3,560,634	(5.9%)
Profit before tax	2,008,377	2,528,976	(20.6%)
Net profit	1,780,310	2,337,860	(23.9%)
Net profit attributable to owners of the Company	1,499,080	2,266,675	(33.9%)
Adjusted net profit <sup>(1)</sup>	2,544,800	2,925,580	(13.0%)
Adjusted net profit attributable to owners of the Company	2,250,303	2,838,304	(20.7%)
<b>Profitability</b>			
Gross margin (%)	39.1%	41.9%	
Net profit margin (%)	20.8%	27.5%	
Adjusted net profit margin (%)	29.7%	34.5%	
	As at June 30, 2024	As at December 31, 2023	Change
	RMB'000 (Unaudited)	RMB'000 (Audited)	(%)
<b>Financial position</b>			
Total assets	56,105,719	56,575,726	(0.8%)
Total liabilities	11,464,904	12,557,844	(8.7%)
Total equity	44,640,815	44,017,882	1.4%
Equity attributable to owners of the Company	40,655,213	40,331,597	0.8%
Bank balances and cash	9,153,528	9,669,839	(5.3%)

<sup>(1)</sup> Details are set out in "Non-IFRS Measures" on pages 28 to 30.

# Corporate Profile

The Group is a global leading open-access biologics CRDMO offering end-to-end solutions for biologics discovery, development and manufacturing. Biologics are a subset of pharmaceuticals and are revolutionizing the treatment of diseases in many major therapeutic areas globally. The Group's end-to-end CRDMO service platform enables it to provide service offerings covering the entire biologics development process as well as customized solutions to its clients according to their respective service requirements at any stage of the biologics development process.

The biologics development process typically spans five stages: (i) drug discovery, (ii) pre-clinical development, (iii) early-phase (phases I & II) clinical development, (iv) late-phase (phase III) clinical development, and (v) commercial manufacturing. Services required for the biologics development process can be grouped into two categories: (1) pre-IND services, which include services provided during the first two stages of the biologics development process, and (2) post-IND services, which include services provided during the remaining three stages of the biologics development process.

The Group's business model is built upon "Follow and Win the Molecule" strategies. Its clients' demand for its services typically increases as their biologics advance through the biologics development process and ultimately to commercial manufacturing. Consequently, the Group's revenue from each integrated project typically increases as the project advances.

# Management Discussion and Analysis

## BUSINESS REVIEW

### Overall Performance

During the Reporting Period, the Group sustained robust business development despite facing unprecedented challenges. Leveraging its unique CRDMO platform and "Follow and Win the Molecule" strategies, the Group continued to deliver solid results.

Specifically, the first half of 2024 still witnessed considerable growth in project numbers. The total number of integrated projects increased to 742 as of June 30, 2024, including 359 pre-clinical projects and 311 early-phase projects, demonstrating the Group's resilience and sustainable development capability. The Group's late-phase and non-COVID commercial manufacturing business also experienced solid growth, reaching a total of 72 projects as of June 30, 2024, accompanied by four "Win-the-Molecule" late-phase and commercial manufacturing projects, propelling our growth momentum.

The following table sets forth the status of the on-going integrated projects of the Group as at June 30, 2024:

Biologics Development Process Stage	Number of On-Going Integrated Projects <sup>(1)</sup>	Typical Duration	Typical Service Revenue <sup>(2)</sup>
Pre-IND			
— Pre-clinical development	359	1-2 years	US\$5-8 mm
Post-IND			
— Early-phase (phases I & II) clinical development:	311	3 years	US\$4-6 mm
— Phase I clinical development	224		
— Phase II clinical development	87		
— Late-phase (phase III) clinical development	56	3-5 years	US\$20-50 mm
— Commercial manufacturing <sup>(3)</sup>	16	Annually	US\$50-100 mm <sup>(4)</sup>
<b>Total</b>	<b>742</b>		

#### 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.

# Management Discussion and Analysis

- (3) The commercial manufacturing projects refer to the projects approved by regulatory authorities and signed CMO contracts with the Group.
- (4) Estimated value when biologic drug reaches its peak sales. A biologic drug typically reaches its peak sales after a ramp-up period.

The Group's revenue for the six months ended June 30, 2024 increased by 1.0% year-on-year to RMB8,574.2 million, with a year-on-year 7.7% increase in non-COVID revenue and a year-on-year 11.7% increase in the non-COVID late-phase and commercial manufacturing revenue. The gross profit decreased by 5.9% year-on-year to RMB3,350.0 million. The net profit attributable to owners of the Company and the adjusted net profit attributable to owners of the Company decreased by year-on-year 33.9% and 20.7% to RMB1,499.1 million and RMB2,250.3 million respectively. Please refer to the section headed "Financial Review" for further information. The Group's total backlog reached US\$20,105 million as of June 30, 2024, including US\$13,000 million service backlog and US\$7,105 million upcoming potential milestone fees, while the total backlog within three years reached US\$3,642 million as of June 30, 2024. The upcoming potential milestone fees may take longer to receive at various development stages as they depend on the success rate and progress of the projects which may not be within the Group's control.

The Group has collaborated with the world's top 20 pharmaceutical companies and most of the largest pharmaceutical companies in China. We further diversified our client base and continued to increase the number of clients served, reaffirming our commitment to provide fully integrated CRDMO services to our clients to develop biologics benefiting patients worldwide. The Group believes that continuous improvement of its capabilities and capacity, combined with unwavering collaboration and commitment to its clients and partners, will strengthen its value chain, enabling the Group to consistently seize market opportunities.



# Management Discussion and Analysis

## Business Highlights

### *CRDMO Platform — Research (R)*

The Group's research and discovery arm — the "R" in CRDMO — offers a comprehensive and streamlined suite of solutions for biologic discovery, from initial concept through IND, seamlessly integrating with CMC and downstream process development. The Group is committed to enhancing biologics generation and optimization capabilities, offering high-throughput protein production across small, medium, and large scales. By advancing its technology platforms, the Group continues to strengthen its position as an industry pioneer, expediting the discovery and development of diverse therapeutic biologics, including but not limited to:

- **Bispecific Antibodies.** Riding on its established expertise in the development of antibodies and its top team of scientists, the Group has undertaken over 50 different formats with over 120 bispecific projects. **WuXiBody™**, the Group's proprietary bispecific antibody platform, allows valency flexibility and permits the easy joining of almost any monoclonal antibody ("mAb") pair to build a bispecific antibody. **WuXiBody™** continues to gain industry recognition, reaching around 50 collaborations as of the end of the Reporting Period.



- **Multispecific Antibodies.** Drawing upon our technical capability of Variable Domain of Heavy-chain Antibodies ("VHH") libraries, advanced VHH immunization, VHH affinity maturation and humanization platforms and a deep understanding of disease and target biology, the Group has also developed the sophisticated VHH-based **SDArBody™** (Single-Domain Antibody-related Multispecific Antibody) platform, providing our clients with multi-functional therapeutic capabilities. **SDArBody™** has been applied extensively across a range of projects.



- **Tumor Associated Antigens ("TAA") mAb Technology.** The Group has developed comprehensive technologies for validating TAAs and utilized its advanced antibody discovery platforms to identify the best mAbs to TAAs to enable clients globally.

# Management Discussion and Analysis

- **T Cell Engager ("TCE") Platform.** The Group has harnessed its Immune Cell Engager platform to devise TCE in an optimized antibody format, exploring their potential as preeminent treatments for tumors in close collaboration with clients and partners.
- **Single B Cell Technology.** Using the Berkeley Light Beacon system, the Group's single B cell technology is applicable to a variety of species critical for lead generation of therapeutic antibodies. This significantly improved a variety of existing technologies, facilitating and enabling the discovery of valuable lead molecules for challenging targets.

With these cutting-edge technologies and platforms, the Group accelerated its initiatives to cultivate collaborations and enable clients to advance new biologics modalities, such as our discovery service agreement with GSK plc (LSE/NYSE: GSK) on multiple novel bi- and multi-specific TCE antibodies, our research service agreement with BioNTech SE (NASDAQ: BNTX) on discovering investigational mAbs, and our strategic partnership with Medigene AG (FSE: MDG1) to design and co-research T cell receptor (TCR)-guided TCE (TCR-TCEs) for the treatment of difficult-to-treat tumors. These collaborations are set to not only build trust with our clients but also enhance our biologics pipeline.

## ***CRDMO Platform — Development (D)***

To further enable our clients to deliver more high-quality and affordable biologics to patients worldwide, the Group's industry-leading biologics development team consistently drives innovation with the mission of "Turning Ideas into Life-Improving Biologics and Vaccines". As of the end of the Reporting Period, the Group had enabled over 550 INDs.

The Group consistently advances and provides cutting-edge technology platforms to accelerate biologics development and manufacturing, most notably:

- **WuXia™.** The Group's proprietary CHO (Chinese Hamster Ovary) cell line development platform WuXia™ enables 150 integrated CMC projects per year, one of the industry's largest capacities. The Group has delivered more than 900 cell lines, including five commercial products. Derived from WuXia™, WuXia<sup>ADCC</sup> PLUS™ is the Group's high-yielding mammalian cell line platform for the development and manufacturing of afucosylated antibodies to elicit an enhanced ADCC response. The WuXia<sup>ADCC</sup> PLUS™ cell line is compatible with the WuXia™ platform process, which enables the stable production of the afucosylated antibodies at various scales for clinical and commercial manufacturing.

# Management Discussion and Analysis

## WuXia™ WuXia+Plus<sup>ADCC</sup>™

- **WuXiUP™.** The Group's proprietary continuous bioprocessing platform WuXiUP™ 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. WuXiUP™ has been implemented in over 140 processes achieving productivity of 20–100 g/L.

## WuXiUP™

- **WuXiUI™.** In comparison with the conventional fed-batch process, the Group's new proprietary bioprocessing platform WuXiUI™ applies an innovative ultra-intensified intermittent-perfusion fed-batch (UI-IPFB) strategy to achieve 3–6 folds increase in productivity in a typical culture duration for over 35 cell lines expressing different types of recombinant proteins including mAbs, bispecific antibodies and fusion proteins, while ensuring high product quality and significantly reducing manufacturing costs.

## WuXiUI™

- **WuXiHigh™.** The Group's proprietary high concentration ( $\geq 100$  mg/mL) drug product ("DP") development platform WuXiHigh™ incorporates features such as high-throughput formulation screening strategies, novel methodology in viscosity reduction with proprietary viscosity-reducing excipients, and molecular dynamics simulation. As of the end of the Reporting Period, WuXiHigh™ platform had offered tailored solutions for over 100 projects (up to 230 mg/mL) with a wide range of modalities.

## WuXiHigh™

As a testament to the unique advantages of our CRDMO platform and industry-leading technologies, our client Curon Biopharmaceutical licensed its investigational B-cell depletion therapy CN201, which leveraged WuXiBody™, TCE platform, and WuXiUP™, to Merck & Co., Inc. recently.

# Management Discussion and Analysis

## *CRDMO Platform — Manufacturing (M)*

The Group operates several of the industry's leading biologics cGMP drug substance ("DS") manufacturing facilities that exclusively employ single-use bioreactors in scales extending from 200L to 4,000L. Meanwhile, the Group's one-stop comprehensive DP capabilities and capacity increased the spectrum of services offered to the biologics industry and enhanced the Group's revenue stream with state-of-the-art facilities and cutting-edge technologies, including integrated high throughput and automation instruments, pioneering lyophilization technologies, and advanced process development capabilities.



During the Reporting Period, the Group's manufacturing services accomplished considerable achievements through the implementation of our "Follow and Win the Molecule" and "Global Dual Sourcing" strategies:

- **Growing Projects.** Late-phase and non-COVID commercial manufacturing projects experienced solid growth, reaching a total of 72 projects as of the end of the Reporting Period, as well as four "Win-the-Molecule" late-phase and commercial manufacturing projects, reinforcing the outlook for long-term growth.
- **Outstanding Success.** The Group has maintained consistent track record in production delivery for late-phase and commercial products, achieving a success rate of around 98% for global manufacturing during the Reporting Period. In addition, the Group's facilities have completed DS and DP PPQ projects with a success rate exceeding 97% during the Reporting Period, establishing a sturdy foundation for the growth of commercial manufacturing projects following our "Global Dual Sourcing" strategy.
- **Increasing Capacity.** During the Reporting Period, the Group continued to build its capacity across multiple regions. Please also refer to the section headed "Geographic Footprint" for further information.

# Management Discussion and Analysis

## *New Growth Drivers*

Leveraging its extensive expertise across the entire biologics development lifecycle, the Group has strategically utilized its capabilities and capacity to establish integrated platforms for various emerging modalities. Since their inception, these platforms have thrived and expanded the Group's service offerings, positioning themselves as key drivers of the Group's development.



- **Microbial Platform.** The Group's microbial platform business continues to thrive. Both the signed microbial projects and the microbial molecules surged during the Reporting Period. The Group now provides comprehensive end-to-end one-stop solutions, covering CMC development and GMP manufacturing services for a wide range of biologics and vaccines produced from microbial-based systems. During the Reporting Period, substantial batches were successfully completed for various modalities spanning recombinant protein, virus-like particle, enzyme and etc.
- **WuXi XDC.** The Company's subsidiary WuXi XDC, a leading CRDMO focused on the global ADC and broader bioconjugate market and dedicated to providing integrated and comprehensive services, was listed on the Main Board on November 17, 2023 (stock code: 2268). As of the end of the Reporting Period, WuXi XDC had secured 167 integrated projects for ADCs and other bioconjugates globally with 29 in phase II/III.
- **WuXi Vaccines.** The Group's vaccine initiatives have sustained consistent growth and prosperity since 2018, driven by WuXi Vaccines, its subsidiary dedicated to offering comprehensive end-to-end vaccine CRDMO services. During the Reporting Period, the number of integrated projects of WuXi Vaccines reached 23, attesting to WuXi Vaccines' outstanding capabilities and capacity.

# Management Discussion and Analysis

## *Quality*

The Group consistently prioritizes quality, especially data integrity, at the forefront, ensuring the safeguarding of our clients' and partners' interests. With its world-class quality system, the Group has completed 37 regulatory inspections conducted by various national regulatory agencies (including 21 regulatory inspections from EU EMA and U.S. FDA) since 2017 with no critical issues identified and zero data integrity findings, which distinguishes the Group as the first biologics company certified by these regulatory agencies for commercial manufacturing in China. The Group has completed more than 1,400 GMP audits by global clients, and more than 160 audits by EU Qualified Persons ("**EU QP**"). The Group believes that these certificates will help manifest the Group's premier quality system that meets global quality standards and thereby benefits patients globally with biologics of better quality.

## *ESG*

The Group regards sustainability as the cornerstone of its business strategy, aligning the corporate vision and mission to drive long-term success. We embrace social and environmental responsibility and continue to deliver stronger ESG performance for the benefit of stakeholders and for the greater good of society. During the Reporting Period, the Group's ESG targets and metrics were prioritized and monitored in key areas, such as Diversity, Equity and Inclusion ("**DEI**"), climate change and energy saving, resource efficiency, etc.

The Group committed to the Science-Based Targets initiative ("**SBTi**"), established a dedicated DEI Committee, and became a signatory to the United Nations Global Compact. It has been recognized by various ESG rating agencies and institutional investors, notably: inclusion into the Dow Jones Sustainability World Index and Emerging Markets Index, an AAA rating from MSCI ESG Ratings, a Platinum Medal from EcoVadis, an ESG Industry Top-Rated and APAC Regional Top-Rated Company by Sustainalytics; and a score of A for Water Security and A- for Climate Change from CDP. During the Reporting Period, it was further selected into S&P Global Sustainability Yearbook 2024, and included in 2024 MSCI ESG Leaders Indexes and FTSE4Good Index Series.

# Management Discussion and Analysis

## *Geographic Footprint*

The Group's manufacturing capacity spans multiple regions, offering a flexible and efficient global supply chain. This network allows our clients to initiate new projects within four weeks and facilitates the distribution of biologics products from our facilities to locations worldwide. To meet growing demand and advance its "Global Dual Sourcing" strategy, the Group continued to build its manufacturing capacity during the Reporting Period, highlights include:

- In China, three sets of 5,000L single-use bioreactors were successfully installed at the Group's DS facility in Hangzhou site, increasing the site's total capacity to 23,000L, which will further enhance the Group's manufacturing capability for global clients;



- In Europe, the Phase 1 of the manufacturing facility MFG6 at Ireland site successfully completed its first PPQ campaign during the Reporting Period. The fit-out and commissioning, qualification, and validation ("CQV") of Phase 2 of the MFG6 are on schedule. Its engineering run is expected to take place this year, with commercial manufacturing scheduled to commence subsequently. In particular, the Ireland site has been almost fully booked for 2025, which serves as a testament to the Group's excellent strategy and execution. The construction of the second high-speed pre-filled syringes line at the German site is also expected to start soon;



# Management Discussion and Analysis

- In the U.S., the Group has opened its third global research service center and its first in the country — the Boston research service center. This center complements the full range of services the Group offers both within the U.S. and globally. Additionally, the Group's DS and DP manufacturing facilities in the U.S. in Cranbury, New Jersey are expected to achieve GMP readiness soon;



- The Group's Singapore site's groundbreaking has taken place and its engineering and construction are progressing as planned.

## ***WBS (WuXi Biologics Business System)***

WBS was introduced and implemented across all functions of the Group in 2021 to continuously improve efficiency and quality, reduce costs, and generate value for our clients. During the Reporting Period, by implementing approximately 60 Kaizen projects and events, the Group achieved considerable cost savings, along with significant inventory reduction, labor hour savings, and quality improvements. Additionally, ESG Kaizen projects contributed to the Group's ESG initiatives by achieving remarkable carbon reduction, material savings, waste reduction and recycling, and water savings. We will continue to develop WBS as a management system to drive continuous improvement and talent development, thus creating better value for our clients.

# Management Discussion and Analysis

## *Future Outlook*

Despite uncertainties in the industry and broader macro environment, the Group remains confident in its business growth, bolstered by its unique CRDMO business model and well-established "Follow and Win the Molecule" strategies.

A series of major biotechnology breakthroughs have occurred in recent years, such as bispecific and multispecific antibodies, ADCs, mRNA, creating new opportunities for the future of the biopharma industry. The thriving biologics industry brings growing demands for outsourcing services, and compared with self-built R&D and manufacturing facilities, a shift to a more cost-effective, efficient and professional integrated CRDMO outsourcing paradigm is more attractive to many clients.

As a trusted partner to biologics companies, the Group strives to provide one-stop, end-to-end CRDMO services to its clients. The Group's solid expertise in R&D, extensive CMC experience, strict adherence to international quality standards, industry-leading timelines, and diverse manufacturing footprint distinguish it from traditional CDMOs and empower the global biologics industry throughout the drug discovery, development, and manufacturing process, from concepts to pre-clinical research, clinical trials, and commercial manufacturing. With ever-evolving capabilities and capacity, the Group will obtain more business opportunities and boost its revenue streams by attracting more clients and introducing more biologics into its pipeline.

In addition, the Group has always been committed to serving and contributing to the global healthcare community, while adhering to the highest standards of regulatory compliance and operational excellence. The Group noted the introduction of the BIOSECURE Act in the U.S. Congress and subsequent amendments to it, including a proposed "grandfather" clause with transition period. The contents of such proposed legislation remain subject to further review and modification by the U.S. legislators and the legislative route also involves uncertainty. As a global biologics CRDMO platform, the Group does not have a human genomics business, nor does it collect human genomic data in any of its businesses around the world. The Group firmly believes that it has not, does not, and will not pose a security risk to the U.S. or any other countries. The Group will continue to closely monitor this process and remains committed to supporting its clients globally and to operating in accordance with the applicable laws and regulations of all jurisdictions where it has business operations.

Looking ahead, the Group will continue to maintain its financial strength, execute its "Follow and Win the Molecule" strategies on its unique CRDMO platform and prudently invest to enhance capabilities and capacity to deliver growth in 2024 and beyond. We are confident that our efforts and dedication will enable our clients to benefit patients worldwide.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

The Group recorded approximately RMB8,574.2 million in revenue for the six months ended June 30, 2024, which is comparable to approximately RMB8,492.0 million in revenue recorded during the same period in 2023, despite the COVID-related revenue and the revenue generated from the significant discovery service deals in the same period last year. The stable revenue, as compared to the same period last year, has been maintained due to (i) the execution of the Group's "Follow and Win the Molecule" strategies, coupled with the leading technology platform, best-in-industry timeline and excellent execution track records; (ii) enlarged spectrum of services offered to the biologics industry, fast growing technology platforms including ADCs and bispecific antibodies; in particular, the noteworthy increase in non-COVID revenue.

### Revenue by region

Reflecting the Group's global footprint, its revenue demonstrates diversification across a wide array of regions, including North America, Europe, and PRC. The table below shows the revenue distribution by countries/regions:

Revenue	Unaudited Six months ended June 30,			
	2024		2023	
	RMB million	%	RMB million	%
— North America	5,009.7	58.4%	3,927.9	46.3%
— Europe	1,863.0	21.7%	2,551.6	30.0%
— PRC	1,417.9	16.6%	1,792.5	21.1%
— Rest of the world ( <i>Note</i> )	283.6	3.3%	220.0	2.6%
Total	<u>8,574.2</u>	<u>100.0%</u>	<u>8,492.0</u>	<u>100.0%</u>

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

# Management Discussion and Analysis

## Revenue by phase

For the six months ended June 30, 2024, the pre-IND services revenue of the Group increased by 9.2% to approximately RMB3,068.0 million, accounting for 35.8% of the total revenue. Early-phase (phases I & II) services revenue of the Group decreased by 2.9% to approximately RMB1,893.0 million, accounting for 22.1% of the total revenue. Late-phase (phase III) services and commercial manufacturing revenue of the Group decreased by 4.7% to approximately RMB3,434.4 million, accounting for 40.0% of the total revenue. Excluding the COVID sales in the same period last year, late-phase and commercial manufacturing revenue grew by 11.7% in the Reporting Period.

The following table sets forth a breakdown of the Group's revenue by pre-IND services, early-phase (phases I & II) services, late-phase (phase III) services & commercial manufacturing and others for the periods indicated:

	Unaudited Six months ended June 30,			
	2024		2023	
	RMB million	%	RMB million	%
<b>Revenue</b>				
Pre-IND services	3,068.0	35.8%	2,810.7	33.1%
Early-phase (phases I & II) services	1,893.0	22.1%	1,949.7	23.0%
Late-phase (phase III) services & commercial manufacturing	3,434.4	40.0%	3,603.3	42.4%
Others ( <i>Note</i> )	178.8	2.1%	128.3	1.5%
Total	<u>8,574.2</u>	<u>100.0%</u>	<u>8,492.0</u>	<u>100.0%</u>

*Note:* Others mainly include sales of other biologics products by Bestchrom (Zhejiang) Biosciences Co., Ltd. and Bestchrom (Shanghai) Biosciences Co., Ltd., two non-wholly owned subsidiaries of the Group. These two companies primarily engage in production and sale of biologics purification medium and chromatographic column.

## Revenue by segment

The Group encompasses two primary business segments: biologics and XDC. XDC is dedicated to providing CRDMO services for ADCs and various bioconjugates. Concurrently, the biologics segment continues to engage in provision of biologics discovery, development and manufacturing.

# Management Discussion and Analysis

During the Reporting Period, the revenue from each business segment of the Group is as follows:

	Unaudited Six months ended June 30,			
	2024		2023	
	RMB million	%	RMB million	%
<b>Revenue from external customers</b>				
— biologics	6,961.6	81.2%	7,634.8	89.9%
— XDC	1,612.6	18.8%	857.2	10.1%
<b>Total</b>	<b>8,574.2</b>	<b>100.0%</b>	<b>8,492.0</b>	<b>100.0%</b>

## Cost of Sales

The cost of sales of the Group increased by 5.9% from approximately RMB4,931.4 million for the six months ended June 30, 2023 to approximately RMB5,224.3 million for the six months ended June 30, 2024.

The cost of sales 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 decreased by 5.9% from approximately RMB3,560.6 million for the six months ended June 30, 2023 to approximately RMB3,350.0 million for the six months ended June 30, 2024, and the gross profit margin decreased from 41.9% for the six months ended June 30, 2023 to 39.1% for the six months ended June 30, 2024. The decreases were mainly due to (i) the mix impact from lower discovery services, as the Group scored two mega upfront licensing deals in the first half of last year, contributed approximately RMB300.0 million to gross profit, however, the absence of the mega licensing deals in this Reporting Period was offset by the revenue from Development and Manufacturing segments, where the average gross profit margin is roughly half of those from discovery services; (ii) the plant utilization rate in China in the first half of this year was slightly lower than the same period last year due to cancellation of COVID projects; and (iii) the ramp-up impact of the new facilities in Ireland, Germany, and the U.S. as expected, while these challenges were partially offset by the efficiency improvements from the WBS or our lean manufacturing implementation.

# Management Discussion and Analysis

## Other Income

The other income of the Group mainly consists of research and other grants, and interest income. Other income of the Group increased by 71.1% from approximately RMB198.0 million for the six months ended June 30, 2023 to approximately RMB338.7 million for the six months ended June 30, 2024, mainly attributable to an increase in interest income, as a result of a higher interest rate for USD deposits; coupled with an increased average balance of cash on hand, post WuXi XDC's listing on the Main Board in late 2023.

## Other Gains and Losses

The other gains and losses of the Group primarily include foreign exchange gains or losses, fair value gains or losses on equity investments measured at fair value through profit or loss ("**FVTPL**"), fair value changes from wealth management products, etc. The Group reported net other losses of approximately RMB81.9 million for the six months ended June 30, 2024, while net other gains of approximately RMB114.8 million was reported for the six months ended June 30, 2023. The decrease was mainly due to an unmaterialized foreign exchange translation loss as a result of the depreciation of EUR against RMB year-to-date as compared to net foreign exchange gain recognized in the comparative period, which was partially offset by the fair value gains on equity investments at FVTPL.

## Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Impairment losses under Expected Credit Loss ("**ECL**") model, net of reversal of the Group represent loss allowances on the Group's financial assets (including trade and other receivables and contract assets) ("**Impairment Losses**"). The Impairment Losses of the Group increased from approximately RMB131.8 million for the six months ended June 30, 2023 to approximately RMB190.2 million for the six months ended June 30, 2024, primarily due to (i) the increased balances of trade and other receivables; and (ii) the longer collecting cycles, as the decline in global biotech funding has led to a tight liquidity condition for businesses worldwide.

Periodical credit rating is performed to evaluate the collectability by customer, with reference to their historical payment records. Down-payment is required and credit term is granted according to the evaluation results. The management has been closely monitoring the status of overdue debts, taking the follow-up actions for collection, and making provisions prudently.

# Management Discussion and Analysis

## Selling and Marketing Expenses

The selling and marketing expenses of the Group mainly include the staff related costs of our business development personnel, marketing and promotion fees, etc. The selling and marketing expenses of the Group increased by 111.7% from approximately RMB105.4 million for the six months ended June 30, 2023 to approximately RMB223.1 million for the six months ended June 30, 2024, along with the Group's geographic footprint by its continuous investing in talent acquisition and increased spending on more frequent and grand market exposure. The selling and marketing expenses as a percentage of the Group's revenue increased from 1.2% for the six months ended June 30, 2023 to 2.6% for the six months ended June 30, 2024.

## Administrative Expenses

The administrative expenses of the Group primarily consist of the staff related costs of our administrative and management personnel, purchased services, depreciation and amortization, etc. The Group's administrative expenses increased by 13.7% from approximately RMB679.6 million for the six months ended June 30, 2023 to approximately RMB773.0 million for the six months ended June 30, 2024, primarily due to (i) the increases in staff related costs, depreciation and amortization, digitization initiatives, administration expenses, etc., to support the rapid expansion of the Group's operations; and (ii) an increased spending in enhancing the standalone capabilities of WuXi XDC post the listing of its shares on the Main Board.

## Other Expenses

The other expenses of the Group represented the listing expenses incurred for the spin-off and separate listing of the shares of WuXi XDC on the Main Board in 2023. This was non-recurring expenditure and no such expenses occurred during the Reporting Period.

## R&D Expenses

The R&D expenses of the Group consist of direct labor costs, cost of raw materials and allocated overhead relating to our R&D projects. The R&D expenses of the Group amounted to approximately RMB344.1 million for the six months ended June 30, 2024, keeping flat with the amount of approximately RMB341.4 million for the six months ended June 30, 2023, as the Group has continuously maintained investment in innovation and technologies to enhance and develop our cutting-edge technologies platforms.

# Management Discussion and Analysis

## Financing Costs

The financing costs of the Group mainly include interest expense on lease liabilities, interest expense on bank borrowings and interest expense on the financing component of an advance payment received from a customer. The financing costs of the Group decreased by 13.6% from approximately RMB78.8 million for the six months ended June 30, 2023 to approximately RMB68.1 million for the six months ended June 30, 2024, mainly due to a decrease in average bank borrowing balance during the Reporting Period, following the full repayment of a bank loan as scheduled in the second half of 2023.

## Income Tax Expense

The income tax expense of the Group increased by 19.4% from approximately RMB191.1 million for the six months ended June 30, 2023 to approximately RMB228.1 million for the six months ended June 30, 2024, as a result of less tax refund received during the Reporting Period; despite of which, the effective tax rate of the Group improved from 22.6% for the same period last year to 18.6% for the Reporting Period.

## Net Profit and Net Profit Margin

As a result of the foregoing, the net profit of the Group decreased by 23.9% from approximately RMB2,337.9 million for the six months ended June 30, 2023 to approximately RMB1,780.3 million for the six months ended June 30, 2024. The net profit margin of the Group decreased from 27.5% for the six months ended June 30, 2023 to 20.8% for the six months ended June 30, 2024. The decreases were mainly due to (i) a decrease in gross profit as discussed above; (ii) increase in selling, marketing and administrative expenses ("**SG&A**") as the Group continues to invest in its geographic footprint; (iii) increase in SG&A of WuXi XDC as a standalone listed company on the Main Board; and (iv) net foreign exchange loss reported.

The net profit attributable to owners of the Company decreased by 33.9% from approximately RMB2,266.7 million for the six months ended June 30, 2023 to approximately RMB1,499.1 million for the six months ended June 30, 2024. The margin of net profit attributable to owners of the Company decreased from 26.7% for the six months ended June 30, 2023 to 17.5% for the six months ended June 30, 2024. The decrease followed the same set of reasons as discussed above.

# Management Discussion and Analysis

## Basic and Diluted Earnings Per Share

The basic earnings per share of the Group decreased by 32.7% from RMB0.55 for the six months ended June 30, 2023 to RMB0.37 for the six months ended June 30, 2024. The diluted earnings per share of the Group decreased by 32.7% from RMB0.52 for the six months ended June 30, 2023 to RMB0.35 for the six months ended June 30, 2024. The decrease in the basic and diluted earnings per share was primarily due to the decrease in the net profit attributable to owners of the Company as discussed above.

## Property, Plant and Equipment

The balance of the property, plant and equipment of the Group increased by 3.2% from approximately RMB27,377.6 million as at December 31, 2023 to approximately RMB28,259.0 million as at June 30, 2024, following the Group's continuous global footprint by investing in facility constructions, in particular, the planned capacity expansion of WuXi XDC post its listing on the Main Board.

## Right-of-Use Assets

The right-of-use assets of the Group mainly include the leasehold lands, leased properties and leased machinery & equipment. The balance of the right-of-use assets of the Group slightly decreased by 1.8% from approximately RMB2,561.8 million as at December 31, 2023 to approximately RMB2,516.8 million as at June 30, 2024, along with the regular amortization during the Reporting Period, partially offset by certain new lease agreements.

## Goodwill

As at June 30, 2024, the goodwill of the Group amounted to approximately RMB1,529.9 million, arising from acquisitions of subsidiaries and business in previous years, remaining the same as the balance as at December 31, 2023.

## Intangible Assets

The intangible assets of the Group mainly include technology and customer relationship arising from acquisitions, and patent and license held by the Group. The intangible assets of the Group decreased by 7.2% from approximately RMB511.8 million as at December 31, 2023 to approximately RMB474.8 million as at June 30, 2024, as a result of regular amortization schedule during the Reporting Period.

# Management Discussion and Analysis

## Investment of an Associate Measured at FVTPL

The investment of an associate measured at FVTPL of the Group represents the equity interest held in Shanghai Duoning Biotechnology Co., Ltd. (“**Duoning**”). The balance of investment in Duoning decreased by 5.8% from approximately RMB1,393.5 million as at December 31, 2023 to approximately RMB1,312.2 million as at June 30, 2024, as a result of fair value loss recognized on this investment during the Reporting Period.

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

The financial assets at FVTPL in the non-current assets of the Group mainly include investments in listed equity securities and unlisted equity investments. The balance decreased by 1.5% from approximately RMB1,519.3 million as at December 31, 2023 to approximately RMB1,495.9 million as at June 30, 2024, following the divestitures from certain investments in listed equity securities during the Reporting Period, which was partially offset by the increase from the fair value gains recognized from the equity investments.

The financial assets at FVTPL in the current assets of the Group represent the investment in wealth management products deployed with several reputable banks. The balance decreased by 97.2% from approximately RMB1,233.6 million as at December 31, 2023 to approximately RMB35.1 million as at June 30, 2024, as the Group has gradually shifted from investing in wealth management products to increasing time deposits and current deposits, following the interest rate hikes during the Reporting Period.

## Inventories

The inventories of the Group increased by 11.1% from approximately RMB1,765.8 million as at December 31, 2023 to approximately RMB1,962.5 million as at June 30, 2024, mainly due to (i) inventory replenishment for European entities' ramp-up; and (ii) the stocking up on supplies in WuXi XDC to support its business expansion.

## Contract Costs

The contract costs (previously called Service Work in Progress) of the Group increased by 15.0% from approximately RMB1,223.7 million as at December 31, 2023 to approximately RMB1,407.7 million as at June 30, 2024, as a result of the increment of on-going projects.

## Trade and Other Receivables

The trade and other receivables of the Group increased by 2.8% from approximately RMB6,292.7 million as at December 31, 2023 to approximately RMB6,471.1 million as at June 30, 2024, primarily attributed to the increases in trade receivables, bills receivable and value added tax recoverable, which were in line with the Group's business expansion.

# Management Discussion and Analysis

## Contract Assets

The contract assets of the Group decreased by 22.2% from approximately RMB499.7 million as at December 31, 2023 to approximately RMB388.6 million as at June 30, 2024, mainly due to its conversion to trade receivables during the Reporting Period, along with the projects achieving the milestones as stipulated in the service agreements with the clients.

## Trade and Other Payables

The trade and other payables of the Group decreased by 20.9% from approximately RMB2,755.8 million as at December 31, 2023 to approximately RMB2,180.0 million as at June 30, 2024, mainly due to (i) a decrease in salary and bonus payables, after the settlement of 2023 annual bonus of the Group; and (ii) a decrease in payable for purchase of property, plant and equipment, which was in line with the gradual completion of a couple of facility construction projects of the Group.

## Contract Liabilities (Current Portion & Non-current Portion)

The contract liabilities of the Group mainly include the advance payments received from customers. The contract liabilities in the current liabilities of the Group decreased by 5.6% from approximately RMB3,089.8 million as at December 31, 2023 to approximately RMB2,917.3 million as at June 30, 2024, primarily due to the continuous project completion and corresponding revenue recognition during the Reporting Period.

The contract liabilities in the non-current liabilities of the Group represent the advance payment received from certain customers under long-term contract manufacturing agreements, and the related service obligations are expected to be fulfilled beyond twelve months. The balance increased by 12.2% from approximately RMB711.2 million as at December 31, 2023 to approximately RMB798.2 million as at June 30, 2024, following more advance payment received during the Reporting Period.

## Lease Liabilities (Current Portion & Non-current Portion)

The aggregated balance of lease liabilities in the current liabilities and non-current liabilities of the Group amounted to approximately RMB2,410.3 million as at June 30, 2024, quite stable as compared to the balance of approximately RMB2,414.0 million as at December 31, 2023.

# Management Discussion and Analysis

## Liquidity and Capital Resources

The aggregated balance of bank balances and cash and time deposits of the Group decreased by 5.2% from approximately RMB10,009.8 million as at December 31, 2023 to approximately RMB9,493.6 million as at June 30, 2024, mainly due to (i) payment for purchase of property, plant and equipment; and (ii) payment on repurchase of Shares, which was partially offset by the net cash inflow generated from operating activities during the Reporting Period.

## Treasury Policy

Currently, the Group follows a set of funding and treasury policies to manage its capital needs and cash flows to prevent related risks. The Group expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to cash flow generated from operating activities, internal and external financing at reasonable market rates, etc., to maintain the Group's stability and growth. 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 reputable banks.

The Group's treasury policies are also designated to mitigate the foreign currency risks 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 has been operating with certain transactions in currencies other than the functional currencies of each entity, including sales and purchases transactions, borrowings and repayments, etc., and has been recording monetary assets and liabilities denominated in USD and EUR. It is the Group's policy to negotiate a series of derivative instruments with various banks to hedge the foreign currency risks in the ordinary course of business. The Group usually enters into foreign currency forward contracts, collar contracts, forward extra contracts, etc., as highly effective hedging instruments to mitigate the foreign exchange risks.

## Significant Investments, Material Acquisitions and Disposals

As at June 30, 2024, there was no significant investment held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

## Indebtedness

### *Borrowings*

The aggregated borrowings of the Group amounted to approximately RMB2,156.9 million as at June 30, 2024, remaining steady as compared to the aggregated balance of approximately RMB2,147.4 million as at December 31, 2023.

# Management Discussion and Analysis

Of the total borrowings as at June 30, 2024, RMB denominated borrowings amounted to approximately RMB298.2 million with the effective interest rates ranging from 2.7% to 3.9% per annum; USD denominated borrowings amounted to approximately RMB1,391.9 million with the effective interest rates ranging from 6.3% to 6.5% per annum; and EUR denominated borrowings amounted to approximately RMB466.8 million with the effective interest rates ranging from 4.5% to 6.0% per annum, respectively.

Among all, approximately RMB892.6 million will be due within one year; approximately RMB1,079.2 million will be due in more than one year but within two years; approximately RMB94.5 million will be due in more than two years but within five years; and approximately RMB90.6 million will be due after five years.

As at June 30, 2024, RMB denominated borrowings of approximately RMB52.9 million was secured against the Group's buildings. The remaining borrowings were unsecured.

## ***Contingent Liabilities and Guarantees***

As at June 30, 2024, the Group did not have any material contingent liabilities or guarantees.

## ***Charges of Assets***

The Group has pledged the bank deposits as collateral for bank borrowings, lease arrangements and issuance of bills payable. The pledged bank deposits of the Group decreased by 14.4% from approximately RMB18.0 million as at December 31, 2023 to approximately RMB15.4 million as at June 30, 2024, along with a reduced volume of Letter of Credit issuance.

In addition, as at June 30, 2024, the buildings with carrying amounts of approximately RMB13.2 million has been pledged for RMB denominated borrowing of approximately RMB52.9 million in China.

## ***Gearing Ratio***

Gearing ratio is calculated using interest-bearing borrowings divided by total equity and multiplied by 100%. Gearing ratio was 4.8% as at June 30, 2024, keeping flat as compared to 4.9% as at December 31, 2023.

# Management Discussion and Analysis

## Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided the adjusted net profit, adjusted net profit margin, adjusted net profit attributable to owners of the Company, margin of 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. 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.

# Management Discussion and Analysis

## Adjusted Net Profit

	Six months ended June 30,	
	2024 RMB million	2023 RMB million
<b>Net Profit</b>	<b>1,780.3</b>	2,337.9
<b>Add:</b> share-based compensation expenses	<b>674.7</b>	632.4
<b>Add:</b> foreign exchange loss (gain)	<b>126.1</b>	(107.5)
<b>Add:</b> listing expenses	<b>—</b>	7.4
<b>Less:</b> (gain) loss from equity investments	<b>(36.3)</b>	55.4
<b>Adjusted Net Profit (Note)</b>	<b>2,544.8</b>	2,925.6
<b>Margin of Adjusted Net Profit</b>	<b>29.7%</b>	34.5%
<b>Adjusted Net Profit Attributable to Owners of the Company</b>	<b>2,250.3</b>	2,838.3
<b>Margin of Adjusted Net Profit Attributable to Owners of the Company</b>	<b>26.2%</b>	33.4%
	<b>RMB</b>	RMB
<b>Adjusted Earnings Per Share</b>		
— Basic	<b>0.55</b>	0.68
— Diluted	<b>0.52</b>	0.65

*Note:* 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:

- share-based compensation expenses, non-cash expenditure;
- foreign exchange gain or loss, primarily generated from revaluation of the assets and liabilities denominated in foreign currencies and the fair value change of derivative financial instruments, which the management believes is irrelevant to the Group's core business;
- listing expenses incurred by WuXi XDC for its separate listing on the Main Board, non-recurring expenditure; and
- gain or loss from equity investments, a non-operating item.

# Management Discussion and Analysis

## *EBITDA and Adjusted EBITDA*

	Six months ended June 30,	
	2024 RMB million	2023 RMB million
<b>Net Profit</b>	<b>1,780.3</b>	2,337.9
<b>Add:</b> income tax expense	228.1	191.1
interest expense	68.1	78.8
depreciation	698.5	593.2
amortization	30.9	29.6
<b>EBITDA</b>	<b>2,805.9</b>	3,230.6
<b>EBITDA Margin</b>	<b>32.7%</b>	38.0%
<b>Add:</b> share-based compensation expenses	674.7	632.4
<b>Add:</b> foreign exchange loss (gain)	126.1	(107.5)
<b>Add:</b> listing expenses	—	7.4
<b>Less:</b> (gain) loss from equity investments	(36.3)	55.4
<b>Adjusted EBITDA</b>	<b>3,570.4</b>	3,818.3
<b>Adjusted EBITDA Margin</b>	<b>41.6%</b>	45.0%

## Employee and Remuneration Policies

As of the end of the Reporting Period, the Group employed a workforce totalling 12,435 employees, with approximately 4,200 scientists. Talent retention has continued to be successful, with a total talent retention rate of approximately 94%. The staff costs, including Directors' emoluments but excluding any contributions to (i) retirement benefit scheme contributions; and (ii) share-based payment expenses, were approximately RMB2,295.2 million for the six months ended June 30, 2024, as compared to approximately RMB2,002.9 million for the six months ended June 30, 2023. 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.

# Management Discussion and Analysis

The Group has adopted the Pre-IPO Share Option Scheme, the Restricted Share Award Scheme, the Global Partner Program Share Scheme and subsidiary share option schemes of each of WuXi Vaccines and WuXi XDC 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 the 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.

## **Interim Dividend**

The Board resolved not to declare any interim dividend for the six months ended June 30, 2024.

# Other Information

## Change in Director's Information

There was change in the Director's information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since January 1, 2024 as follows:

- Dr. Weichang Zhou retired from his roles as Chief Technology Officer and President of Global Biologics Development and Operations of the Company, and was re-designated as Honorary President of Global Biologics Development and Operations and Senior Advisor to Chief Executive Officer to continue to support the Company's development with effect from March 31, 2024.

## Change of Director/Major Appointment

- Dr. Weichang Zhou was re-designated as a non-executive Director with effect from March 31, 2024.

## Compliance with the Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all the code provisions as set out in Part 2 of the CG Code throughout the six months ended June 30, 2024 save for the deviation from code provision F.2.2 in relation to attendance of general meetings by directors. The executive Director Dr. Zhisheng Chen and the non-executive Director Dr. Weichang Zhou attended the annual general meeting held on June 19, 2024 in person, while the other Directors were unable to attend due to other business commitments. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

# Other Information

## 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.

## Review of Interim Report

The independent auditor of the Company, namely Messrs. Deloitte Touche Tohmatsu, has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has jointly reviewed with the management and the independent auditor 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 unaudited interim results and the interim report for the six months ended June 30, 2024) of the Group. The Audit Committee and the independent auditor of the Company considered that the interim results and the interim report are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

## Risk Management

The Company believes that sound risk management is essential to the Group's efficient and effective operation. Abiding by the principles of compliant operations, the Company's risk management system assists the Board in evaluating material risk exposure arising internally and externally from the Group's business, including operational risks, financial risks, regulatory risks, etc. and proactively setting up appropriate risk management and internal control mechanism which is embedded in daily operation management.

# Other Information

## Regulatory Risk

The biologics industry, being a division of the pharmaceutical and healthcare industry, has experienced drastic changes in recent years. On one hand, the China NMPA has introduced certain measures to improve the standards of the approval of pharmaceutical research and development and the efficiency of the approval of drug applications. On the other hand, while government policies toward the pharmaceutical industry are expected to remain stable and the government is expected to remain committed to increasing innovation as well as overall healthcare spending which is in line with the "Healthy China 2030" goals set by the State Council of the PRC, it is also observed that the companies of this industry are to comply with more stringent regulations which are closer to international standards, the punishment becomes much stricter and supervision and inspection from government will become more frequent.

In response to all of the above, the Group sticks to the "Globalization" strategy to handle the keep-changing regulations. The Group has a dedicated regulatory affairs team which comprises professionals with years of experience and diversified backgrounds in both domestic and overseas markets. The team members are responsible for actively monitoring and following new legislation, regulations and guidelines published by global regulatory agencies and promoting improvements in compliance with such legislation, regulations and guidelines.

## Risks related to Global Politics, International Trade and Regulations

The Group operates globally and as such its operations could be impacted by global and regional changes in macro-economic, geopolitical and social conditions, and regulatory environments. These external factors are beyond the Group's control and may make it more difficult for the Group to manage its financial performance. There are ongoing uncertainties in political conditions and changes in regulatory and legal requirements in various countries, such as the introduction of the BIOSECURE Act in the U.S. Congress and subsequent amendments to it, including a proposed "grandfather" clause with transition period. Policy decisions and stringent regulations may affect the ease of doing business with customers and suppliers, increasing the cost of operations and exposing the Group to potential liability. The Group has diversified its geographic sources of revenue and profit to reduce its dependency on any single country or region. It continuously monitors its external environment, and tracks action plans and conducts sensitivity and scenario analysis to position the Group for a better outcome. The Group also vigilantly tracks and monitors the developments of the political conditions and adapts its strategy to address the shifting dynamics in regions and countries. It follows closely on legal and regulatory changes, and maintains stringent compliance programs.

As a global biologics CRDMO platform, the Group does not have a human genomics business, nor does it collect human genomic data in any of its businesses around the world. The Group firmly believes that it has not, does not, and will not pose a security risk to the U.S. or any other countries. The Group remains committed to supporting its clients globally and to operating in accordance with the applicable laws and regulations of all jurisdictions where it has business operations.

# Other Information

## Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and fixed-rate pledged bank deposits and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits and variable-rate bank borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range. In addition, the Group will consider to enter into interest rate swap agreements with select banks as a proactive measure to manage and mitigate risks associated with interest rate fluctuations, if appropriate.

## Credit Risk

During the Reporting Period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position. In order to minimize the credit risk, the management has designated a team responsible for reviewing and monitoring the credit exposure of its customers by evaluating customers' credit qualification, strengthening management of customer advance payments, monitoring credit records, sending confirmations and initiating collection procedures (with involvement of senior management when necessary), to promptly recover overdue debts. With more new customers being introduced, and more uncertainties in the future global politics and economics, the management has also made efforts to prudently assess credit limits, approve credit term granted and other monitoring procedures to monitor the overall risk exposure. The management has been continuously managing the credit risk through periodic review and monitoring doubtful debts.

The Board is of the view that the credit risk on time deposits, pledged bank deposits, bank balances and wealth management products is limited because the majority of the counterparties are state-owned banks with good reputation or top-tier international banks and financial institutions with good credit ratings. In addition, to regulate the management of surplus fund, the Group has set up relevant policies and procedures, which clearly state that no speculative transaction is allowed. Also, the criteria for evaluating the available products in the market are set out in the following sequence of priority: safety, liquidity and returns. Other requirements like the approved list of financial institutions, the maximum placement per transaction and the aggregate amount in any individual financial institution are also clearly defined. With all of the above, the Directors consider the credit risk in relation to time deposits, pledged bank deposits, bank balances and wealth management products has been significantly reduced.

# Other Information

## Currency Risk

During the Reporting Period, the majority of the Group's revenue was generated from sales denominated in USD, while the purchase of raw materials, property, plant and equipment and expenditures were settled in RMB, USD and EUR upon various business arrangements. The Group also has USD and EUR denominated borrowings to provide financing for construction and operation. At the end of each reporting period, the Group's entities have maintained monetary assets and liabilities denominated in foreign currencies other than their functional currencies (mainly in USD and EUR) which expose the Group to foreign currency risks. As a result, the Group's net profit margin was impacted when the foreign exchange rates fluctuated, among USD, RMB and EUR.

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

## Data Privacy and Data Security Risk

Data is heavily regulated and data compliance has become an essential topic, especially for companies who operate globally. We have to comply with all applicable data laws and regulations in different jurisdictions where we operate. Such data rules are fast evolving and government authorities have become more aggressive on enforcement actions.

We attach great importance to data protection and data compliance and have established our data compliance program to monitor the relevant risk. The Company has established solid policies and practices for protecting local data and trade secrets.

Nevertheless, we may still face unforeseen or uncontrollable threats to our data and systems, such as computer viruses, malicious code, phishing, ransomware, hacker attacks, and various other cyber security threats. With the diversity of sources and technologies of network attacks, we may not be able to foresee all types of security threats, or to establish effective and preventive measures against all security threats. Consequently, the management is continuously monitoring these risks and is committed to allocating more resources and investments towards ongoing risk management and security enhancement.

# Other Information

## **Natural Disasters, Outbreaks of Epidemics and Other Force Majeure Events**

Natural disasters, outbreaks of epidemics and other force majeure events could endanger our personnel and even cause negative business impact like interrupting business services. Along the years, the Company has been building up a sophisticated business continuity management system, specifically, with respect to sound governance processes handling various kinds of emergencies and disasters. This includes the establishment of parallel end-to-end capabilities at different global sites, top industry talents, robust supply chain network, insurance policies, etc., which could assure the Company's business continuity to the utmost extent.

## **Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations**

As at June 30, 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

# Other Information

## Interests in Shares or underlying Shares of the Company

Names of Directors	Capacity/ Nature of Interest	Number of Shares <sup>(1)</sup>	Number of Underlying Shares	Aggregate Interest <sup>(1)</sup>	Approximate Percentage of Shareholding Interest <sup>(2)</sup>
Dr. Ge Li	Interests of controlled corporations	592,902,633 (L) <sup>(3)(4)</sup>	—	592,902,633 (L)	14.28%
Dr. Zhisheng Chen	Beneficial owner and founder of a discretionary trust	14,250,514 (L) <sup>(5)</sup>	6,115,298 restricted shares (L) <sup>(6)</sup> 102,532,000 share options (L) <sup>(7)</sup>	122,897,812 (L)	2.96%
Dr. Weichang Zhou	Beneficial owner	483,419 (L)	2,417,815 restricted shares (L) <sup>(6)</sup> 13,089,000 share options (L) <sup>(7)</sup>	15,990,234 (L)	0.39%
Mr. William Robert Keller	Beneficial owner	21,899 (L)	—	21,899 (L)	0.00%
Mr. Kenneth Walton Hitchner III	Beneficial owner	203,205 (L)	—	203,205 (L)	0.00%
Mr. Jackson Peter Tai	Beneficial owner	25,700 (L)	—	25,700 (L)	0.00%

### Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) As at June 30, 2024, the total number of Shares in issue was 4,153,165,949 Shares.
- (3) Dr. Ge Li held approximately 19.66% of the total issued share capital of Biologics Holdings and controlled approximately 55.03% of the total voting power at general meetings of Biologics Holdings. Hence, he was indirectly interested in approximately 2.77% of the total issued Shares, and controlled the voting power attached to 584,191,133 Shares held by Biologics Holdings, representing approximately 14.07% of the total issued Shares.
- (4) Dr. Ge Li entered into an acting-in-concert agreement dated June 30, 2016 with Mr. Zhaohui Zhang and Mr. Xiaozhong Liu to acknowledge and confirm their acting in-concert relationship in relation to the Company.
- (5) Among the 14,250,514 Shares, 10,706,254 Shares were held by Dr. Zhisheng Chen through a trust of which Dr. Zhisheng Chen is the settlor (founder) and his spouse and child are the beneficiaries.
- (6) Interests in restricted shares granted pursuant to the Restricted Share Award Scheme and/or Global Partner Program Share Scheme.
- (7) Interests in share options granted pursuant to the Pre-IPO Share Option Scheme.

# Other Information

## Interests in associated corporation(s) of the Company

Name of Director	Name of Associated Corporation	Capacity/ Nature of Interest	Number of shares <sup>(1)</sup>	Approximate Percentage of Shareholding Interest
Dr. Zhisheng Chen	WuXi XDC <sup>(2)</sup>	Beneficial owner and founder of a discretionary trust	418,878 (L) <sup>(3)</sup>	0.03% <sup>(4)</sup>

### Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) WuXi XDC is a subsidiary of the Company, and therefore, is an associated corporation of the Group within the meaning of Part XV of the SFO.
- (3) Among the 418,878 shares, 415,636 shares were held by Dr. Zhisheng Chen through a trust of which Dr. Zhisheng Chen is the settlor (founder) and his spouse and child are the beneficiaries.
- (4) As at June 30, 2024, the total number of shares of WuXi XDC in issue was 1,198,215,456 shares.

Save as disclosed above, as at June 30, 2024, so far as it was known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares of the Company

As at June 30, 2024, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

# Other Information

## Interests in Shares or underlying Shares of the Company

Names of Shareholders	Capacity/Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate Percentage of Shareholding Interest <sup>(2)</sup>
Dr. Ge Li	Interests of controlled corporations	592,902,633 (L) <sup>(3)(4)</sup>	14.28%
Mr. Zhaohui Zhang	Interests of parties acting in concert	592,902,633 (L) <sup>(4)</sup>	14.28%
Mr. Xiaozhong Liu	Interests of parties acting in concert	592,902,633 (L) <sup>(4)</sup>	14.28%
Life Science Holdings	Interests of controlled corporations	584,191,133 (L) <sup>(5)</sup>	14.07%
Life Science Limited	Interests of controlled corporations	584,191,133 (L) <sup>(5)</sup>	14.07%
WuXi PharmaTech	Interests of controlled corporations	584,191,133 (L) <sup>(5)</sup>	14.07%
Biologics Holdings	Beneficial owner	584,191,133 (L) <sup>(5)</sup>	14.07%
BlackRock, Inc.	Interests of controlled corporations	217,282,290 (L)	5.23%
		908,500 (S)	0.02%
Brown Brothers	Approved lending agent	210,480,057 (L)	5.07%
Harriman & Co.		210,480,057 (P)	5.07%

### Notes:

- (1) The letter "L" denotes the person's long position in the Shares; the letter "S" denotes the person's short position in the Shares; and the letter "P" denotes the person's lending pool in the Shares.
- (2) As at June 30, 2024, the total number of Shares in issue was 4,153,165,949 Shares.
- (3) Dr. Ge Li held approximately 19.66% of the total issued share capital of Biologics Holdings and controlled approximately 55.03% of the total voting power at general meetings of Biologics Holdings. Hence, he was indirectly interested in approximately 2.77% of the total issued Shares, and controlled the voting power attached to 584,191,133 Shares held by Biologics Holdings, representing approximately 14.07% of the total issued Shares.
- (4) Dr. Ge Li, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu entered into an acting-in-concert agreement on June 30, 2016 to acknowledge and confirm their acting-in-concert relationship in relation to the Company. Hence, Dr. Ge Li, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu are deemed to be interested in the Shares held by each other.
- (5) Life Science Holdings wholly owned Life Science Limited, which wholly owned WuXi PharmaTech, which in turn controlled 44.97% of the voting power at general meetings of Biologics Holdings. Biologics Holdings directly owned 584,191,133 Shares. Life Science Holdings, Life Science Limited and WuXi PharmaTech are deemed to be interested in the Shares held by Biologics Holdings.

# Other Information

## Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme pursuant to the resolutions of its Shareholders passed on January 5, 2016, which was subsequently amended on August 10, 2016 pursuant to the resolutions of the Board.

The purpose of the Pre-IPO Share Option Scheme is to attract, retain and motivate employees, Directors and such other participants of the Group, to provide a means of compensating them through the grant of options under the Pre-IPO Share Option Scheme for their contribution to the growth and profits of the Group, and to allow them to participate in the growth and profitability of the Group. Participants of the Pre-IPO Share Option Scheme include (a) any employee (whether full-time or part-time) of the Company or its subsidiaries, including any executive Director, (b) any non-executive Director or independent non-executive Director of the Company appointed or proposed to be appointed prior to the Listing Date, or any director of any of the subsidiaries, and (c) any other person who in the sole opinion of the Board, will contribute or have contributed to the Group. No further option would be granted under the Pre-IPO Share Option Scheme on or after the Listing Date. The life of the Pre-IPO Share Option Scheme is 10 years from the date of adoption. There are no more securities available for grant under the Pre-IPO Share Option Scheme on or after the date on which the Shares of the Company are listed. As at the date of this interim report, the total number of Shares available for issue under the Pre-IPO Share Option Scheme is 150,577,119 Shares, representing approximately 3.63% of the total issued Shares.

## Other Information

The table below shows details of the movements in the share options granted under the Pre-IPO Share Option Scheme during the Reporting Period.

Category of Participants	Date of Grant	Exercise Price	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ Forfeited/ Cancelled during the Reporting Period	Outstanding as at June 30, 2024	Exercise Period
<b>Directors</b>								
Dr. Zhisheng Chen	January 7, 2016	US\$0.1667	85,000,000	–	–	–	85,000,000	10 years
	March 15, 2017	US\$0.3400	17,532,000	–	–	–	17,532,000	10 years
			<u>102,532,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>102,532,000</u>	
Dr. Weichang Zhou	January 7, 2016	US\$0.1667	10,596,000	–	–	–	10,596,000	10 years
	March 15, 2017	US\$0.3400	2,493,000	–	–	–	2,493,000	10 years
			<u>13,089,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>13,089,000</u>	
<b>Sub-total</b>			<u>115,621,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>115,621,000</u>	
<b>Employees in aggregate</b>								
230 employees	January 7, 2016	US\$0.1667	18,708,758	–	2,706,333	–	16,002,425	10 years
24 employees	March 28, 2016	US\$0.1667	744,825	–	140,900	–	603,925	10 years
102 employees	August 10, 2016	US\$0.2200	5,500,350	–	454,800	–	5,045,550	10 years
92 employees	November 11, 2016	US\$0.2633	1,524,803	–	150,900	–	1,373,903	10 years
321 employees	March 15, 2017	US\$0.3400	11,326,448	–	1,519,000	–	9,807,448	10 years
74 employees	May 12, 2017	US\$0.6000	2,847,675	–	561,400	–	2,286,275	10 years
<b>Sub-total</b>			<u>40,652,859</u>	<u>–</u>	<u>5,533,333</u>	<u>–</u>	<u>35,119,526</u>	
<b>Total</b>			<u>156,273,859</u>	<u>–</u>	<u>5,533,333</u>	<u>–</u>	<u>150,740,526</u>	

### Notes:

- (1) In respect of the options exercised during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$37.85.
- (2) The options granted are exercisable subject to the vesting schedule of 20% on each of the second, third and fourth anniversaries, and 40% on the fifth anniversary, of the date of grant, save as otherwise determined by the Board at its sole discretion.

## Other Information

- (3) The options granted shall be exercisable during a period from the vesting date of the option until the expiry of 10 years from the date of the grant of the option.

In accordance with the Pre-IPO Share Option Scheme, the total number of Shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue. The exercise price was determined by the Board, as it thought fit taking into account a participant's contribution to the development and growth of the Group.

The options granted under the Pre-IPO Share Option Scheme shall be exercisable during a period from the vesting date of the option until the expiry of 10 years from the date of the grant of the option. Subject to the other terms of the Pre-IPO Share Option Scheme, save as determined otherwise by the Board at its sole discretion, the vesting schedule of the options under the Pre-IPO Share Option Scheme is as follows: (i) 20% of the options shall be vested on the date falling on the second anniversary of the date of grant; (ii) 20% of the options shall be vested on the date falling on the third anniversary of the date of grant; (iii) 20% of the options shall be vested on the date falling on the fourth anniversary of the date of grant; and (iv) 40% of the options shall be vested on the date falling on the fifth anniversary of the date of grant. Participants accepting options granted under Pre-IPO Share Option Scheme has to sign an acceptance letter and pay to the Company an amount of HK\$1.00 as consideration for the grant. Details of the terms and movement of the options granted during the Reporting Period and the impact of options granted under the Pre-IPO Share Option Scheme on the financial statements are set out in the Prospectus and under note 30 to the consolidated financial statements in this interim report.

### Restricted Share Award Scheme

The Company has adopted the Restricted Share Award Scheme on January 15, 2018, which was amended and restated on June 27, 2023. The purposes of the Restricted Share Award Scheme are to (i) recognize the contributions by the selected participants; (ii) encourage, motivate and retain the selected participants, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the selected participants to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants to the Shareholders through ownership of Shares. The Restricted Share Award Scheme became effective on January 15, 2018. Participants of the Restricted Share Award Scheme include any Director or employee of the Company or any of its subsidiaries. The total number of Shares issued and to be issued pursuant to grant of restricted shares to each participant (including any Shares where the right to acquire such Shares has been vested or lapsed) in any 12-month period shall not exceed 1% of the Shares in issue unless approved by the Shareholders. Vesting shall only occur upon satisfaction (or where applicable, waiver by the Board) of the

## Other Information

conditions imposed by the Board as set forth in the notice of award. Participants are not required to pay for the acceptance of the restricted shares. For the purpose of determining the share price of each restricted share under the Restricted Share Award Scheme, it shall be the average closing price of the Company's Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of granting the restricted shares. Subject to earlier termination by the Board, the Restricted Share Award Scheme shall be valid and effective for a period of 10 years from the adoption date. The maximum number of Shares which can be awarded under the Restricted Share Award Scheme is limited to 3% (i.e. 127,452,353 Shares) of the issued Shares as at June 27, 2023 (the date on which the amendments to the Restricted Share Award Scheme were approved by Shareholders). The number of Shares available for grant under the Restricted Share Award Scheme was 109,687,717 and 90,927,574 as of January 1, 2024 and June 30, 2024, respectively. As at the date of this interim report, the total number of Shares available for issue under the Restricted Share Award Scheme is 91,838,955 Shares, representing approximately 2.21% of the total issued Shares. During the Reporting Period, the number of Shares that may be issued in respect of restricted shares granted under the Restricted Share Award Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is 0.47%.

Pursuant to the Restricted Share Award Scheme, the Board shall select the eligible participant and determine the number of Shares to be awarded.

The table below shows details of the movements in the restricted shares granted under the Restricted Share Award Scheme during the Reporting Period which shall be satisfied by the issuance of new Shares.

# Other Information

Category of Participants	Date of Grant	Closing Price of the Shares immediately before the Date of Grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2024	Vesting Period
<b>Directors</b>									
Dr. Zhisheng Chen	June 5, 2019	HK\$23.75	1,183,800	—	1,183,800	—	—	—	5 years
	November 12, 2020	HK\$74.47	707,278	—	—	—	—	707,278	5 years
	June 16, 2021	HK\$121.00	756,160	—	189,040	—	—	567,120	5 years
	June 10, 2022	HK\$71.10	1,324,333	—	264,866	—	—	1,059,467	5 years
	August 24, 2023	HK\$41.10	522,478	—	—	—	—	522,478	5 years
	March 27, 2024	HK\$13.56	—	—	740,638	—	—	740,638	5 years
			<b>4,494,049</b>	<b>740,638</b>	<b>1,637,706</b>	<b>—</b>	<b>—</b>	<b>3,596,981</b>	
Dr. Weichang Zhou	June 5, 2019	HK\$23.75	189,408	—	189,408	—	—	—	5 years
	November 12, 2020	HK\$74.47	212,183	—	—	—	—	212,183	5 years
	June 16, 2021	HK\$121.00	210,944	—	52,735	—	—	158,209	5 years
	June 10, 2022	HK\$71.10	450,281	—	90,056	—	—	360,225	5 years
	August 24, 2023	HK\$41.10	241,642	—	—	—	—	241,642	5 years
	November 21, 2023	HK\$48.00	132,484	—	—	—	—	132,484	5 years
	March 27, 2024	HK\$13.56	—	—	411,048	—	—	411,048	5 years
			<b>1,436,942</b>	<b>411,048</b>	<b>332,199</b>	<b>—</b>	<b>—</b>	<b>1,515,791</b>	
<b>Sub-total</b>			<b>5,930,991</b>	<b>1,151,686</b>	<b>1,969,905</b>	<b>—</b>	<b>—</b>	<b>5,112,772</b>	
<b>Employees in aggregate</b>									
6 employees	March 19, 2019	HK\$27.00	55,170	—	55,170	—	—	—	5 years
846 employees	June 5, 2019	HK\$23.75	2,695,659	—	2,615,661	79,998	—	—	5 years
335 employees	August 20, 2019	HK\$27.47	1,307,844	—	—	18,591	—	1,289,253	5 years
67 employees	November 20, 2019	HK\$29.50	387,072	—	—	46,449	—	340,623	5 years
383 employees	March 27, 2020	HK\$34.60	2,084,093	—	687,913	36,439	—	1,359,741	5 years
77 employees	June 9, 2020	HK\$41.67	976,131	—	323,623	14,450	—	638,058	5 years
126 employees	August 18, 2020	HK\$56.33	809,428	—	—	56,658	—	752,770	5 years
1,391 employees	November 12, 2020	HK\$74.47	2,145,329	—	—	80,872	—	2,064,457	5 years
1,617 employees	March 24, 2021	HK\$87.40	2,870,517	—	709,793	82,650	—	2,078,074	5 years
3 employees	June 16, 2021	HK\$121.00	92,580	—	23,145	—	—	69,435	5 years
1,752 employees	June 17, 2021	HK\$116.90	8,035,593	—	1,951,886	369,539	—	5,714,168	5 years
745 employees	August 24, 2021	HK\$113.00	2,737,196	—	—	91,821	—	2,645,375	5 years
486 employees	November 23, 2021	HK\$105.70	2,296,997	—	—	71,876	—	2,225,121	5 years
2,458 employees	March 23, 2022	HK\$58.35	15,254,358	—	2,873,256	699,184	—	11,681,898	5 years
725 employees	June 10, 2022	HK\$71.10	6,232,207	—	1,222,911	233,897	—	4,775,399	5 years
151 employees	August 18, 2022	HK\$69.75	1,562,686	—	—	88,915	—	1,473,771	5 years
681 employees	November 28, 2022	HK\$47.75	6,722,098	—	—	222,385	—	6,499,713	5 years
1,852 employees	August 24, 2023	HK\$41.10	14,046,122	—	—	678,796	—	13,367,326	5 years
455 employees	November 21, 2023	HK\$48.00	2,821,910	—	—	99,599	—	2,722,311	5 years
1,892 employees	March 27, 2024	HK\$13.56	—	18,220,505	—	267,880	—	17,952,625	5 years
9 employees	June 18, 2024	HK\$11.90	—	434,227	—	—	—	434,227	5 years
<b>Sub-total</b>			<b>73,132,970</b>	<b>18,654,732</b>	<b>10,463,358</b>	<b>3,239,999</b>	<b>—</b>	<b>78,084,345</b>	
<b>Total</b>			<b>79,063,961</b>	<b>19,806,418</b>	<b>12,433,263</b>	<b>3,239,999</b>	<b>—</b>	<b>83,197,117</b>	

## Other Information

*Notes:*

- (1) Certain employees of the Group may be offered to join the share scheme(s) of the Company's subsidiaries. Upon participating in such subsidiary share scheme(s), share options and/or share awards under the subsidiary share scheme(s) will be granted to the employees while the outstanding restricted shares granted under the Restricted Share Award Scheme held by the respective employees will be cancelled accordingly.
- (2) In respect of the restricted shares vested during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the restricted shares were vested was HK\$12.19.
- (3) For details of the fair value of the restricted shares at the date of grant and the accounting standard and policy adopted, please refer to note 30 to the consolidated financial statements of this interim report.
- (4) The unvested restricted shares are subject to a time-based vesting schedule of 20% on each of the second, third and fourth anniversaries, and 40% on the fifth anniversary, of the date of grant with no performance target attached.
- (5) The purchase price for the restricted shares transferred or to be transferred to the participants upon vesting is nil.
- (6) Pursuant to the vesting of the restricted shares under the Restricted Share Award Scheme, a certain portion of the vested restricted shares of the relevant grantee(s) will be sold by the trustee Computershare Hong Kong Trustees Limited on behalf of the relevant grantee(s) for the purpose of satisfying relevant tax liabilities and other transactional fees pursuant to the scheme rules.

Details of the restricted shares granted under the Restricted Share Award Scheme during the Reporting Period are set out in the Company's announcements dated March 27, 2024 and June 18, 2024 and under note 30 to the consolidated financial statements in this interim report. For more details of the Restricted Share Award Scheme, please refer to the Company's announcements dated January 15, 2018 and January 18, 2018 and the Company's circular dated May 23, 2023.

# Other Information

## Global Partner Program Share Scheme

The Company has adopted the Global Partner Program Share Scheme on June 16, 2021, which was amended and restated on June 27, 2023. The purposes of the Global Partner Program Share Scheme are to further reward and incentivize the Group's top employees and attract key talents to ensure the continuous business development and growth of the Company. The Global Partner Program Share Scheme became effective on June 16, 2021. Participants of the Global Partner Program Share Scheme include any Director or employee of the Company or any of its subsidiaries, or any joint venture or other business arrangement of the Group, who, in the opinion of the Board, has significant contribution to the business development and growth of the Group. The total number of Shares issued and to be issued pursuant to grant of restricted shares to each participant (including any Shares where the right to acquire such Shares has been vested or lapsed) in any 12-month period shall not exceed 1% of the Shares in issue unless approved by the Shareholders. Vesting shall only occur upon satisfaction (or where applicable, waiver by the Board) of the conditions imposed by the Board as set forth in the notice of award. Participants are not required to pay for the acceptance of the restricted shares. For the purpose of determining the share price of each restricted share under the Global Partner Program Share Scheme, it shall be the average closing price of the Company's Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of granting the restricted shares. Subject to earlier termination by the Board, the Global Partner Program Share Scheme shall be valid and effective for a period of 10 years from the adoption date. The maximum number of Shares which can be awarded under the Global Partner Program Share Scheme is limited to 3% (i.e. 127,452,353 Shares) of the issued Shares as at June 27, 2023 (the date on which the amendments to the Global Partner Program Share Scheme were approved by Shareholders). The number of Shares available for grant under the Global Partner Program Share Scheme was 118,243,527 and 118,482,410 as of January 1, 2024 and June 30, 2024, respectively. As at the date of this interim report, the total number of Shares available for issue under the Global Partner Program Share Scheme is 118,651,994 Shares, representing approximately 2.86% of the total issued Shares. During the Reporting Period, the number of Shares that may be issued in respect of restricted shares granted under the Global Partner Program Share Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is nil.

Pursuant to the Global Partner Program Share Scheme, the Board shall select the eligible participant and determine the number of Shares to be awarded.

The table below shows details of the movements in the restricted shares granted under the Global Partner Program Share Scheme during the Reporting Period which shall be satisfied by the issuance of new Shares.

# Other Information

Category of Participants	Date of Grant	Closing Price of the Shares immediately before the Date of Grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2024	Vesting Period
<b>Directors</b>									
Dr. Zhisheng Chen	June 10, 2022	HK\$71.10	877,694	–	–	–	–	877,694	2 years
	August 24, 2023	HK\$41.10	957,015	–	–	–	–	957,015	2 years
	November 21, 2023	HK\$48.00	683,608	–	–	–	–	683,608	2 years
			<u>2,518,317</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,518,317</u>	
Dr. Weichang Zhou	June 10, 2022	HK\$71.10	298,416	–	–	–	–	298,416	2 years
	August 24, 2023	HK\$41.10	325,385	–	–	–	–	325,385	2 years
	November 21, 2023	HK\$48.00	278,223	–	–	–	–	278,223	2 years
			<u>902,024</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>902,024</u>	
<b>Sub-total</b>			<u>3,420,341</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,420,341</u>	
<b>Employees in aggregate</b>									
198 employees	November 23, 2021	HK\$105.70	2,420,829	–	–	–	–	2,420,829	2 years
2 employees	June 10, 2022	HK\$71.10	47,037	–	–	–	–	47,037	2 years
234 employees	November 28, 2022	HK\$47.75	6,399,432	–	–	152,268	–	6,247,164	2 years
2 employees	August 24, 2023	HK\$41.10	61,224	–	–	–	–	61,224	2 years
253 employees	November 21, 2023	HK\$48.00	6,903,371	–	–	238,883	–	6,664,488	2 years
<b>Sub-total</b>			<u>15,831,893</u>	<u>–</u>	<u>–</u>	<u>391,151</u>	<u>–</u>	<u>15,440,742</u>	
<b>Total</b>			<u>19,252,234</u>	<u>–</u>	<u>–</u>	<u>391,151</u>	<u>–</u>	<u>18,861,083</u>	

## Notes:

- (1) Certain employees of the Group may be offered to join the share scheme(s) of the Company's subsidiaries. Upon participating in such subsidiary share scheme(s), share options and/or share awards under the subsidiary share scheme(s) will be granted to the employees while the outstanding restricted shares granted under the Global Partner Program Share Scheme held by the respective employees will be cancelled accordingly.
- (2) For details of the fair value of the restricted shares at the date of grant and the accounting standard and policy adopted, please refer to note 30 to the consolidated financial statements of this interim report.
- (3) The restricted shares under the Global Partner Program Share Scheme are subject to vesting conditions and performance targets, whereupon the restricted shares granted under the Global Partner Program Share Scheme can only be vested when the Share price is no less than HK\$97.80, and the vesting schedule of 50% on each of the first and second anniversaries of the date of grant. For further details, please refer to note 30 to the consolidated financial statements of this interim report.

## Other Information

- (4) The purchase price for the restricted shares transferred or to be transferred to the participants upon vesting is nil.
- (5) Pursuant to the vesting of the restricted shares under the Global Partner Program Share Scheme, a certain portion of the vested restricted shares of the relevant grantee(s) will be sold by the trustee Computershare Hong Kong Trustees Limited on behalf of the relevant grantee(s) for the purpose of satisfying relevant tax liabilities and other transactional fees pursuant to the scheme rules.

Details of the movements in the restricted shares granted under the Global Partner Program Share Scheme during the Reporting Period are set out under note 30 to the consolidated financial statements in this interim report. For more details of the Global Partner Program Share Scheme, please refer to the Company's announcements dated June 16, 2021 and the Company's circular dated May 23, 2023.

The Scheme Mandate Limit was approved by Shareholders, and adopted by the Company, on June 27, 2023 (the "**Adoption Date**"), pursuant to which the maximum number of Shares which may be issued and allotted in respect of all restricted shares to be granted under the Restricted Share Award Scheme and the Global Partner Program Share Scheme and all share options and share awards to be granted under any other share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time would be 6% of the issued Shares as at the Adoption Date (i.e. 254,904,706 Shares). The number of restricted shares available for grant under the Scheme Mandate Limit was 209,409,984 as of June 30, 2024.

### Use of Net Proceeds from Placing

On February 2, 2021, 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 118,000,000 shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent professional, institutional and/or other investors (the "**Fourth Placing**"). The Fourth Placing price was HK\$112.00 per share. The net price per Fourth Placing share was approximately HK\$111.20. The closing price was HK\$120.40 per share as quoted on the Stock Exchange on the date of the placing agreement. For further details, please refer to the announcement of the Company dated February 3, 2021.

The net proceeds from the Fourth Placing were approximately RMB10,899.0 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 related technologies to further enable its global clients; and (iv) approximately 10% shall be used for general corporate purposes of the Group, as disclosed in the announcement of the Company dated February 3, 2021. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2024:

## Other Information

Use of proceeds	Planned applications (RMB million)	Percentage of total net proceeds	Actual usage up to June 30, 2024 (RMB million)	Net proceeds brought forward for the Reporting Period (RMB million)	Unutilized net proceeds as at June 30, 2024 (RMB million)	Expected timeframe for utilizing the remaining unutilized net proceeds (Note)
Merger and acquisition of additional capacities for drug substances/ drug products (DS/DP) manufacturing	4,359.6	40%	3,660.1	699.5	699.5	By the end of 2025
Building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms	4,359.6	40%	4,359.6	—	—	N/A
Investment in mRNA related technologies	1,089.9	10%	54.1	1,035.8	1,035.8	By the end of 2026
General corporate purposes of the Group	1,089.9	10%	1,089.9	—	—	N/A
<b>Total</b>	<b>10,899.0</b>	<b>100%</b>	<b>9,163.7</b>	<b>1,735.3</b>	<b>1,735.3</b>	

*Note:* The expected timeframe 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.

# Other Information

## Purchase, Sale or Redemption of the Listed Securities of the Company

During the Reporting Period, the Company had repurchased, a total of 76,909,000 Shares on the Stock Exchange at an aggregate purchase price of approximately HK\$1,355.48 million. The reason for repurchase is to demonstrate the Company's confidence in its own business outlook and prospects as the Company believes that the current trading price of the Shares does not reflect their intrinsic value or the actual prospects of the Company. As at the date of this interim report, 1,810,000 Shares repurchased during the Reporting Period had not been cancelled by the Company.

Details of the Shares repurchased during the Reporting Period are set out as follows:

Month of repurchases	Number of Shares repurchased on the Stock Exchange	Price per Share paid Highest (HK\$)	Price per Share paid Lowest (HK\$)	Aggregate purchase price (HK\$ million)
January 2024	10,091,500	30.35	28.00	291.50
February 2024	37,556,500	19.70	16.90	680.57
March 2024	3,490,000	14.38	13.80	49.87
April 2024	10,705,000	14.22	12.62	142.33
May 2024	13,256,000	15.00	11.14	171.29
June 2024	1,810,000	11.08	10.98	19.92

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury Shares) during the Reporting Period. As at June 30, 2024, the Company did not hold any treasury Shares.

## Key Events After the Reporting Period

The Group has the following event taken place subsequent to June 30, 2024:

- In August 2024, the Company entered into an equity transfer agreement with Hile Bio-Technology, pursuant to which the Company has conditionally agreed to purchase, and Hile Bio-Technology has conditionally agreed to sell, 30% of the equity interest in WuXi Vaccines. For further details, please refer to the announcement of the Company dated August 30, 2024.

# Other Information

## Future Plans for Material Investments and Capital Assets

The Group will continue to invest in enhancing and optimizing its capabilities and capacity. Please refer to “Management Discussion and Analysis — Geographic Footprint” section and “Other Information — Use of Net Proceeds from Placing” section in this interim report.

# Report on Review of Condensed Consolidated Financial Statements

**Deloitte.**

德勤

## TO THE BOARD OF DIRECTORS OF WUXI BIOLOGICS (CAYMAN) INC.

(incorporated in the Cayman Islands with limited liability)

### Introduction

We have reviewed the condensed consolidated financial statements of WuXi Biologics (Cayman) Inc. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 54 to 102, which comprise the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

August 21, 2024

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024

	NOTES	Six months ended June 30,	
		2024	2023
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	4	8,574,214	8,492,046
Cost of sales		(5,224,263)	(4,931,412)
Gross profit		3,349,951	3,560,634
Other income	6	338,659	197,965
Other gains and losses	7	(81,882)	114,840
Impairment losses under expected credit loss model, net of reversal	9	(190,170)	(131,797)
Selling and marketing expenses		(223,057)	(105,391)
Administrative expenses		(772,988)	(679,642)
Other expenses	9	—	(7,374)
Research and development expenses		(344,062)	(341,440)
Financing costs	8	(68,074)	(78,819)
Profit before tax	9	2,008,377	2,528,976
Income tax expense	10	(228,067)	(191,116)
<b>Profit for the period</b>		<b>1,780,310</b>	<b>2,337,860</b>
<b>Other comprehensive expense:</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(21,486)	(20,615)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(262,325)	282,346
Fair value loss on hedging instruments designated as cash flow hedges, net foreign investment hedges and time value within fair value hedges, net of income tax		(250,345)	(594,987)
<b>Other comprehensive expense for the period</b>		<b>(534,156)</b>	<b>(333,256)</b>
<b>Total comprehensive income for the period</b>		<b>1,246,154</b>	<b>2,004,604</b>

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024

		Six months ended June 30,	
		2024	2023
NOTES		RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Profit for the period attributable to:</b>			
	Owners of the Company	1,499,080	2,266,675
	Non-controlling interests	281,230	71,185
		<u>1,780,310</u>	<u>2,337,860</u>
<b>Total comprehensive income for the period attributable to:</b>			
	Owners of the Company	973,549	1,917,044
	Non-controlling interests	272,605	87,560
		<u>1,246,154</u>	<u>2,004,604</u>
		<b>RMB</b>	<b>RMB</b>
Earnings per share — Basic	12	<u>0.37</u>	<u>0.55</u>
— Diluted	12	<u>0.35</u>	<u>0.52</u>

# Condensed Consolidated Statement of Financial Position

As at June 30, 2024

		June 30, 2024	December 31, 2023
	NOTES	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Non-current Assets</b>			
Property, plant and equipment	13	28,258,954	27,377,643
Right-of-use assets	13	2,516,775	2,561,828
Goodwill		1,529,914	1,529,914
Intangible assets	14	474,803	511,834
Investment of an associate measured at fair value through profit or loss ("FVTPL")	15	1,312,232	1,393,531
Equity instruments at FVTOCI		—	21,408
Financial assets at FVTPL	16	1,495,930	1,519,347
Finance lease receivables		151,615	165,503
Deferred tax assets		479,878	235,783
Other long-term deposits and prepayments		68,877	60,686
		<b>36,288,978</b>	<b>35,377,477</b>
<b>Current Assets</b>			
Inventories	17	1,962,544	1,765,751
Finance lease receivables		22,038	21,575
Trade and other receivables	18	6,471,112	6,292,682
Contract assets	19	388,581	499,669
Contract costs	20	1,407,677	1,223,701
Tax recoverable		20,443	5,765
Derivative financial assets	25	214	127,652
Financial assets at FVTPL	16	35,078	1,233,598
Pledged bank deposits		15,449	18,017
Time deposits	21	340,077	340,000
Bank balances and cash	21	9,153,528	9,669,839
		<b>19,816,741</b>	<b>21,198,249</b>
<b>Current Liabilities</b>			
Trade and other payables	22	2,179,981	2,755,774
Borrowings	23	892,599	576,328
Contract liabilities	24	2,917,296	3,089,762
Income tax payable		451,769	618,883
Lease liabilities		192,595	154,980
Derivative financial liabilities	25	174,004	440,293
		<b>6,808,244</b>	<b>7,636,020</b>
<b>Net Current Assets</b>		<b>13,008,497</b>	<b>13,562,229</b>
<b>Total Assets less Current Liabilities</b>		<b>49,297,475</b>	<b>48,939,706</b>

# Condensed Consolidated Statement of Financial Position

As at June 30, 2024

		June 30, 2024	December 31, 2023
	NOTES	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Non-current Liabilities</b>			
Deferred tax liabilities		107,126	122,540
Borrowings	23	1,264,296	1,571,046
Contract liabilities	24	798,172	711,216
Lease liabilities		2,217,718	2,259,005
Deferred income	26	269,348	258,017
		<u>4,656,660</u>	<u>4,921,824</u>
<b>Net Assets</b>		<u>44,640,815</u>	<u>44,017,882</u>
<b>Capital and Reserves</b>			
Share capital	27	228	235
Reserves		40,654,985	40,331,362
Equity attributable to owners of the Company		40,655,213	40,331,597
Non-controlling interests		3,985,602	3,686,285
<b>Total Equity</b>		<u>44,640,815</u>	<u>44,017,882</u>

The condensed consolidated financial statements on pages 54 to 102 were approved and authorized for issue by the Board of Directors on August 21, 2024 and are signed on its behalf by:

\_\_\_\_\_  
**Zhisheng Chen**  
*DIRECTOR*

# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Attributable to owners of the Company												Total RMB'000
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note i)	Equity-settled share-based compensation reserve RMB'000 (note ii)	Hedging reserve RMB'000	FVTOCI reserve RMB'000	Group reorganization reserve RMB'000 (note iii)	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
At January 1, 2023 (Audited)	233	—	22,102,026	1,062,021	2,011,380	(80,259)	(92,236)	(4,636)	(467,235)	10,516,113	35,047,407	1,165,670	36,213,077
Profit for the period	—	—	—	—	—	—	—	—	—	2,266,675	2,266,675	71,185	2,337,860
Other comprehensive (expense) income for the period	—	—	—	—	—	—	—	—	—	—	—	—	—
— Fair value adjustments on fair value hedges and cash flow hedges	—	—	—	—	—	(178,170)	—	—	—	—	(178,170)	2,132	(176,038)
— Recycling from cash flow hedging reserve to profit or loss	—	—	—	—	—	(153,519)	—	—	—	—	(153,519)	—	(153,519)
— Fair value change of equity instruments at FVTOCI	—	—	—	—	—	—	(20,615)	—	—	—	(20,615)	—	(20,615)
— Fair value adjustments on hedges of net investments in foreign operations	—	—	—	—	—	—	—	—	(265,430)	—	(265,430)	—	(265,430)
— Exchange difference arising from translation of foreign operations	—	—	—	—	—	—	—	—	268,103	—	268,103	14,243	282,346
Total comprehensive (expense) income for the period	—	—	—	—	—	(331,689)	(20,615)	—	2,673	2,266,675	1,917,044	87,560	2,004,604
Recognition of equity-settled share-based compensation	—	—	—	—	760,918	—	—	—	—	—	760,918	21,803	782,721
Exercise of pre-IPO share options and vest of restricted shares of the Company	*	—	468,974	—	(455,966)	—	—	—	—	—	13,008	—	13,008
Issue of new shares (Note 27)	1	—	(1)	—	—	—	—	—	—	—	—	—	—
Capital injection by a non-controlling shareholder	—	—	—	—	—	—	—	—	—	—	—	30,910	30,910
At June 30, 2023 (Unaudited)	234	—	22,570,999	1,062,021	2,316,352	(411,948)	(112,851)	(4,636)	(464,562)	12,782,788	37,738,377	1,305,943	39,044,320
At January 1, 2024 (Audited)	235	(916,916)	24,488,631	1,492,076	2,634,882	(35,253)	(113,042)	(4,636)	(700,167)	13,485,787	40,331,597	3,686,285	44,017,882
Profit for the period	—	—	—	—	—	—	—	—	—	1,499,080	1,499,080	281,230	1,780,310
Other comprehensive (expense) income for the period	—	—	—	—	—	—	—	—	—	—	—	—	—
— Fair value adjustments on fair value hedges and cash flow hedges	—	—	—	—	—	(322,003)	—	—	—	—	(322,003)	—	(322,003)
— Recycling from cash flow hedging reserve to profit or loss	—	—	—	—	—	92,949	—	—	—	—	92,949	—	92,949
— Fair value change of equity instruments at FVTOCI	—	—	—	—	—	—	(21,486)	—	—	—	(21,486)	—	(21,486)
— Fair value adjustments on hedges of net investments in foreign operations	—	—	—	—	—	—	—	—	(21,291)	—	(21,291)	—	(21,291)
— Exchange difference arising from translation of foreign operations	—	—	—	—	—	—	—	—	(253,700)	—	(253,700)	(8,625)	(262,325)
Total comprehensive (expense) income for the period	—	—	—	—	—	(229,054)	(21,486)	—	(274,991)	1,499,080	973,549	272,605	1,246,154
Recognition of equity-settled share-based compensation	—	—	—	—	658,907	—	—	—	—	—	658,907	31,234	690,141
Exercise of pre-IPO share options and vest of restricted shares of the Company	*	—	695,529	—	(685,582)	—	—	—	—	—	9,947	—	9,947
Exercise of pre-IPO share options of a subsidiary	—	—	(1,330)	—	(301)	—	—	—	—	—	(1,631)	2,632	1,001
Repurchase of shares (note iv)	—	(1,234,390)	—	—	—	—	—	—	—	—	(1,234,390)	—	(1,234,390)
Cancellation of treasury stock (Note 27)	(7)	2,133,136	(2,133,129)	—	—	—	—	—	—	—	—	—	—
Acquisition of non-controlling interest of a subsidiary	—	—	(82,766)	—	—	—	—	—	—	—	(82,766)	(7,154)	(89,920)
At June 30, 2024 (Unaudited)	228	(18,170)	22,966,935	1,492,076	2,607,906	(264,307)	(134,528)	(4,636)	(975,158)	14,984,867	40,655,213	3,985,602	44,640,815

\* Amount below RMB1,000.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

Notes:

- i. In accordance with the Articles of Association of all subsidiaries of WuXi Biologics (Cayman) Inc. (the "**Company**") established in the People's Republic of China (the "**PRC**"), they are required to transfer 10% of the profit after tax to the statutory reserve until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.
- ii. The amount represents the equity-settled share-based compensation in respect of:
  - (a) the share options for shares of WuXi PharmaTech (Cayman) Inc. ("**WuXi PharmaTech**"), the then ultimate holding company of the Company before completing the group reorganization of the Company (see note iii below), granted by WuXi PharmaTech to certain directors and employees of the Company and its subsidiaries (collectively referred to as the "**Group**") for their services rendered to the Group;
  - (b) the equity-settled share-based compensation under the Company's pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**");
  - (c) the Company's restricted share award scheme (the "**Restricted Share Award Scheme**");
  - (d) the Company's global partner program share scheme (the "**Global Partner Program Share Scheme**"); and
  - (e) the share option schemes of the Company's subsidiaries (the "**Subsidiary Share Option Scheme**").
- iii. Group reorganization reserve represents the combined capital contribution of the entities comprising the Group, net of settlement of the payables to their then shareholders; and the administration service cost borne on behalf of the fellow subsidiaries by the Company prior to the completion of the group reorganization in 2015.
- iv. During the six months ended June 30, 2024, the Company repurchased its own ordinary shares for cancellation through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid RMB'000
		Highest HK\$	Lowest HK\$	
January 2024	10,091,500	30.35	28.00	265,684
February 2024	37,556,500	19.70	16.90	619,300
March 2024	3,490,000	14.38	13.80	45,295
April 2024	10,705,000	14.22	12.62	129,250
May 2024	13,256,000	15.00	11.14	156,691
June 2024	1,810,000	11.08	10.98	18,170

Excluding the 1,810,000 shares which were repurchased but not yet cancelled in June 2024, other shares repurchased during the six months ended June 30, 2024 were cancelled on June 11, 2024.

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,302,119</b>	<b>2,750,086</b>
<b>INVESTING ACTIVITIES</b>		
Receipt of interest from banks	191,477	73,781
Proceeds from disposal of property, plant and equipment	15,196	14,182
Payments for acquisition of property, plant and equipment	(1,867,384)	(2,381,242)
Payments for right-of-use assets	—	(173,503)
Payments for rental deposits	—	(790)
Proceeds from disposal of financial assets at FVTPL	3,602,914	10,730,024
Payment for acquisition of financial assets at FVTPL	(2,240,320)	(9,916,929)
Research and other grants received	42,606	1,770
Withdrawal of pledged bank deposits	4,711	151
Placement of pledged bank deposits	(2,040)	(12,361)
Withdrawal of time deposits	160,000	304,483
Placement of time deposits	(160,079)	(248,450)
Net settlement of derivative financial instruments	(129,606)	19,720
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(382,525)</b>	<b>(1,589,164)</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	366,737	778,723
Repayments of bank borrowings	(358,429)	(847,729)
Interest paid	(99,515)	(109,302)
Repayments of lease liabilities	(77,816)	(53,654)
Capital injection by a non-controlling shareholder	—	30,910
Payment on repurchase of shares	(1,234,390)	—
Proceeds from exercise of pre-IPO share options of the Company	9,947	13,008
Proceeds from exercise of pre-IPO share options of a subsidiary	1,001	—
Payment of transaction cost of issue of new shares of a subsidiary	(2,191)	—
Acquisition of non-controlling interest of a subsidiary	(80,928)	—
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,475,584)</b>	<b>(188,044)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(555,990)</b>	<b>972,878</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>9,669,839</b>	<b>6,395,222</b>
Effect of foreign exchange rate changes	39,679	(12,965)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>9,153,528</b>	<b>7,355,135</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 1. GENERAL INFORMATION

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 (the "**Stock Exchange**") since June 13, 2017. The Company is an investment holding company. The Group is a biologics Contract Research, Development and Manufacturing Organization ("**CRDMO**") offering end-to-end solutions for biologics discovery, development and manufacturing.

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

## 2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board (the "**IASB**") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional/change in accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**") disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2023.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2024 for the preparation of the Group's condensed consolidated financial statements:

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

Except as described below, the application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### 3.1 Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

#### *3.1.1 Transition and summary of impact*

The Group has applied the new accounting policy and the amendments retrospectively. The application of the amendments in the current period has the following impacts on borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date.

*Borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date*

The Group's right to defer settlement for certain borrowings are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

The application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group's other liabilities. The change in accounting policy does not have an impact on the Group's profit or loss or earnings per share for the six months ended 30 June 2023.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

### (i) Disaggregation of revenue from contracts with customers

The Group derives its revenue from the transfer of goods and services at a point in time and over time in the following major service lines:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Type of services</b>		
CRDMO services	8,395,447	8,363,747
Others	178,767	128,299
<b>Total</b>	<b>8,574,214</b>	<b>8,492,046</b>

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>		
A point in time		
— CRDMO services	7,677,286	7,874,209
— Others	178,767	124,955
Over time		
— CRDMO services	718,161	489,538
— Others	—	3,344
	<b>8,574,214</b>	<b>8,492,046</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 5. OPERATING SEGMENTS

Information reported to the chief executive officer, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

### Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

#### For the six months ended June 30, 2024

	Biologics RMB'000	XDC RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
<b>SEGMENT REVENUE</b>				
External sales	6,961,624	1,612,590	—	8,574,214
Inter-segment sales	688,618	52,609	(741,227)	—
	<u>7,650,242</u>	<u>1,665,199</u>	<u>(741,227)</u>	<u>8,574,214</u>
Segment results	<u>1,454,266</u>	<u>561,716</u>	<u>—</u>	<u>2,015,982</u>
Unallocated expenses				<u>(7,605)</u>
Group's profit before tax				<u><u>2,008,377</u></u>

#### For the six months ended June 30, 2023

	Biologics RMB'000	XDC RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
<b>SEGMENT REVENUE</b>				
External sales	7,634,822	857,224	—	8,492,046
Inter-segment sales	444,974	136,244	(581,218)	—
	<u>8,079,796</u>	<u>993,468</u>	<u>(581,218)</u>	<u>8,492,046</u>
Segment results	<u>2,328,088</u>	<u>211,568</u>	<u>—</u>	<u>2,539,656</u>
Unallocated expenses				<u>(10,680)</u>
Group's profit before tax				<u><u>2,528,976</u></u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 5. OPERATING SEGMENTS (continued)

### Segment revenue and results (continued)

Segment results represent the profit earned by each segment without allocation of central administration costs and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

### Geographical information

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue		
— North America	5,009,669	3,927,954
— Europe	1,862,991	2,551,605
— PRC	1,417,906	1,792,531
— Rest of the world	283,648	219,956
	<b>8,574,214</b>	<b>8,492,046</b>

As at June 30, 2024, other than financial instruments, investments of an associate measured at FVTPL and deferred tax assets, the Group had non-current assets located in Ireland, Germany, the United States ("US") and Singapore amounted to RMB11,043,023,000, RMB3,551,501,000, RMB2,301,508,000 and RMB951,027,000 (December 31, 2023: RMB11,145,776,000, RMB3,477,556,000, RMB2,139,451,000 and RMB485,456,000) respectively, and the remaining non-current assets of the Group are located in the PRC.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 6. OTHER INCOME

	Six months ended June 30,	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Interest income from banks and other financial assets at amortized cost	191,996	74,843
Research and other grants related to		
— assets (note i)	12,021	10,807
— income (note ii)	134,642	112,315
	<b>338,659</b>	<b>197,965</b>

Notes:

- i. The Group has received certain research and other grants for investing in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets.
- ii. The research and other grants received by the Group during the current interim period were mainly related to recognizing 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 of the Group.

## 7. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Net foreign exchange (loss) gain	(89,710)	168,402
Fair value (loss) gain on		
— listed equity securities at FVTPL	(46,727)	(54,531)
— unlisted equity investments at FVTPL	166,989	13,185
— investment of an associate measured at FVTPL	(83,930)	(14,095)
— wealth management products	14,748	47,954
— derivative financial instruments	(36,378)	(60,866)
Others	(6,874)	14,791
	<b>(81,882)</b>	<b>114,840</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 8. FINANCING COSTS

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest expense on financing component of an advance payment received from a customer recorded as contract liabilities	5,293	5,419
Interest expense on bank borrowings	58,799	67,879
Interest expense on lease liabilities	41,074	39,637
	<b>105,166</b>	112,935
Less: amounts capitalized in the cost of qualifying assets	<b>(37,092)</b>	(34,116)
	<b>68,074</b>	78,819

During the current interim period, borrowing cost arose on certain general borrowings were capitalized to expenditure on qualifying assets at rates varying from 6.35% to 6.45% (2023: from 1.27% to 6.37%) per annum.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 9. PROFIT BEFORE TAX

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Depreciation for property, plant and equipment	622,430	521,078
Depreciation for right-of-use assets	130,469	117,802
Amortization of intangible assets	30,893	29,611
	<b>783,792</b>	<b>668,491</b>
Staff cost (including directors' emoluments):		
— Salaries and other benefits	2,295,242	2,002,894
— Retirement benefits scheme contributions	229,095	215,076
— Share-based payment expenses	690,141	782,721
	<b>3,214,478</b>	<b>3,000,691</b>
Depreciation, amortization and staff cost		
— Capitalized in contract cost	(617,766)	(616,509)
— Capitalized in property, plant and equipment	(313,510)	(319,079)
	<b>(931,276)</b>	<b>(935,588)</b>
Impairment losses under expected credit loss model, net of reversal		
— Trade receivables	200,561	126,598
— Contract assets	(10,391)	4,063
— Receivables for purchase of raw materials on behalf of customers	—	1,136
	<b>190,170</b>	<b>131,797</b>
Write-down of inventories (included in cost of sales)	49,581	42,681
Reversals of inventories write-down (included in cost of sales)	(31,235)	(87,778)
Write-down of contract costs (included in cost of sales)	34,472	43,479
Reversals of contract costs write-down (included in cost of sales)	(37,959)	(88,288)
Listing expenses of WuXi XDC (under other expenses) (note)	—	7,374
Loss on disposal of property, plant and equipment	1,291	2,455
Cost of inventories recognized as an expense	1,634,384	1,619,258

Note: Other expenses of the Group represented the listing expenses incurred for the spin-off of WuXi XDC Cayman Inc. (the "WuXi XDC") for separate listing its shares on the Main Board of the Stock Exchange.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 10. INCOME TAX EXPENSE

	Six months ended June 30,	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current tax:		
— PRC Enterprise Income Tax ("EIT")	491,313	549,852
— Hong Kong Profits Tax	86,546	73,113
— Other jurisdictions	25,101	1,407
Over provision in prior years	(154,353)	(394,359)
	448,607	230,013
Deferred tax:		
— Current period	(220,540)	(38,897)
	228,067	191,116

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 certain subsidiaries which are eligible for lower tax rates because they were accredited with "Technology Advanced Service Enterprise", "High and New Technology Enterprise", "Western Development Enterprise" or "Micro and Small Enterprise" tax preference.

The profits tax rate for the first HK\$2 million of assessable profits will be lowered to half of the prevailing tax rate (i.e. 8.25%) while the remaining amount will be subject to the full prevailing tax rate (i.e. 16.5%). However, each group of connected entities can only nominate one entity to enjoy the two-tiered tax rates.

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

As of June 30, 2024, the Group's annual profits arising from Germany, Ireland and the United Kingdom are immaterial. However, this information is based on the profits and tax expense determined as part of the preparation of the Group's condensed consolidated financial statements without considering adjustments that would have been required applying the legislation. Because of the specific adjustments envisaged in the Pillar Two legislation which may give rise to different effective tax rates compared to those calculated based on accounting profit, the actual impact that the Pillar Two income taxes legislation would have had on the Group's results if it had been in effect for the period ended June 30, 2024 may have been different.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 10. INCOME TAX EXPENSE (continued)

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

## 11. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have resolved not to declare any interim dividend in respect of the interim period.

## 12. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share for the period attributable to owners of the Company	1,499,080	2,266,675
Effect of dilutive potential ordinary shares: Adjustment to the share of profit of subsidiaries based on dilution of their earnings per share	(16,729)	—
Earnings for the purpose of diluted earnings per share	<u>1,482,351</u>	<u>2,266,675</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 12. EARNINGS PER SHARE (continued)

	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
<b>Number of Shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	4,102,751,126	4,158,087,472
Effect of dilutive potential ordinary shares:		
Share options	140,162,152	161,833,695
Restricted shares	12,943,917	29,924,716
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	4,255,857,195	4,349,845,883

The weighted average number of ordinary shares shown above have been arrived at after deducting the weighted average effect of 73,378,078 shares (June 30, 2023: 73,962,140 shares) held by the trustee under the Restricted Share Award Scheme or the Global Partner Program Share Scheme as set out in Note 30.

## 13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group had the following significant movements in property, plant and equipment and right-of-use assets:

- i. The Group acquired RMB1,836,207,000 (six months ended June 30, 2023: RMB2,031,581,000) of property, plant and equipment for the expansion of production facilities.
- ii. The Group renewed and entered into several new lease agreements for lease properties ranging from 2 to 16 years (six months ended June 30, 2023: 3 to 30 years). On lease commencement, the Group recognized right-of-use assets of RMB100,705,000 and lease liabilities of RMB99,120,000 (six months ended June 30, 2023: RMB863,211,000 and RMB689,588,000 respectively).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 14. INTANGIBLE ASSETS

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Carrying amount:		
Patent and license	239,880	255,523
Technology	52,206	55,582
Customer relationship	182,717	200,729
	<b>474,803</b>	<b>511,834</b>

## 15. INVESTMENT OF AN ASSOCIATE MEASURED AT FVTPL

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Investment of an associate measured at FVTPL	<b>1,312,232</b>	<b>1,393,531</b>

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	
Shanghai Duoning Biotechnology Co., Ltd. ("Duoning")	PRC	PRC	17.36%	17.36%	20%	20%	Sales of serum-free media and disposable products, formulation production and services

The Group maintained significant influence in Duoning through its representation in the board of directors.

Details of the fair value measurement of the investment of an associate are set out in Note 28.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 16. FINANCIAL ASSETS AT FVTPL

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Current asset</b>		
Wealth management products (note)	35,078	1,233,598
<b>Non-current assets</b>		
Listed equity securities	190,745	459,699
Unlisted investments	1,305,185	1,059,648
	1,495,930	1,519,347
Financial assets at FVTPL	1,531,008	2,752,945

Note: During the current interim period, the Group invested in several contracts of wealth management products with banks under which the original maturity terms are within 12 months. For the wealth management products, returns are determined by reference to the performance of the underlying instruments in the currency market, the interbank market, the bond market, the security and equity market and the derivative financial assets; those are recognized as financial assets at FVTPL. The expected return rates varied from 1.50% to 6.17% (December 31, 2023: 1.0% to 5.18%) per annum.

During the current interim period, the Group managed and evaluated the unlisted investments in accordance with the Group's investment strategy.

Details of the fair value measurement of the financial assets at FVTPL are set out in Note 28.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 17. INVENTORIES

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Raw materials and consumables	1,945,500	1,740,323
Work in progress	7,856	8,471
Finished goods	9,188	16,957
Total	<u>1,962,544</u>	<u>1,765,751</u>

Raw materials and consumables are net of a write-down of approximately RMB210,783,000 as at June 30, 2024 (December 31, 2023: RMB193,316,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 18. TRADE AND OTHER RECEIVABLES

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade receivables		
— related parties	8,167	4,576
Less: allowance for credit losses	(390)	(329)
— third parties	6,726,554	6,405,693
Less: allowance for credit losses	(1,006,103)	(756,310)
	<u>5,728,228</u>	<u>5,653,630</u>
Bills receivable from contracts with customers	<u>40,435</u>	<u>9,551</u>
Receivables for purchase of raw materials on behalf of customers (note i)	<u>—</u>	<u>37,491</u>
Advances to suppliers		
— related parties	1,840	3,244
— third parties	34,286	67,677
	<u>36,126</u>	<u>70,921</u>
Other receivables		
— third parties (note ii)	<u>58,259</u>	<u>47,652</u>
Prepayments	<u>63,970</u>	<u>36,214</u>
Value added tax recoverable	<u>544,094</u>	<u>437,223</u>
Total trade and other receivables	<u>6,471,112</u>	<u>6,292,682</u>

Notes:

- i. As at December 31, 2023, the carrying amount of receivables for purchase of raw materials on behalf of customers was net of allowance for credit losses of RMB52,359,000.
- ii. As at December 31, 2023, an amount of RMB9,246,000 included in other receivables represented the receivable from bank in relation to the settled derivative financial instruments.

Details of the trade and other receivables due from related parties are set out in Note 29(b).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 18. TRADE AND OTHER RECEIVABLES (continued)

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

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Not past due	3,417,652	3,708,023
Overdue:		
— Within 90 days	1,062,077	838,005
— 91 days to 1 year	646,988	709,700
— Over 1 year	601,511	397,902
	<u>5,728,228</u>	<u>5,653,630</u>

## 19. CONTRACT ASSETS

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Contract assets		
— related parties	7,250	7,685
Less: allowance for credit losses	(229)	(229)
— third parties	398,454	519,264
Less: allowance for credit losses	(16,894)	(27,051)
	<u>388,581</u>	<u>499,669</u>

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 20. CONTRACT COSTS

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Costs to fulfil contracts	<u>1,407,677</u>	<u>1,223,701</u>

The contract costs are net of a write-down of approximately RMB58,919,000 as at June 30, 2024 (December 31, 2023: RMB62,406,000).

## 21. BANK BALANCES AND CASH/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 bank balances and short-term bank deposits carried interest at market rates which ranged from 0 to 5.71% per annum as at June 30, 2024 (December 31, 2023: from 0 to 5.68% per annum).

Time deposits as at June 30, 2024 carried fixed interest rates ranging from 2.65% to 3.42% per annum and have original maturity over three months (December 31, 2023: from 1.7% to 2.8%).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 22. TRADE AND OTHER PAYABLES

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade payables		
— related parties	83,831	105,193
— third parties	787,739	728,073
	<u>871,570</u>	<u>833,266</u>
Accrued expenses and other payables		
— related parties	9,456	10,901
— third parties (note)	421,863	596,656
	<u>431,319</u>	<u>607,557</u>
Payable for purchase of property, plant and equipment	374,102	518,651
Consideration payables for acquisition of subsidiaries	2,968	2,968
Salary and bonus payables	393,186	707,099
Other taxes payable	103,876	86,233
Bill payables	2,960	—
	<u>877,092</u>	<u>1,314,951</u>
Trade and other payables	<u>2,179,981</u>	<u>2,755,774</u>

Note: Included in other payables, an amount of RMB36,603,000 represented the payables to employees arising from exercise of share options and restricted shares as at June 30, 2024 (December 31, 2023: RMB11,199,000).

Details of the trade and other payables due to related parties are set out in Note 29(b).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 22. TRADE AND OTHER PAYABLES (continued)

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

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within 90 days	830,362	748,784
91 days to 1 year	36,541	76,174
Over 1 year but within 5 years	4,667	8,308
	<b>871,570</b>	<b>833,266</b>

## 23. BORROWINGS

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Secured bank loans	52,900	57,500
Unsecured bank loans	2,103,995	2,089,874
	<b>2,156,895</b>	<b>2,147,374</b>
The carrying amounts of the above borrowings are repayable*:		
Within one year	892,599	576,328
Within a period of more than one year but not exceeding two years	1,079,156	1,370,148
Within a period of more than two years but not exceeding five years	94,551	94,551
Within a period of more than five years	90,589	106,347
	<b>2,156,895</b>	<b>2,147,374</b>
Less: amounts due within one year shown under current liabilities	<b>(892,599)</b>	<b>(576,328)</b>
Amounts shown under non-current liabilities	<b>1,264,296</b>	<b>1,571,046</b>

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 23. BORROWINGS (continued)

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

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Fixed-rate borrowings	52,900	57,500
Variable-rate borrowings	2,103,995	2,089,874
	<b>2,156,895</b>	<b>2,147,374</b>

The Group's variable-rate borrowings carry interest at European Central Bank Rate plus 1.5%, Euro Interbank Offered Rate plus 0.75%, Secured Overnight Financing Rate plus 0.8% and plus 0.79%, and 5-years Loan Prime Rate ("LPR") minus 0.9%, and 1-year LPR minus 0.75%.

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

	As at	
	June 30, 2024	December 31, 2023
Effective interest rate:		
Fixed-rate borrowings	3.85%	4.90%
Variable-rate borrowings	2.70% to 6.45%	2.71% to 6.46%

At June 30, 2024, the Group's borrowings were secured against the Group's property, plant and equipment as collaterals with carrying amounts of RMB13,243,000 (December 31, 2023: RMB10,299,000).

In respect of bank loans with carrying amount of RMB1,391,864,000 (December 31, 2023: RMB1,427,872,000), the Group is required to comply with the following financial covenants throughout the continuance of the relevant loans and/or as long as the loans are outstanding:

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 23. BORROWINGS (continued)

(i) Bank loans with carrying amount of RMB729,072,000 (US\$102,300,000):

In relation to the Group:

- Total equity after deducting goodwill, intangible assets and deferred tax assets (together referred to as "**Tangible Net Worth**") shall not at any time be less than RMB20,000,000,000;
- Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") in respect of any at the last day of the first half of the financial year and the last day of the financial year (the "**Relevant Period**") shall not be less than 5 times gross interest expenses for that Relevant Period; and
- Total debt less the cash and cash equivalents ("**Net debt**") at the end of each Relevant Period shall not exceed 2.5 times EBITDA for that Relevant Period.

In relation to WuXi Biologics (Hong Kong) Limited ("**BIOHK**"):

- Tangible Net Worth shall not at any time be less than RMB20,000,000.

(ii) Bank loans with carrying amount of RMB662,792,000 (US\$93,000,000):

In relation to the Group:

- EBITDA shall not be less than 5 times interest expenses;
- Net interest-bearing debt shall not exceed 2.5 times EBITDA.

The Group has complied with these covenants throughout the reporting period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 24. CONTRACT LIABILITIES

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Contract liabilities		
— related parties	—	1,002
— third parties	3,715,468	3,799,976
	3,715,468	3,800,978
Less: amounts shown under current liabilities	(2,917,296)	(3,089,762)
Amounts shown under non-current liabilities	798,172	711,216

## 25. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	Assets		Liabilities	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Unaudited)	RMB'000 (Audited)
<i>Derivatives not under hedge accounting</i>				
— Capped forward contracts	214	—	7	—
<i>Derivatives under hedge accounting</i>				
Fair value hedges				
— Forward extra and collar contracts	—	9,159	—	305,324
Cash flow hedges				
— Foreign currency forward, forward extra and collar contracts	—	117,370	173,997	5,547
Net investment hedge in foreign operations				
— Forward extra, collar and structured deposit contracts	—	1,123	—	129,422
Total	214	127,652	174,004	440,293

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 25. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

### Derivatives not under hedge accounting

During the six months ended June 30, 2024, the Group entered into capped forward contracts and forward extra contracts (six months ended June 30, 2023: capped forward, partial callable forward, partial callable forward extra and partial convertible dual currency structured deposit contracts) with bank in order to manage the Group's currency risk.

Under these contracts, the Group will pay to the bank notional amount of HK\$ and receive from the bank an amount in US\$, or pay to the bank notional amount of EUR and receive from the bank an amount in RMB. The Group will receive the amount equal to the product of the relevant notional amount and the relevant rate as specified within the respective contracts.

The Group did not elect to adopt hedge accounting for certain contracts and therefore, during the six months ended June 30, 2024, loss from the contracts of RMB196,000 (six months ended June 30, 2023: RMB80,586,000 losses) was recognized as "fair value loss on derivative financial instruments" in other gains and losses.

### Derivatives under hedge accounting

In the view of directors of the Company, certain foreign currency forward contracts and forward extra contracts are highly effective hedging instruments and qualified as cash flow hedge in foreign operations.

As at June 30, 2024, the aggregate amount of losses after tax under foreign exchange forward contracts and forward extra contracts recognized in other comprehensive income and accumulated in the cash flow hedging reserve relating to the exposure on anticipated future sales transactions denominated in US\$ was RMB264,307,000 (December 31, 2023: RMB35,253,000 losses). It is anticipated that the sales would take place within next 5 months (December 31, 2023: 11 months) at which time the amount deferred in equity will be recycled to profit or loss.

During the current interim period, loss from the contracts of RMB36,182,000 in ineffective hedge portion was recognized immediately in profit or loss (six months ended June 30, 2023: RMB19,720,000 gains).

During the current interim period, the aggregated amount of gains previously recognized in other comprehensive income and accumulated in equity of RMB3,671,000 (six months ended June 30, 2023: RMB173,242,000 losses) were reclassified to revenue when the hedged item affects profit or loss.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 26. DEFERRED INCOME

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Assets related research and other grants	252,587	254,366
Income related research and other grants	16,761	3,651
	<u>269,348</u>	<u>258,017</u>

During the six months ended June 30, 2024, the Group received research and other grants of RMB42,606,000 (six months ended June 30, 2023: RMB1,770,000) for its investment in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets.

## 27. SHARE CAPITAL

AUTHORIZED:

	Number of shares	Par value US\$	Authorized share capital US\$
At January 1, 2023, June 30, 2023, January 1, 2024 and June 30, 2024	<u>6,000,000,000</u>	<u>1/120,000</u>	<u>50,000</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 27. SHARE CAPITAL (continued)

ISSUED AND FULLY PAID:

	Number of shares	Amount US\$	Shown in the financial statements as RMB'000
At January 1, 2023 (audited)	4,225,261,885	35,211	233
Issue of new shares	17,642,323	147	1
Exercise of pre-IPO share options	5,624,927	47	*
At June 30, 2023 (unaudited)	<u>4,248,529,135</u>	<u>35,405</u>	<u>234</u>
At January 1, 2024 (audited)	4,257,500,616	35,480	235
Exercise of pre-IPO share options	5,533,333	46	*
Shares repurchased and cancelled (note)	<u>(109,868,000)</u>	<u>(916)</u>	<u>(7)</u>
At June 30, 2024 (unaudited)	<u>4,153,165,949</u>	<u>34,610</u>	<u>228</u>

Note: On June 11, 2024, 109,868,000 shares were cancelled, of which 75,099,000 and 34,769,000 shares were repurchased in 2024 and 2023, respectively.

\* Amount below RMB1,000.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the current interim period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value measurements and valuation process

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	June 30, 2024	December 31, 2023			
Financial assets at FVTPL	<b>Listed equity securities: RMB190,745,000</b>	Listed equity securities: RMB459,699,000	Level 1	Active market quoted transaction price (note)	N/A
	<b>Unlisted equity investments: RMB239,708,000</b>	Unlisted equity investments: RMB6,288,000	Level 2	Recent transaction price	N/A
	<b>Unlisted equity investments: RMB475,047,000</b>	Unlisted equity investments: RMB420,705,000	Level 3	Back-solve from recent transaction price, option pricing model and/or adjusted net asset value method	Probability of qualified initial public offering ("IPO"), redemption and liquidation, risk-free rate and expected volatility
	<b>Unlisted equity investments: RMB477,687,000</b>	Unlisted equity investments: RMB531,951,000	Level 3	Comparable company method	Liquidity discount

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	June 30, 2024	December 31, 2023			
	<b>Unlisted equity investments: RMB112,743,000</b>	Unlisted equity investments: RMB100,704,000	Level 3	Discounted cash flows method and option pricing model	Discount rate, probability of conversion, redemption and liquidation, risk-free rate and expected volatility
	<b>Wealth management products: RMB35,078,000</b>	Wealth management products: RMB1,233,598,000	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A
Equity instruments at FVTOCI	<b>Unlisted equity investments: nil</b>	Unlisted equity investments: RMB21,408,000	Level 3	Comparable company method and discounted cash flows method	Liquidity discount and discount rate
Investment of an associate measured at FVTPL	<b>Investment of an associate measured at FVTPL: RMB1,312,232,000</b>	Investment of an associate measured at FVTPL: RMB1,393,531,000	Level 3	Discounted cash flows method and option pricing model	Discount rate, probability of conversion, redemption and liquidation, risk-free rate and expected volatility
Foreign currency forward contracts, forward extra contracts, capped forward contracts, collar contracts and structured deposit contracts classified as derivative financial assets and liabilities	<b>Derivative financial assets: RMB214,000</b>	Derivative financial assets: RMB127,652,000	Level 2	Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of the banks	N/A
	<b>Derivative financial liabilities: RMB174,004,000</b>	Derivative financial liabilities: RMB440,293,000			

Note: These equity investments were listed on the Stock Exchange or National Association of Securities Dealers Automated Quotations ("NASDAQ") market, with the shares traded in an active market. Therefore, the fair value of such investments as at June 30, 2024 and December 31, 2023 was determined based on the market price and classified as Level 1 of the fair value hierarchy.

There were no transfers between Level 1 and 2 during the period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

### Reconciliation of Level 3 fair value measurements of financial assets

	Equity instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Investment of an associate measured at FVTPL RMB'000
At January 1, 2024 (audited)	21,408	1,053,360	1,393,531
Total (losses) gains			
— in profit or loss	(21,486)	166,845	(83,930)
Purchases	—	75,146	—
Transfer to Level 2	—	(233,240)	—
Exchange alignment	78	3,366	2,631
At June 30, 2024 (unaudited)	<u>—</u>	<u>1,065,477</u>	<u>1,312,232</u>

### Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair value.

The fair values of these financial assets and financial liabilities at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES

The Group had the following significant transactions and balances with related parties during the current interim period:

### (a) Related party transactions:

#### *Provision of research and development service to related parties*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Shanghai STA Pharmaceutical R&D Co., Ltd. ("STA R&D")	146	163
Duoning (note)	122	—
Shanghai SynTheAll Pharmaceutical Co., Ltd. ("STA")	—	7,996
WuXi AppTec (Shanghai) Co., Ltd. ("WXAT Shanghai")	—	214
WuXi ATU Co., Ltd. ("WuXi ATU")	—	143
WuXi STA Pharmaceutical Co., Ltd.	—	87
Nanjing Mingjie Biomedical Testing Co., Ltd. ("NJ Mingjie")	—	57
	<b>268</b>	<b>8,660</b>

Note: As disclosed in Note 15, Duoning is an associate of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES (continued)

### (a) Related party transactions: (continued)

#### *Sales of materials to related parties*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
STA	3,939	—
Duoning	1,185	704
WuXi ATU	213	213
WuXi AppTec (Tianjin) Co., Ltd. ("WATJ")	106	—
Changzhou SynTheAll Pharmaceutical Co., Ltd. ("STA Changzhou")	85	—
WuXi ATU (Shanghai) Limited ("Shanghai ATU")	—	15
WuXi AppTec (Nantong) Co., Ltd. ("WANT")	—	6
	<u>5,528</u>	<u>938</u>

#### *Sales of property, plant and equipment to related parties*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
WXAT Shanghai	10	—

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES (continued)

### (a) Related party transactions: (continued)

#### *Technical service received*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
STA R&D	31,389	14,784
WuXi AppTec (Suzhou) Co., Ltd. ("WASZ")	14,704	2,876
WXAT Shanghai	11,557	5,135
STA	3,218	33,998
Shanghai STA Pharmaceutical Product Co., Ltd. ("STA Product")	1,533	—
WuXi ATU	515	—
STA Changzhou	428	5,791
WANT	367	101
Smile Technical Service (Shanghai) Co., Ltd. ("CMA Shanghai") (note)	248	337
WuXi Clinical Development Services (Shanghai) Co., Ltd. ("CDS")	145	—
NJ Mingjie	114	376
Duoning	—	24
	<b>64,218</b>	<b>63,422</b>

Note: CMA Shanghai is a subsidiary of Duoning.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES (continued)

### (a) Related party transactions: (continued)

#### *Other services received*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
STA Changzhou	5,533	2,957
WXAT Shanghai	3,443	—
WASZ	1,461	—
Chengdu Kangde Renze Real Estate Co., Ltd. ("Renze")	204	53
STA Product	204	—
STA	194	62
CMA Shanghai	25	94
Duoning	12	—
Shanghai Waigaoqiao WuXi AppTec Incubator Management Co., Ltd. ("WXAT Incubator") (note)	—	1,625
WuXi AppTec Korea Co., Ltd.	—	866
	<b>11,076</b>	<b>5,657</b>

Note: WXAT Incubator is a joint venture held by WXAT Shanghai, an indirect wholly-owned subsidiary of WuXi AppTec Co., Ltd. WXAT Incubator was deregistered in 2024.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES (continued)

### (a) Related party transactions: (continued)

#### *Purchase of materials*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Duoning	40,176	33,818
STA	16,993	383
Shanghai Biopro Industrial Development Co., Ltd. (" <b>Shanghai Biopro</b> ") (note)	2,643	468
STA Changzhou	1,712	1,882
WXAT Shanghai	137	178
	<b>61,661</b>	<b>36,729</b>

Note: Shanghai Biopro is a subsidiary of Duoning.

#### *Purchase of property, plant and equipment*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Duoning	4,765	9,514
Shanghai Biopro	923	—
Renze	834	81
	<b>6,522</b>	<b>9,595</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES (continued)

### (a) Related party transactions: (continued)

#### *Interest expenses on lease liabilities*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
WXAT Shanghai	83	24
WXAT Incubator	—	94
	<b>83</b>	<b>118</b>

#### *Expenses relating to short-term leases*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
STA Changzhou	1,137	2,154
WXAT Shanghai	897	595
WXAT Incubator	—	1,197
	<b>2,034</b>	<b>3,946</b>

The transactions above were carried out in accordance with the terms agreed with the counterparties.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES (continued)

### (b) Related party balances:

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Amounts due from related parties</b>		
<u>Trade related:</u>		
STA	5,633	2,873
Less: Allowance for credit losses	(76)	(51)
WXAT Shanghai	752	735
Less: Allowance for credit losses	(255)	(263)
Duoning	712	159
Less: Allowance for credit losses	(36)	(9)
STA Changzhou	494	485
Less: Allowance for credit losses	(6)	(6)
STA R&D	251	179
Less: Allowance for credit losses	(14)	—
WuXi ATU	214	15
Less: Allowance for credit losses	(2)	—
WATJ	111	—
Less: Allowance for credit losses	(1)	—
ShangHai LiangHei Technology Co., Ltd. ("Lianghei") (note)	—	119
WASZ	—	11
	<b>7,777</b>	<b>4,247</b>

Note: Lianghei is a subsidiary of Duoning.

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Contract assets</b>		
STA Changzhou	7,250	7,685
Less: Allowance for credit losses	(229)	(229)
	<b>7,021</b>	<b>7,456</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES (continued)

### (b) Related party balances: (continued)

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Advances to suppliers</b>		
WASZ	1,738	2,813
CDS	102	—
STA R&D	—	180
WuXi ATU	—	169
STA Product	—	82
	<b>1,840</b>	<b>3,244</b>
<b>Amounts due to related parties</b>		
<u>Trade related:</u>		
STA R&D	23,501	18,301
Duoning	18,599	15,944
WASZ	13,788	5,328
STA	13,361	14,955
STA Changzhou	7,585	24,800
WXAT Shanghai	4,239	13,033
STA Product	876	379
Shanghai Biopro	764	9,558
WuXi ATU	437	1,950
NJ Mingjie	411	566
Lianghei	168	168
WANT	70	—
Shanghai Tchuyee Biotechnology Co., Ltd. ("Shanghai Tchuyee") (note)	18	18
CMA Shanghai	14	189
Antuos Nanotechnology (Suzhou) Co., Ltd. ("ATS") (note)	—	4
	<b>83,831</b>	<b>105,193</b>

Note: Shanghai Tchuyee and ATS are subsidiaries of Duoning.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES (continued)

### (b) Related party balances: (continued)

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
<u>Non-trade related:</u>		
Duoning	7,834	10,030
STA Changzhou	1,622	508
Shanghai Biopro	—	340
Renze	—	23
	<u>9,456</u>	<u>10,901</u>
<b>Contract liabilities</b>		
WuXi ATU	—	1,002
<b>Lease liabilities</b>		
WXAT Shanghai	4,284	—
WXAT Incubator	—	3,479
	<u>4,284</u>	<u>3,479</u>

Except for Duoning, CMA Shanghai, Shanghai Biopro, Shanghai Tchuyee, ATS and Lianghei of which the relationship with the Group have been disclosed separately as above, all of the other related parties mentioned above are considered as related parties of the Group throughout the entire reporting period, because they are ultimately controlled by Dr. Ge Li; Mr. Xiaozhong Liu and Mr. Zhaohui Zhang (collectively referred to as the “**Shareholders**”), who are all acting in concert and have significant influence in WuXi Biologics Holdings Limited, the immediate and ultimate holding company of the Company.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 29. RELATED PARTY DISCLOSURES (continued)

### (c) Compensation of directors and key management personnel:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Directors' fee	2,169	745
Salaries and other benefits	8,799	5,935
Performance-based bonus	2,895	2,518
Retirement benefits scheme contributions	253	50
Share-based compensation	90,830	84,629
	<b>104,946</b>	<b>93,877</b>

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 30. SHARE-BASED COMPENSATION

### (a) Pre-IPO Share Option Scheme

On January 5, 2016, the Company adopted the Pre-IPO Share Option Scheme for its employees and directors.

The table below discloses movement of the Scheme:

Batch	Outstanding as at January 1, 2024	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at June 30, 2024
January 7, 2016	114,304,758	—	2,706,333	—	111,598,425
March 28, 2016	744,825	—	140,900	—	603,925
August 10, 2016	5,500,350	—	454,800	—	5,045,550
November 11, 2016	1,524,803	—	150,900	—	1,373,903
March 15, 2017	31,351,448	—	1,519,000	—	29,832,448
May 12, 2017	2,847,675	—	561,400	—	2,286,275
	<u>156,273,859</u>	<u>—</u>	<u>5,533,333</u>	<u>—</u>	<u>150,740,526</u>
Exercisable at the end of the period	<u>156,273,859</u>				<u>150,740,526</u>
Weighted average exercise price (US\$)	<u>0.21</u>	<u>—</u>	<u>0.27</u>	<u>—</u>	<u>0.21</u>

No expense was recognized for the six months ended June 30, 2024 and 2023 in relation to share options granted by the Company under the Pre-IPO Share Option Scheme following the end of the entire vesting period.

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise was HK\$15.59 (six months ended June 30, 2023: HK\$52.01).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 30. SHARE-BASED COMPENSATION (continued)

### (b) Restricted Share Award Scheme

On January 15, 2018, the Company adopted the Restricted Share Award Scheme for its employees.

Set out below are details of the movements of the outstanding restricted shares granted under the Restricted Share Award Scheme during the six months ended June 30, 2024:

Batch	Outstanding as at January 1, 2024	Granted during the period	Vested during the period	Forfeited during the period	Outstanding as at June 30, 2024	Fair value per share at the date of grant (note)
March 19, 2019	55,170	—	55,170	—	—	HK\$27.783
June 5, 2019	4,068,867	—	3,988,869	79,998	—	HK\$23.900
August, 20, 2019	1,307,844	—	—	18,591	1,289,253	HK\$27.667
November 20, 2019	387,072	—	—	46,449	340,623	HK\$29.800
March 27, 2020	2,084,093	—	687,913	36,439	1,359,741	HK\$33.333
June 9, 2020	976,131	—	323,623	14,450	638,058	HK\$41.900
August 18, 2020	809,428	—	—	56,658	752,770	HK\$58.600
November 12, 2020	3,064,790	—	—	80,872	2,983,918	HK\$71.133
March 24, 2021	2,870,517	—	709,793	82,650	2,078,074	HK\$87.950
June 16, 2021	1,059,684	—	264,920	—	794,764	HK\$116.900
June 17, 2021	8,035,593	—	1,951,886	369,539	5,714,168	HK\$120.800
August 24, 2021	2,737,196	—	—	91,821	2,645,375	HK\$121.700
November 23, 2021	2,296,997	—	—	71,876	2,225,121	HK\$101.300
March 23, 2022	15,254,338	—	2,873,256	699,184	11,681,898	HK\$65.300
June 10, 2022	8,006,821	—	1,577,833	233,897	6,195,091	HK\$69.000
August 18, 2022	1,562,686	—	—	88,915	1,473,771	HK\$71.700
November 28, 2022	6,722,098	—	—	222,385	6,499,713	HK\$47.350
August 24, 2023	14,810,242	—	—	678,796	14,131,446	HK\$44.600
November 21, 2023	2,954,394	—	—	99,599	2,854,795	HK\$48.550
March 27, 2024	—	19,372,191	—	267,880	19,104,311	HK\$13.760
June 18, 2024	—	434,227	—	—	434,227	HK\$11.680
	<u>79,063,961</u>	<u>19,806,418</u>	<u>12,433,263</u>	<u>3,239,999</u>	<u>83,197,117</u>	
Weighted average fair value per share (HK\$)	<u>66.23</u>	<u>13.71</u>	<u>61.05</u>	<u>62.67</u>	<u>54.64</u>	

Note: The fair value per share at the date of grant represents the prices after the effect of the Share Subdivision effected on November 16, 2020.

The fair value of the restricted shares awarded was determined based on the market value of the Company's shares at the grant date.

The Group recognized total expense of approximately RMB527,061,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB648,806,000) in relation to restricted shares granted by the Company under the Restricted Share Award Scheme.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 30. SHARE-BASED COMPENSATION (continued)

### (c) Global Partner Program Share Scheme

On June 16, 2021, the Company adopted the Global Partner Program Share Scheme to further reward and incentivize the Group's employees.

Set out below are details of the movements of the outstanding restricted shares granted under the Global Partner Program Share Scheme during the six months ended June 30, 2024:

Batch	Outstanding as at January 1, 2024	Granted during the period	Vested during the period	Forfeited during the period	Outstanding as at June 30, 2024	Fair value per share at the date of grant
November 23, 2021	2,420,829	—	—	—	2,420,829	HK\$101.300
June 10, 2022	1,223,147	—	—	—	1,223,147	HK\$69.000
November 28, 2022	6,399,432	—	—	152,268	6,247,164	HK\$47.350
August 24, 2023	1,343,624	—	—	—	1,343,624	HK\$44.600
November 21, 2023	7,865,202	—	—	238,883	7,626,319	HK\$48.550
	<u>19,252,234</u>	<u>—</u>	<u>—</u>	<u>391,151</u>	<u>18,861,083</u>	
Weighted average fair value per share (HK\$)	<u>55.81</u>	<u>—</u>	<u>—</u>	<u>48.08</u>	<u>55.97</u>	

The fair value of the restricted shares awarded was determined based on the market value of the Company's share at the grant date.

The Group recognized total expense of approximately RMB102,864,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB84,752,000) in relation to restricted shares granted by the Company under the Global Partner Program Share Scheme.

### (d) Subsidiary Share Option Scheme

#### *WuXi XDC Share Option Schemes (as defined below)*

WuXi XDC, a subsidiary of the Company, has adopted the 2021 pre-IPO share option scheme and 2023 pre-IPO share option scheme (collectively referred to as the "**WuXi XDC Share Option Schemes**") on November 23, 2021 and March 22, 2023, respectively. The purpose of the WuXi XDC Share Option Schemes is to enable WuXi XDC to grant share options to eligible participants as incentives or rewards for their contribution to WuXi XDC and its subsidiaries (collectively referred to as the "**WuXi XDC Group**") so as to enable the WuXi XDC Group to recruit and retain high-calibre employees and attract human resources that are valuable to the WuXi XDC Group.

During the current interim period, a total of 610,956 share options have been exercised.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 30. SHARE-BASED COMPENSATION (continued)

### (d) Subsidiary Share Option Scheme (continued)

#### *WuXi XDC Share Option Schemes (as defined below) (continued)*

The Group recognized total expense of approximately RMB43,313,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB30,199,000) in relation to options granted under the WuXi XDC Share Option Schemes.

#### *WuXi Vaccines Share Option Scheme (as defined below)*

WuXi Vaccines (Cayman) Inc. ("**WuXi Vaccines**"), a subsidiary of the Company, has adopted the share option scheme (the "**WuXi Vaccines Share Option Scheme**") on November 23, 2021. The purpose of the WuXi Vaccines Share Option Scheme is to enable WuXi Vaccines to grant share options to eligible participants as incentives or rewards for their contribution to WuXi Vaccines and its subsidiaries (collectively referred to as the "**WuXi Vaccines Group**") so as to enable the WuXi Vaccines Group to recruit and retain high-calibre employees and attract human resources that are valuable to the WuXi Vaccines Group.

The Group recognized total expense of approximately RMB16,903,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB18,964,000) in relation to options granted by WuXi Vaccines under the WuXi Vaccines Share Option Scheme.

## 31. CAPITAL COMMITMENTS

The Group had capital commitments for land, equipment purchase and building construction, acquisition of investments accounted as financial assets at FVTPL, and interest in subsidiaries held by a non-controlling shareholder under non-cancellable contracts as follows:

	As at	
	June 30, 2024	December 31, 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)
Contracted but not provided for		
— land, property, plant and equipment	2,840,638	2,383,243
— interest in subsidiaries held by a non-controlling shareholder	72	81,000
— financial assets at FVTPL	360,832	405,177
	<b>3,201,542</b>	<b>2,869,420</b>

# Definitions

<b>"ADC"</b>	antibody-drug conjugate
<b>"ADCC"</b>	antibody-dependent cell-mediated cytotoxicity
<b>"Audit Committee"</b>	the audit committee of the Board
<b>"Biologics Holdings"</b>	WuXi Biologics Holdings Limited, a company incorporated under the laws of the British Virgin Islands on December 17, 2015 with limited liability, and a substantial shareholder of the Company. Our Directors, Dr. Ge Li, Dr. Yibing Wu and Mr. Yanling Cao serve as directors of Biologics Holdings
<b>"Board" or "Board of Directors"</b>	the board of Directors of the Company
<b>"CDMO"</b>	Contract Development and Manufacturing Organization
<b>"CG Code"</b>	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
<b>"cGMP"</b>	Current Good Manufacturing Practice Regulations
<b>"Chairman"</b>	the chairman of the Board
<b>"China" or the "PRC"</b>	the People's Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau Special Administrative Region and Taiwan
<b>"China NMPA"</b>	China National Medical Products Administration
<b>"CMC"</b>	Chemical Manufacturing and Control
<b>"CMO"</b>	Contract Manufacturing Organization
<b>"Company"</b>	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
<b>"CRDMO"</b>	Contract Research, Development and Manufacturing Organization
<b>"Director(s)"</b>	the director(s) of the Company
<b>"ESG"</b>	environmental, social and governance
<b>"EU"</b>	a politico-economic union of 27 member states that are located primarily in Europe
<b>"EU EMA"</b>	European Medicines Agency

# Definitions

<b>"EUR"</b>	Europe currency
<b>"Global Partner Program Share Scheme"</b>	the share award scheme for global partner program adopted by the Company on June 16, 2021 and amended and restated on June 27, 2023
<b>"GMP"</b>	Good Manufacturing Practice
<b>"Group" or "we" or "our" or "us"</b>	the Company and its subsidiaries
<b>"HK\$"</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>"Hile Bio-Technology"</b>	Shanghai Hile Bio-Technology Co., Ltd* (上海海利生物技术股份有限公司), a company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (stock code: 603718) in 2015
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the PRC
<b>"IFRS"</b>	International Financial Reporting Standards
<b>"IND"</b>	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
<b>"IPO"</b>	the listing of the Shares on the Main Board of the Stock Exchange on June 13, 2017
<b>"Life Science Holdings"</b>	New WuXi Life Science Holdings Limited, a company incorporated under the laws of the Cayman Islands on July 2, 2015 with limited liability, which holds 100% issued share capital of Life Science Limited. Our Directors, Dr. Yibing Wu and Mr. Yanling Cao serve as directors of Life Science Holdings
<b>"Life Science Limited"</b>	New WuXi Life Science Limited, a company incorporated under the laws of the Cayman Islands on July 2, 2015 with limited liability, which holds 100% issued share capital of WuXi PharmaTech. Our Directors, Dr. Yibing Wu and Mr. Yanling Cao serve as directors of Life Science Limited

# Definitions

<b>"Listing Rules"</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
<b>"Main Board"</b>	Main Board of the Stock Exchange
<b>"Model Code"</b>	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
<b>"mRNA"</b>	messenger ribonucleic acid
<b>"PPQ"</b>	process performance qualification
<b>"Pre-IPO Share Option Scheme"</b>	the pre-IPO share option scheme adopted by the Company on 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
<b>"Prospectus"</b>	the prospectus issued by the Company dated May 31, 2017
<b>"Remuneration Committee"</b>	the remuneration committee of the Board
<b>"Renminbi" or "RMB"</b>	Renminbi Yuan, the lawful currency of the PRC
<b>"Reporting Period"</b>	the six-month period from January 1, 2024 to June 30, 2024
<b>"Restricted Share Award Scheme"</b>	the restricted share award scheme adopted by the Company on January 15, 2018 and amended and restated on June 27, 2023
<b>"Scheme Mandate Limit"</b>	254,904,706 Shares, being the maximum number of Shares which may be issued and allotted in respect of all restricted shares to be granted under the Restricted Share Award Scheme and the Global Partner Program Share Scheme and all share options and share awards to be granted under any other share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time
<b>"SFO"</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

# Definitions

<b>"Shareholder(s)"</b>	holder(s) of Share(s)
<b>"Share(s)"</b>	ordinary share(s) in the capital of the Company with nominal value of US\$1/120,000 each
<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited
<b>"subsidiary(ies)"</b>	has the meaning ascribed to it under the Listing Rules
<b>"substantial shareholder"</b>	has the meaning ascribed to it under the Listing Rules
<b>"U.S."</b>	United States of America
<b>"US\$" or "USD"</b>	United States dollar(s), the lawful currency of the U.S.
<b>"U.S. FDA"</b>	The Food and Drug Administration of the U.S.
<b>"Written Guidelines"</b>	the Written Guidelines for Securities Transactions by Directors adopted by the Company
<b>"WuXi PharmaTech"</b>	WuXi PharmaTech (Cayman) Inc., a company incorporated under the laws of the Cayman Islands on March 16, 2007 with limited liability. Its shares were listed on the New York Stock Exchange (stock code: WX), and were delisted from the New York Stock Exchange on December 10, 2015. Our Directors, Dr. Yibing Wu and Mr. Yanling Cao serve as directors of WuXi PharmaTech
<b>"WuXi Vaccines"</b>	WuXi Vaccines (Cayman) Inc., a company incorporated under the laws of the Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company, which is owned as to 70% by the Company and 30% by Hile Bio-technology as at the date of this interim report
<b>"WuXi XDC"</b>	WuXi XDC Cayman Inc. (藥明合聯生物技術有限公司*), a company incorporated under the laws of the Cayman Islands with limited liability, a non-wholly owned subsidiary of the Company and listed on the Main Board (stock code: 2268)