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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

FINANCIAL HIGHLIGHTS

		Six months ended June 30,		
		2021	2020	Change
		RMB million	*RMB million*	
Revenue		**4,406.8**	1,944.1	126.7%
Gross profit		**2,296.8**	787.3	191.7%
Gross profit margin		***52.1%***	*40.5%*	
Net profit		**1,882.8**	730.7	157.7%
Net profit margin		***42.7%***	*37.6%*	
Net profit attributable to owners of the Company		**1,842.1**	736.1	150.3%
Margin of net profit attributable to owners of the Company		***41.8%***	*37.9%*	
Adjusted net profit		**1,812.1**	667.0	171.7%
Adjusted net profit margin		***41.1%***	*34.3%*	
Adjusted net profit attributable to owners of the Company		**1,768.7**	672.4	163.0%
Margin of adjusted net profit attributable to owners of the Company		***40.1%***	*34.6%*	
		RMB	*RMB (Note)*	
Earnings per share	— Basic	**0.44**	0.19	131.6%
	— Diluted	**0.42**	0.18	133.3%
Adjusted earnings per share	— Basic	**0.43**	0.17	152.9%
	— Diluted	**0.40**	0.16	150.0%

The Board resolved not to declare any interim dividend for the six months ended June 30, 2021.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall Performance

During the Reporting Period, the Group once again exceeded its performance goals. Leveraging its industry-leading enabling platform, the Group continued to offer end-to-end solutions to accelerate and transform the discovery, development, and manufacturing of biologics, and in particular COVID-19 treatments and vaccines, through the successful implementation of the "Win-the-Molecule" strategy.

- The total number of integrated projects increased by 42.7% from 286 as at the same time last year to 408 as at June 30, 2021.

- The total number of pre-clinical projects increased by 50.4% from 141 as at the same time last year to 212 as at June 30, 2021.

- The total number of early-phase (phase I and II) projects increased by 28.0% from 125 as at the same time last year to 160 (116 in phase I and 44 in phase II) as at June 30, 2021.

- The number of late-phase (phase III) projects increased by 68.4% from 19 as at the same time last year to 32 as at June 30, 2021, building the solid basis for launching more commercial manufacturing projects.

- The Group added two commercial manufacturing projects during the Reporting Period.

- The Group also achieved great success in progressing projects from pre-IND stage to post-IND stage: 14 projects progressed from pre-clinical development stage to early phase stage during the Reporting Period.

The following table sets forth the status of the on-going integrated projects of the Group as at June 30, 2021:

Biologics development process stage	**Number of on-going integrated projects**[1]	**Typical duration**	**Typical Revenue**[2]
Pre-IND			
— Drug discovery	—	2 years	US$1.5–2.5 mm
— Pre-clinical development	212	1-2 years	US$5-8 mm
Post-IND			
— Early-phase (phases I & II) clinical development	160	3 years	US$4–6 mm
— Phase I clinical development	116		
— Phase II clinical development	44		
— Late-phase (phase III) clinical development	32	3–5 years	US$20–50 mm
— Commercial manufacturing	4	Annually	US$50–100 mm[3]
Total	**408**		

Notes:

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

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

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

The Group's revenue for the six months ended June 30, 2021 increased by 126.7% year-on-year to RMB4,406.8 million, together with a 191.7% year-on-year growth in gross profit to RMB2,296.8 million. The Group's total backlog, including the service backlog and upcoming potential milestone fees backlog, also increased by 31.7% from US$9,464 million as of June 30, 2020 to US$12,465 million as of June 30, 2021, of which service backlog increased by 25.2% from US$5,773 million to US$7,229 million and upcoming potential milestone fees backlog increased 41.9% from US$3,691 million to US$5,236 million. The Group's total backlog within three years also increased by 143.1% from US$925 million as of June 30, 2020 to US$2,249 million as of June 30, 2021. The service backlog represents the revenue amount the Group has contracted but has yet to perform. The total upcoming potential milestone fees backlog represents the total amount for upcoming milestone fees, which the Group has contracted but has not yet performed nor received. This milestone revenue may take longer to receive at the various development stages as it depends on the success rate and progress of the projects which may not be within the Group's control.

During the Reporting Period, the Group further diversified its customer base by working with 18 out of the 20 largest pharmaceutical companies in the world and 36 out of the 50 largest pharmaceutical companies in China. The Group provided services to 352 customers for the six months ended June 30, 2021, compared with 264 customers for the same period last year. The Group believes that continuous capabilities and capacity expansion as well as cooperation with and commitment to its existing customers will enhance its value chain, thus allowing the Group to continue to capture opportunities in this growing market.

Unlock Growth Opportunities Despite the Pandemic

As a global industry-leading biologics CDMO, the Group has provided its customers and partners with world-class scientific expertise and innovative solutions from the outset of the COVID-19 pandemic.

Relying on its cutting-edge technology platforms and state-of-the-art manufacturing facilities, the Group pursued new business opportunities to discover, develop and manufacture biological therapeutics and vaccines for COVID-19. The Group enabled more than 15 COVID-19 neutralizing monoclonal antibodies ("**mAbs**") projects globally, including additional eight projects being initiated in 2021, with 25 INDs approved within a record-breaking DNA to IND timeline of three to five months. The Group further enabled Vir/GSK to achieve FDA EUA (Emergency Use Authorization) approval for a COVID-19 neutralization mAb in another record-breaking 14 months. The Group also supplied hundreds of millions of doses of COVID-19 vaccine drug substance ("**DS**") and drug product ("**DP**") to global pharmaceutical companies and undertook other COVID-19 vaccines projects. In total, the Group signed around US$1.3 billion in contracts for COVID-19 projects as of the end of the Reporting Period.

Moving forward, the Group believes that its "Win-the-Molecule" strategy will continue to bolster its industry-leading capabilities and capacity to support its global customers and partners in overcoming the pandemic and to increase its revenue stream.

Strategic Highlights

The Group embraces and adapts to changes in the global biologics industry and strives for the effective implementation of its "Win-the-Molecule" strategy and "Global Dual Sourcing" manufacturing paradigm. During the Reporting Period, the Group maintained its momentum in leading the biologics CDMO industry, as exhibited by the following achievements:

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

- The Company completed its primary placing by placing 118,000,000 shares at a price of HK$112.00 per share with approximately HK$13,121.24 million net proceeds, laying a solid foundation for the Group's further global expansion and technology innovation.

- The Group extended its global footprint and expanded its manufacturing capacity through a series of acquisitions, including DS facilities purchased from Bayer Aktiengesellschaft ("**Bayer**") in Germany; DS and DP facilities in China from Pfizer; and the acquisition of CMAB Biopharma Limited ("**CMAB**"), a full-service CDMO company in China.

- The Group announced the establishment of a joint venture company, WuXi XDC Cayman Inc. ("**WuXi XDC**"), with Shanghai SynTheAll Pharmaceutical Co., Ltd. ("**WuXi STA**"), a subsidiary of WuXi AppTec. WuXi XDC will engage in the CDMO of Antibody-drug Conjugate ("**ADC**") and other bioconjugates. The Group and WuXi STA intend to make capital contributions of US$120 million and US$80 million, respectively, to WuXi XDC.

- The Group received a License of Manufacturing Permit from German health authorities for its Drug Product Facility 7 ("**DP7**") in Leverkusen, Germany. This license represents another remarkable milestone in the Group's efforts to establish premier quality operations on a global scale.

Technology Platforms

By fostering a culture of innovation, the Group is pushing the boundaries of biologics technologies throughout the life cycle of biologics discovery, development, and manufacturing. Through its pioneering adoption of single-use technology and build-up of innovative proprietary technology platforms, the Group will achieve further milestones, build royalty revenues, and add more biologics projects to its pipeline.

Antibody-drug Conjugates

Antibody-drug Conjugates is a new class of highly potent biologics composed of an antibody linked, via a chemical linker, to a biologically active drug or cytotoxic compound. Such extremely complex "guided missiles" carrying, for example, a powerful anti-cancer drug by an antibody, are often the last-attempted treatments. Compared to traditional chemotherapies and mAbs, ADCs show superior efficacy, lower off-target toxicity and a larger therapeutic window. Seven ADCs have been approved by the U.S. FDA since 2019, more than ever before approved. The burgeoning ADC pipeline, recent approvals, and promising data emerging from clinical trials have attracted intense commercial interest.

Despite these recent approvals, ADCs still come with development and manufacturing challenges. These challenges require extensive expertise and experience in both the development and manufacturing of biologics and small molecules, as well as bioconjugation. As a global industry-leading biologics CDMO, the Group has considerable experience working with various antibodies and other biological molecules, linkers and payload chemistries, which uniquely qualifies the Group to provide its partners with individualized options and solutions for ADC development and manufacturing. As of the end of the Reporting Period, the Group secured 48 ADC integrated projects globally, many of which have reached IND stages to phase II/III stages.

The Group's new ADC facility, Drug Product Facility 3 ("**DP3**"), encompasses nearly 6,000 square meters and provides integrated solutions such as process development, technology transfer, and pilot scale to large-scale cGMP production for ADCs and other complex protein conjugates. This state-of-the-art facility, which strictly complies with global quality standards, houses an advanced, fully-isolated automatic aseptic filling system, which can produce 2/6/10/20/50 ml liquid and lyophilized products and provides the flexibility to meet production requirements of global clinical trials and product launches. Since its GMP production release in 2019, DP3 has produced more than 70 GMP DS and DP batches. The Group also completed a capacity expansion project at DP3, increasing its lyophilization capacity by five times to meet requirements for multiple late-stage ADC development and manufacturing projects.

WuXi XDC 药明合联 The Bioconjugation Leader

With the establishment of WuXi XDC, the Group will have the most comprehensive set of in-house capabilities to handle all stages of ADC drug development. The Group now also has manufacturing in facilities conveniently located near each other, enabling global ADC innovators in a cost-effective and timely manner.

Bispecific and Multispecific Antibodies

Building upon the resounding therapeutic success of monoclonal antibodies, and supported by accelerating progress in biology and engineering methods, the field of bispecific and multispecific antibodies is growing rapidly. With more than 100 different bispecific formats currently available, and approximately 160 bispecific antibodies in clinical trials and 460 bispecific antibodies in pre-clinical development, many believe that the market for these bispecific and multispecific antibodies holds significant long-term potential growth.

WuXiBody® Bispecific
Antibody Technology Platform

The complexity of bispecific and multispecific antibody formats presents challenges associated with biology complexity, protein engineering, product stability, and manufacturing. The Group has used its first-hand experience in antibody discovery and development and its world-class scientist team to solidify its leading role in the field by developing more than 10 different formats and publishing more than 30 papers. Based on its extensive technology exploration, the Group developed and launched the innovative WuXiBody® bispecific antibody platform, which allows valency flexibility to meet various biology needs and permits the easy joining of almost any mAb pair to build a bispecific antibody. The WuXiBody® platform offers many other benefits, including high-yield, high solubility, stability in serum, and increased in vivo half-life to global bispecific antibody therapeutic developers.

Since its market launch, WuXiBody® has been widely recognized in the industry. Relevant projects based on WuXiBody® platform have delivered strong growth for and will continue contributing to the Group's businesses. As of the end of the Reporting Period, the WuXiBody® platform has been widely used in more than 30 projects. The first WuXiBody® bispecific molecule has dosed the first patient in April 2021 and currently is in dose escalation study.

SDArBody™

In addition to the WuXiBody® platform, the Group is leveraging its leading technical capabilities and deep understanding of disease and target biology to develop SDArBodY™ (Single-Domain Antibody-related Multispecific Antibody) platform. SDArBodY™ allows the Group to enable its customers and partners that are focusing on multispecific and multi-functional therapeutic modalities.

Vaccines

Vaccines are the most powerful and cost-effective way to protect public health. In addition to the impact of COVID-19, the need for novel vaccines is anticipated to boost the growth of the vaccine market. It is estimated that healthy growth is expected to continue and the market is expected to register at a compound annual growth rate ("**CAGR**") of around 7% from 2021 to 2025.

Equipped with its industry-leading technology spanning Chemistry, Manufacturing and Control ("**CMC**") and regulatory affairs capabilities, multiple vaccine technology platforms, and commercial manufacturing, the Group, through WuXi Vaccines, has advanced in the vaccine CDMO business since 2018 and now offers end-to-end services for its customers and partners, including vaccine discovery and development, scale-up commercial manufacturing, and global distribution. The Group's robust global network enables its customers to start vaccine projects within four weeks and distribute vaccines from facilities across the globe. The Group's mRNA vaccines technology platform will further enable its customers by offering both DS and DP CDMO services soon.

As of the end of the Reporting Period, the Group has signed nine vaccine contracts, including a partnership manufacturing agreement with a global vaccine leader for an initial term of 20 years and a total contract value over US$3 billion. The Group also has enabled clients focusing on COVID-19 vaccine efforts to combat the pandemic, with three vaccine contracts totaling around US$300 million.

The Group's state-of-the-art vaccines facility in Ireland is also contributing to these efforts, with its modular lab in operation and generating revenues. The facility won the title of "Large Pharma Project of the Year" at Ireland's 2020 Pharma Industry Awards. The main facility achieved "weather-tight" status in early 2021.

Other Proprietary Technology Platforms

In addition to the industry-leading technology platforms listed previously, the Group also offers various state-of-the-art platforms for biologics discovery, development and manufacturing.

WuXia™, the Group's proprietary Chinese Hamster Ovary ("**CHO**") cell line development platform enables 120 integrated projects per year, one of the largest capacities in the world. Utilizing an Artificial Intelligence (AI)-based codon optimization program, and proprietary expression vector system, in only 9–10 weeks, top 3 clones with high expression levels can be obtained and utilized for process development and cell banking. Combined with the Group's EU EMA certified cGMP cell banking and cell line characterization services, the WuXia™ platform is ideal for the production of a variety of therapeutic proteins including mAbs, bispecific antibodies, fusion proteins and recombinant proteins.

WuXiUP™, the Group's proprietary continuous manufacturing platform, utilizes 1,000–2,000L disposable bioreactors to achieve comparable productivity as a traditional 10,000–20,000L stainless steel bioreactor while still providing similar or even better purification yield. The WuXiUP™ platform accelerates biologics development and manufacturing, and significantly reduces manufacturing costs of biologics. The intensified and continuous cell culture process used in this novel technology platform can be rapidly developed or converted from traditional fed-batch process while maintaining excellent scalability and robustness. Coupled with continuous product capture column chromatography, the WuXiUP™ platform enables continuous direct product capture with a similar or better purification yield as traditional purification processes for almost any kind of biologics. WuXiUP™ has been implemented in more than 40 projects for production of mAbs, bispecific antibodies, fusion proteins and enzymes achieving ultra-high productivity at lab scale.

Research and Development ("R&D")

During the Reporting Period, the Group's R&D team, which has more than 375 scientists, many of whom have multiple years of biologics drug discovery experience at multinational pharmaceutical companies, continuously focused on: (i) enhancing innovative biologics generation capabilities and optimizing several existing technological platforms, including traditional hybridoma technology, premium humanization and various antibody optimization platforms (including pH sensitivity engineering and disease microenvironment modulating engineering), phage display technology, fully human antibodies, bispecifics, multispecifics, nanobodies, modified cytokines, fusion proteins, and antibody fragments to expedite the discovery of novel therapeutic biologics; (ii) supporting the Group's global partners in using the proprietary bispecific and multispecific antibody platforms, including WuXiBody® and SDArBodY™, enabling them to considerably accelerate the development process of new bispecific and multi-functional biologics; (iii) enhancing the Group's in vitro and in vivo biology capabilities and capacity to further enhance our one-stop service offering and to enable the screening, identification and characterization of desired biologics as drug development candidates; (iv) continuously identifying and prioritizing new areas of biologic innovation and developing proprietary technologies to enable the Group's clients to discover and develop highly differentiated novel biologic drugs, such as conditionally activated biologics; (v) continuously enhancing R&D capabilities in the design and discovery of best-in-class and first-in-class preclinical candidates ("**PCC**") driven by deep understanding of disease biology and target biology and mastery of state-of-the-art biologics engineering technologies; (vi) further expanding our service from PCC to pre-clinical development for IND-enabling by providing integrated rapid pre-clinical development services to multiple client SARS-CoV-2 neutralization antibody projects; and (vii) refining systems and structuring teams for more efficient business operations and optimized cost control to ensure the provision of quality and efficient technical solutions for customers.

Manufacturing, Biosafety Testing and Quality

Manufacturing

During the Reporting Period, most of the Group's manufacturing capacity was fully utilized with efficient operations due to the large volume of COVID-19-related and other biologics projects. Although cross-border business operations were still impeded by the pandemic, the Group achieved and exceeded its manufacturing goal by maintaining full and transparent communication with clients via various remote information technologies.

- The Group's Manufacturing Facility 1 ("**MFG1**"), the first biologics manufacturing facility in China approved by both the U.S. FDA and the EU EMA, has successfully completed pre-license inspection ("**PLI**") batches for China National Medical Products Administration ("**NMPA**") and U.S. FDA inspection, and also the post process performance qualification projects during the Reporting Period. Empowered with the extended GMP capacity being operational in June 2021, MFG1 will enable more late phase and commercial projects.

- The Group's Manufacturing Facility 2 ("**MFG2**") deploys 14 2,000L-capacity and two 1,000L-capacity disposable bioreactors. The combination of multiple single-use bioreactors offers a highly flexible manufacturing strategy and competitive cost structure compared with traditional stainless steel bioreactor facilities. MFG2 achieved a significant milestone during the Reporting Period by completing its U.S. FDA PLI inspection runs in March 2021.

- With a 7,000L bioreactor capacity at Manufacturing Facility 3 ("**MFG3**"), the Group's Shanghai site now offers complete one-stop biologics development and manufacturing services in one central location. Having both functions within the same location streamlines clinical CMC activities, enabling the Group's customers to reach their clinical manufacturing goals within the shortest time possible.

- The Group's Manufacturing Facility 4 ("**MFG4**"), the first facility in China to use 4,000L single-use bioreactor, was GMP-released in July 2019. In 2020, MFG4 successfully completed the first 4,000L DS GMP production, which is a significant breakthrough in the biologics industry for the first time using the 4,000L single-use bioreactor in Asia. In 2021, MFG4 successfully completed the DS of vaccine in full capacity.

- The Group's Manufacturing Facility 5 ("**MFG5**") is the world's largest single-use bioreactor-based cGMP biologics facility and hosts two complete lines of 60,000L total capacity. MFG5's nine 4,000L single-use bioreactors lines successfully launched GMP operation in early 2021, which greatly enhanced the Group's capability to enable global customers and partners. More production capacity in MFG5 is targeted to be GMP-released in 2021.

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

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

- The Group's Drug Product Facility 7 ("**DP7**") received a License of Manufacturing Permit from German health authorities in July 2021. The permit demonstrates that the Group can successfully enable its clients to accelerate the development and manufacturing of biologics by providing GMP manufacturing services outside of China.

- The Group's Drug Product Facility 9 ("**DP9**") was acquired from Pfizer China during the Reporting Period and substantially expanded the Group's late phase and commercial DP capacities to address surging manufacturing demands. DP9 successfully completed its first batch of DP manufacturing just 33 days after the acquisition.

- Please also refer to the section headed "Technology Platforms" for our ADC and vaccines facilities.

Biosafety Testing

The Group's biosafety testing facility at its Suzhou site significantly shortens turnaround times for all biosafety tests and viral clearance validation studies conducted for the Group's clients. During the Reporting Period, the Suzhou site received another EU EMA GMP certificate following the first one received in 2020, which further validated the Group's commitment to delivering high-quality services to its global customers and partners.

Along with other business units, the Suzhou site actively builds its biosafety testing capability by developing tests and methods for various biologics products, as well as expanding its cell bank characterization test panels to include other species (such as the HEK293 cell line) commonly used in the production of biologics and vaccines.

During the Reporting Period, a new laboratory building in the Suzhou site came into full operation, increasing the site's testing capacity and building a strong foundation for the site to provide high-quality, high-speed biosafety testing services to more clients. With the ascent of the biologics testing business, an additional facility has been planned to help further increase the Group's capacity and ensure that it meets customers' expectations for high-quality, efficient, and expeditious testing services.

Quality

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

With its world-class quality system, the Group has passed 15 regulatory inspections conducted by U.S. FDA, EU EMA, NMPA, Brazilian Health Regulatory Agency ("**ANVISA**") and other national regulatory agencies since 2017, including 9 inspections within the first seven months of 2021, which distinguishes the Group as the first and only biologics company certified by these regulatory agencies for commercial manufacturing in China. The Group believes that these certificates will help to manifest the Group's world-class quality system that meets global quality standards and thereby benefits patients globally with biologics of better quality.

Capacity Expansion

During the Reporting Period, the Group continued to expand its global manufacturing capacity to satisfy the burgeoning biologics capacity demands from an increasing number of late-phase projects, upcoming customer orders and the "Global Dual Sourcing" manufacturing paradigm. Through both new construction and global acquisition, a robust global network with around 430,000L of manufacturing capacity is well underway to enable global customers and partners.

Facility	Designed Capacity	Location	Comments
MFG6	6,000L perfusion	Ireland	Commercial
MFG7	48,000L fed-batch	Ireland	Commercial
MFG8	48,000L fed-batch	Shijiazhuang	Commercial
MFG9	96,000L fed-batch	Wuxi	Commercial
MFG10	4,500L fed-batch/perfusion	Singapore	Clinical/Commercial
MFG11	16,000L fed-batch	Worcester, MA	Clinical/Commercial
MFG12	48,000L fed-batch	Chengdu	Clinical/Commercial
MFG13	2,000L viral	Hangzhou	Clinical/Commercial
MFG14	2,300L microbial	Hangzhou	Clinical/Commercial
MFG17	10,000L fed-batch	Shanghai	Clinical
MFG18	6,000L fed-batch	Cranbury, NJ	Clinical
MFG19	15,000L fed-batch/perfusion	Wuppertal, Germany	Commercial
MFG20	8,000L fed-batch	Hangzhou	Commercial
MFG21	7,000L fed-batch	Suzhou	Clinical

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

- The Group's Dundalk, Ireland site (**MFG6** and **MFG7**), its first European site, has seen significant progress during the Reporting Period, reaching 98% construction completion. The site is progressing well to be GMP-released in 2022. Once completed, this "Factory of the Future" will be one of the world's largest facilities using single-use bioreactors alongside next generation continuous manufacturing process technology.

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

  - During the Reporting Period, the basic design of the Group's Manufacturing Facility 11 ("**MFG11**") in Worcester, Massachusetts, a new 107,000 square-foot biologics development and manufacturing facility, was nearly completed. Facility construction is expected to commence soon.

  - The Group's Manufacturing Facility 18 ("**MFG18**") in Cranbury, New Jersey, the Group's first manufacturing facility to be operational in the U.S., offers 66,000 square-foot cGMP clinical manufacturing space with full process development capability, from cell line development to non-GMP pilot production. Facility construction was at full speed during the Reporting Period. It is expected to be GMP-released in late 2021.

- The Group's new site in the Fengxian district of Shanghai, a comprehensive one-stop center for biologics discovery, development, and clinical and commercial manufacturing, has been operational since early 2021 with a six-story building that houses laboratories and facilities for biologics discovery and development. Phase II construction — consisting of four buildings totaling around 60,000 square meters — is progressing smoothly, Phase II is expected to be GMP-ready in 2022. Altogether, the total area of this new state-of-the-art biologics center, including the future Phase III facilities, will be 150,000 square meters.

- The Group's Manufacturing Facility 8 ("**MFG8**") broke ground in 2018 at Shijiazhuang, the capital city of Hebei Province in Northern China. With a planned capacity of 48,000L, MFG8 is designed to meet the rigorous international cGMP standards of the U.S., EU and China. During the Reporting Period, MFG8's civil structure architecture reached 90% completion.

- The Group's biologics integrated innovation center has been operational in Hangzhou, Zhejiang Province, China since November 2020. From process development to analytical testing, from cGMP DS manufacturing to robotic aseptic DP filling, the innovation center in Hangzhou provides a full spectrum of services to next-generation biological products based on viral production (**MFG13**) and microbial fermentation (**MFG14**) platforms as part of the Group's continuous efforts to meet the surging demand from these new modalities. Both MFG13 and MFG14 are expected to be GMP-released in 2021.

- The Group also acquired more state-of-the-art facilities worldwide to quickly grow its capacity for serving more customers and partners, including MFG19 and DP7 in Germany from Bayer, MFG20, DP9 and DP10 in Hangzhou China from Pfizer, and MFG21 and DP11 of CMAB in Suzhou, China.

Sales and Marketing

The global COVID-19 pandemic dramatically influenced the way the Group interacted with its customers and partners, especially in North America and Europe, as more digital and web-based methods were employed. Throughout the Reporting Period, due to nearly all in-person major conferences and trade events globally were cancelled or postponed and as client on-site meetings were dramatically reduced due to COVID-19 risk mitigation protocols, the Group adapted quickly to the new digital and web-based meeting options that were provided by conference providers, its client's and the Group's own digital meeting tools. For example, the Group was still able to participate in events like the JP Morgan Healthcare Conference, BIO 2021, BioEurope and multiple events throughout China using web-based and digital communication platforms. Not letting the lack of face-to-face meetings impact our outreach endeavors, the Group increased its efforts to contact executives and other key industry leaders from biopharma and pharma companies worldwide to keep communication channels open and flowing.

During the Reporting Period, the Group used multiple digital marketing and promotional strategies that included advertisements, company press releases, social media, webinars, podcasts and email marketing and advertising to promote its various technologies and platforms. These marketing channels focused on promoting the Group's record-breaking DNA to IND timelines, including highlighting the extraordinary efforts made to enable our partners to deliver novel biologics in record-breaking timeframe throughout the COVID-19 pandemic. Another promotional campaign centered on the Group's "Global Dual Source" manufacturing strategy, which supports the Group's global facility and capacity expansion initiatives.

Additional specific promotions were undertaken to raise awareness within the scientific community about the Group's novel technology platforms, including the exciting WuXiBody® bispecific antibody platform, proprietary WuXia™ cell line development system, novel formulation and fill capabilities, and the WuXiUP™ continuous manufacturing platform. Upon the announcement of the WuXi XDC joint venture, the group initiated the promotion of WuXi XDC's single-source ADC/bioconjugates capabilities and industry-leading DNA to IND timelines. Using a digital and global multichannel marketing approach that highlighted differentiated competitive strengths, the Group once again solidified its role as one of the world's leading premier suppliers and partners in the biologics industry.

Strategic Collaborations with Global Partners

Despite business communication constraints imposed by the pandemic, the Group continued to establish strategic partnerships and introduce more biologics projects into the pipeline as part of its implementation of "Win-the-Molecule" strategy during the Reporting Period.

- Signed Memorandum of Understanding with LegoChem Biosciences, Inc., a clinical-stage biopharmaceutical company focusing on the development of next-generation novel therapeutics (stock code: 141080KS), in development and manufacturing of innovative ADCs based on WuXi XDC's integrated services.

- Exclusive CDMO partnership with OncoC4, Inc. ("**OncoC4**"), a privately-held clinical-stage biopharma company, for OncoC4's full pipeline of biologics. Under the partnership, the Group will provide biologics development and cGMP manufacturing services for OncoC4's products from early R&D and pre-clinical activities to post-commercialization.

- Long-term strategic collaboration with Worg Pharma ("**Worg**"), a clinical stage biopharmaceutical company in Hangzhou, China, by which the Group, leveraging its well-established microbial and viral platforms, will provide technical support and services for the process development, manufacturing and global IND for multiple biologics, further enabling Worg to advance the new-generation Allergen-Specific Immunotherapy (ASIT).

- Exclusive license agreement with Exelixis, Inc. ("**Exelixis**") (Nasdaq: EXEL), a commercially successful, oncology-focused biotech company, to support the continued expansion of Exelixis' oncology biologics pipeline by the Group's integrated technology platforms.

Environmental, Social and Governance (ESG)

During the Reporting Period, the Group strived to enforce the highest ESG standards by, among others, adopting various environmentally friendly technologies, especially its state-of-the-art single-use bioreactor technology, to protect natural resources and launching more Corporate Social Responsibility ("**CSR**") initiatives to benefit global employees, partners, patients and communities. During the Reporting Period, the Group also welcomed the first female Director and established the ESG Board committee directly chaired by the CEO to further enhance its ESG efforts.

Future Outlook

After one and a half years into the pandemic, although the quickly evolving nature of COVID-19 continues to raise a number of issues that make it difficult to estimate its long-term impact, both the global economy and public health are looking toward recovery following the extraordinarily rapid development of various vaccines.

Significant global efforts are still underway to diagnose, treat and prevent infections from COVID-19 more efficiently and effectively. In particular, on the frontline of the battlefield, the biologics community, from big pharmaceutical companies to small and medium-sized biotech companies, have stepped up and made enormous strides in working on vaccines, therapeutics and diagnostics. As indispensable partners to biopharma companies, biologics CDMOs have gone to great lengths to meet the skyrocketing demand from their customers for COVID-19-related projects. At the same time, noncritical therapies were de-emphasized for a few months because of COVID-19. The biologics CDMO industry expects a further boost in 2021 with the resumption of trials and delays in manufacturing of non-pandemic therapies, which will cause even greater demand of already scarce capacity.

Aside from the impact of the pandemic, the global biologics industry continues to heat up and looks forward to continued rapid growth, as evidenced by new equity funding raised for biopharma companies in 2020, which increased by 76% over 2019. Many emerging biotech companies lack the internal development and manufacturing capacity to move their drug candidates forward, causing a big chunk of new funding to get channeled to biologics CDMOs for the development of biologics candidates in their pipeline.

The biologics industry is always under pressure to deliver cost-effective therapies to the market in the shortest time frame possible, while adhering to the regulations that govern manufacturing practices. Along with cutting-edge technologies — such as ADC and bispecific antibody — extensive expertise, experience and massive capital expenditures are necessary to develop innovative biologics. Both large pharmaceutical companies and small and medium-sized biotechnology companies believe it is more economical and efficient, as well as less risky, to maintain the most important core functions and competencies in-house, while outsourcing other functions to experienced single-source CDMOs offering end-to-end services and strong R&D capabilities, in order to take advantage of their inherent speed and advanced technologies and expertise. For small and medium-sized biotechnology companies with limited manufacturing capabilities, a single outsourcing partner can handle much of the development and scale-up work, reduce pipeline risk and increase operating flexibility. In contrast, big pharmaceutical companies tend to seek a deeper strategic partnership with integrated CDMOs in order to shed assets, drive down costs and build redundancy in their supply chains. According to Morgan Stanley's recent report on global CDMO, biologics CDMO penetration rate is expected to increase from 20% in 2021 to 29% in 2024, representing a 23–28% CAGR.

Riding on the blooming biologics CDMO market, the Group will continue to maintain its strong growth as a leading global single-source biologics CDMO by offering end-to-end solutions and unparalleled capabilities and capacity that empower anyone and any company to discover, develop and manufacture biologics from concept to commercial manufacturing.

Looking ahead to the remainder of 2021, the Group will continue its efforts in building the most comprehensive capability and technology platform in the global biologics industry to implement its "Win-the-Molecule" strategy and fulfill the "Global Dual Sourcing" manufacturing paradigm to enable global customers and partners and benefit patients worldwide.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 126.7% from approximately RMB1,944.1 million for the six months ended June 30, 2020 to approximately RMB4,406.8 million for the six months ended June 30, 2021. The increase was mainly attributed to (i) the Group's acceleration to undertake, promptly execute and generate revenue from both COVID-19 and non COVID-19 projects to support and enable the Group's global clients; (ii) global leading and integrated technology platforms, customer-centered process and system, excellent project execution and track record, best-in-industry timeline, flexibility to satisfy customers' needs, experienced management team, and dedicated and talented workforce contributing to significantly higher revenue and market share of new integrated projects; (iii) successful execution of "Win-the-Molecule" strategy adding considerable late-stage pipeline and near-term revenue; and (iv) the comparison base was lower due to the outbreak of COVID-19 in China during the same period last year.

The revenue of the Group has maintained strong growth during the Reporting Period. The Group derived a vast majority of its revenue from providing services to customers headquartered in North America and the PRC. While at the same time, the revenue from service rendering to customers headquartered in Europe has surged to a historical high record, as a result of the booming COVID-19 projects. The table below shows the revenue distribution by countries/regions:

	Six months ended June 30,			
	2021		2020	
Revenue	***RMB million***	***%***	*RMB million*	*%*
— North America	**2,189.3**	**49.7%**	878.2	45.2%
— PRC	**1,161.0**	**26.3%**	815.7	42.0%
— Europe	**989.9**	**22.5%**	122.7	6.3%
— Rest of the world *(Note)*	**66.6**	**1.5%**	127.5	6.5%
Total	**4,406.8**	**100.0%**	1,944.1	100.0%

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

For the six months ended June 30, 2021, the pre-IND services revenue of the Group increased by 50.4% to approximately RMB1,448.5 million, accounting for 32.9% of the total revenue. On the other hand, the post-IND services revenue of the Group increased by 109.2% to approximately RMB1,939.3 million, accounting for 44.0% of the total revenue. Furthermore, the commercial manufacturing revenue of the Group increased to approximately RMB888.9 million, accounting for 20.2% of the total revenue. The rapid growth of revenue from post-IND services and commercial manufacturing is mainly attributed to (i) more projects progressing from pre-IND to subsequent stages such as early-phase and late-phase stages by implementing the "Win-the-Molecule" strategy; and (ii) the booming of COVID-19 projects.

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

	Six months ended June 30,			
	2021		2020	
	RMB million	***%***	*RMB million*	*%*
Pre-IND services	**1,448.5**	**32.9%**	963.2	49.5%
Post-IND services	**1,939.3**	**44.0%**	927.2	47.7%
Commercial manufacturing	**888.9**	**20.2%**	29.4	1.5%
Others *(Note)*	**130.1**	**2.9%**	24.3	1.3%
Total	**4,406.8**	**100.0%**	1,944.1	100.0%

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

Cost of Sales and Services

The cost of sales and services of the Group increased by 82.4% from approximately RMB1,156.8 million for the six months ended June 30, 2020 to approximately RMB2,109.9 million for the six months ended June 30, 2021, while the revenue increased by 126.7% year-on-year in the same period. The proportional less spending in cost of sales and services reflected the Group's extraordinary efforts and results in utilizing existing resources to complete more development projects, improving capacity utilization in its manufacturing facilities and implementing effective controls on some of the key items in overheads, such as utilities, maintenance and purchased service.

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

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 191.7% from approximately RMB787.3 million for the six months ended June 30, 2020 to approximately RMB2,296.8 million for the six months ended June 30, 2021. The Group's gross profit margin increased from 40.5% for the six months ended June 30, 2020 to 52.1% for the six months ended June 30, 2021. The increase in the gross profit margin was primarily attributable to (i) the Group's robust business growth, as a result of the rapid increase in the number of integrated projects and projects progressing to late stages of development; (ii) the Group's extraordinary efforts to undertake a large number of new development projects, with very limited additional human resources; (iii) the Group's deployment to fully utilize existing manufacturing facilities for COVID-19 and other late-phase projects; and (iv) the continuing undertaking of the Group's operational efficiency improvement programs.

Other Income

The other income of the Group mainly consists of government grants and interest income from banks and other financial assets at amortized cost. Other income of the Group decreased by 14.2 % from approximately RMB148.4 million for the six months ended June 30, 2020 to approximately RMB127.3 million for the six months ended June 30, 2021, primarily due to (i) a decrease in government grants related to income; and (ii) a decrease in interest income as a result of the continuously declining yields from investments in bank deposits and wealth management products.

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 at fair value through profit or loss ("**FVTPL**"), fair value gains or losses on wealth management products, and etc.. The net other gains of the Group increased by 38.0% from approximately RMB225.7 million for the six months ended June 30, 2020 to approximately RMB311.5 million for the six months ended June 30, 2021, primarily due to an increase in fair value gain on equity investments held by the Group, especially those listed securities with upward trends in the stock market, which was partially offset by a decrease in foreign exchange gain as USD has been continuously depreciated against RMB from the second half of 2020.

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**") and increased from approximately RMB56.6 million for the six months ended June 30, 2020 to approximately RMB133.2 million for the six months ended June 30, 2021. Considering the adverse impact of COVID-19 on the global economy, coupled with the longer collecting cycles from some customers headquartered in China, more provision has been accrued for prudence. Given the stringent control and great efforts by the Group's management, more than 50% of the Impairment Losses provided in the Reporting Period is expected to be fully collected subsequently in the second half of 2021. The Group has been continuously monitoring over its down-payment requirements and involved top management's efforts to manage the collection of overdue receivables by various means.

Selling and Marketing Expenses

The selling and marketing expenses of the Group increased by 24.5% from approximately RMB48.5 million for the six months ended June 30, 2020 to approximately RMB60.4 million for the six months ended June 30, 2021, mainly due to (i) our continuous efforts in enhancing the Group's business development capability to solidify its leading role in the growing global market; and (ii) the amortization of customer relationship, which was generated from acquisition of CMAB in the first half of 2021. Compared to the phenomenal growth of revenue, the growth of selling and marketing expenses was relatively stable. Selling and marketing expenses as a percentage of the Group's revenue decreased to 1.4% for the six months ended June 30, 2021, as compared to 2.5% for the six months ended June 30, 2020.

Administrative Expenses

The Group's administrative expenses increased by 70.9% from approximately RMB203.4 million for the six months ended June 30, 2020 to approximately RMB347.6 million for the six months ended June 30, 2021, primarily due to the increases in staff related costs, insurance expenses, IT facilities expenses for the Group's new facilities in China and overseas to support the Group's rapid organic growth and merge and acquisition projects. Above increase in administrative cost is much less than the Group's revenue growth, illustrating the effective execution of fixed cost control and value for spending.

Research and Development Expenses

The research and development expenses of the Group decreased by 7.2% from approximately RMB124.4 million for the six months ended June 30, 2020 to approximately RMB115.4 million for the six months ended June 30, 2021. Less spending is mainly due to the Group's plan to undertake the majority of R&D projects in the second half of 2021.

Operating Profit and Operating Profit Margin

The operating profit of the Group increased by 331.4% from approximately RMB411.1 million for the six months ended June 30, 2020 to approximately RMB1,773.5 million for the six months ended June 2021, which proved the effectiveness of the Group's cost control efforts and measures particularly in selling and marketing expenses, and administrative expenses. This has resulted in an improved operating profit margin of 40.2% for the six months ended June 30, 2021 as compared to 21.1% for the six months ended June 30, 2020.

Finance Costs

The finance costs of the Group mainly include interest expense on lease liabilities, interest expense on bank borrowings and interest expense on financing component of an advance payment received from a customer. The finance costs of the Group decreased by 6.7% from approximately RMB22.4 million for the six months ended June 30, 2020 to approximately RMB20.9 million for the six months ended June 30, 2021, mainly attributable to an increase in capitalized borrowing costs since more long-term bank borrowings have been funded for the purpose of financing the Group's construction of manufacturing facilities in Europe, which was partially offset by (i) an increase in interest expense on lease liabilities, along with the increment of lease agreements globally; and (ii) an increase in interest expense on financing component of an advance payment received from a customer which commenced from the second half of 2020.

Income Tax Expense (Credit)

For the six months ended June 30, 2021, the income tax expense of the Group amounted to approximately RMB175.5 million, which was attributed to the regular income tax expenses with an effective tax rate of 15.8%; and partially offset by certain tax refund from local authorities as a favorable local policy in a couple of China subsidiaries, totaling approximately RMB150.5 million. While for the six months ended June 30, 2020, the Group recorded a credit amount of approximately RMB(25.6) million income tax expense attributed to the similar tax refund from local authorities, amounting to approximately RMB120.7 million.

Net Profit and Net Profit Margin

As a result of the foregoings, the net profit of the Group increased by 157.7% from approximately RMB730.7 million for the six months ended June 30, 2020 to approximately RMB1,882.8 million for the six months ended June 30, 2021. The net profit margin of the Group for the six months ended June 30, 2021 was 42.7%, as compared to 37.6% for the six months ended June 30, 2020. The increase in net profit margin was the combined results of (i) the strong gross profit increase as mentioned above; and (ii) the successful execution of cost saving and efficiency improvement programs.

The net profit attributable to owners of the Company increased by 150.3% from approximately RMB736.1 million for the six months ended June 30, 2020 to approximately RMB1,842.1 million for the six months ended June 30, 2021. The margin of net profit attributable to owners of the Company increased from 37.9% for the six months ended June 30, 2020 to 41.8% for the six months ended June 30, 2021. The increases followed the same set of reasons as discussed above.

Basic and Diluted Earnings Per Share

The basic earnings per share of the Group increased by 131.6% from RMB0.19[(1)] for the six months ended June 30, 2020 to RMB0.44 for the six months ended June 30, 2021. The diluted earnings per share of the Group increased by 133.3% from RMB0.18[(1)] for the six months ended June 30, 2020 to RMB0.42 for the six months ended June 30, 2021. The increase in the basic and diluted earnings per share was primarily due to the increase in the net profit attributable to owners of the Company resulting from the strong business growth of the Group as discussed above.

Property, Plant and Equipment

The balance of the property, plant and equipment of the Group increased by 35.1% from approximately RMB11,996.2 million as at December 31, 2020 to approximately RMB16,206.2 million as at June 30, 2021, primarily due to (i) on-going facility constructions in various sites of the Group, mainly in Ireland, Germany and the U.S.; and (ii) the acquisition of CMAB and Pfizer Biologics (Hangzhou) Company Limited, following the Group's "Global Dual Sourcing" manufacturing paradigm and rapid business expansion.

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

Right-of-Use Assets

The balance of the right-of-use assets of the Group increased by 75.3% from approximately RMB874.2 million as at December 31, 2020 to approximately RMB1,532.4 million as at June 30, 2021, primarily due to the commencement of some new lease agreements during the Reporting Period, especially in Germany and the U.S..

Goodwill

The balance of the goodwill of the Group increased by 619.6% from approximately RMB185.4 million as at December 31, 2020 to approximately RMB1,334.1 million as at June 30, 2021, mainly due to the addition of goodwill arising from the acquisition of CMAB in the first half of 2021.

The management of the Group determines that there is no impairment during and at the end of the Reporting Period.

Intangible Assets

The intangible assets of the Group mainly include technology and customer relationship recognized in the acquisition transactions, and patents and licenses held by the Group. The intangible assets of the Group increased by 49.4% from approximately RMB391.9 million as at December 31, 2020 to approximately RMB585.5 million as at June 30, 2021, mainly due to the addition of technology and customer relationship arising from the acquisition of CMAB.

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 increased by 112.6% from approximately RMB187.5 million as at December 31, 2020 to approximately RMB398.7 million as at June 30, 2021, mainly due to the additional investment of approximately RMB200.0 million during the Reporting Period, and as a result, the proportion of equity interest held by the Group in Duoning increased from 15.86% as at December 31, 2020 to 21.78% as at June 30, 2021.

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

The financial assets at FVTPL of the Group mainly include investments in wealth management products purchased from several banks, listed equity securities and unlisted investments. The aggregated balances of the financial assets at FVTPL in the current assets and non-current assets of the Group increased by 108.9% from approximately RMB871.3

million as at December 31, 2020 to approximately RMB1,819.8 million as at June 30, 2021, mainly due to (i) an increase in investments of listed and unlisted equity interests, as the Group has continuously made new and further investments in a wide variety of companies in life science and healthcare industry to support the sustainable growth of the Group; and (ii) an increased balance in the wealth management products in various different banks.

Inventories

The inventories of the Group increased by 57.4% from approximately RMB1,084.2 million as at December 31, 2020 to approximately RMB1,706.8 million as at June 30, 2021, mainly due to (i) increased stock level in various sites, especially in Germany and the U.S., to prepare for the coming operation; and (ii) increased inventory reserve according to the Group's stock up strategy for the purpose of mitigating the supply chain risk caused by COVID-19 pandemic.

Contract Costs

The contract costs (previously called service work in progress) of the Group increased by 71.8% from approximately RMB392.1 million as at December 31, 2020 to approximately RMB673.5 million as at June 30, 2021, mainly in line with the increment of on-going projects. The slower increasing trend as compared to the revenue growth was mainly due to the effective control on labor cost and overhead which optimized the production cost flow into contract cost, coupled with the better utilization of manufacturing capacity, which has lightened the burden of fixed cost of each batch and improved the turnover in the contract cost.

Trade and Other Receivables

The trade and other receivables of the Group increased by 47.2% from approximately RMB3,241.9 million as at December 31, 2020 to approximately RMB4,771.5 million as at June 30, 2021, primarily due to (i) an increase in value added tax recoverable amounting to approximately RMB673.2 million, along with the Group's business expansion; (ii) an increase in trade receivables amounting to approximately RMB515.1 million, along with the revenue growth, especially the booming of COVID-19 projects; and (iii) an increase in other receivables related to the hedge contracts amounting to approximately RMB201.0 million.

Contract Assets

The contract assets of the Group increased by 125.3% from approximately RMB24.1 million as at December 31, 2020 to approximately RMB54.3 million as at June 30, 2021, along with the revenue growth of the Group.

Trade and Other Payables

The trade and other payables of the Group slightly decreased by 0.8% from approximately RMB2,728.5 million as at December 31, 2020 to approximately RMB2,706.6 million as at June 30, 2021, mainly due to (i) payable for additional investment in Duoning amounting to approximately RMB154.5 million as at December 31, 2020 was settled in early 2021; (ii) a decrease in salary and bonus payable amounting to approximately RMB93.8 million since the accrued annual bonus by the end of 2020 has been paid off in the first half of 2021; and (iii) a decrease in trade payables amounting to approximately RMB111.4 million, which was partially offset by the increases in other payables and payable for purchase of property, plant and equipment, in line with the Group's business expansion and workforce growth.

Contract Liabilities (Current Portion & Non-current Portion)

The contract liabilities in the current liabilities of the Group increased by 60.1% from approximately RMB664.9 million as at December 31, 2020 to approximately RMB1,064.5 million as at June 30, 2021, mainly due to more contracts have been entered into, as a result of the Group's robust increase in the number of integrated projects, coupled with the management's efforts on stringent requirement of down-payments.

The contract liabilities in the non-current liabilities of the Group represented the total instalment amounting to US$100.0 million received from a vaccine partner, and the related services will be provided beyond 12 months.

Lease Liabilities (Current Portion & Non-current Portion)

The aggregated lease liabilities in the current liabilities and non-current liabilities of the Group increased by 87.7% from approximately RMB727.2 million as at December 31, 2020 to approximately RMB1,364.9 million as at June 30, 2021, primarily due to more plants and offices have been leased to support the Group's business expansion globally, especially in Germany and the U.S..

Liquidity and Capital Resources

The aggregated balances of bank balances and cash and time deposits of the Group increased by 57.8% from approximately RMB8,368.1 million as at December 31, 2020 to approximately RMB13,203.6 million as at June 30, 2021. The increase was mainly due to (i) the receipt of net proceeds from placing of approximately RMB10,899.0 million in February 2021; (ii) the net proceeds (after deducting repayments) of bank borrowings amounting to approximately RMB366.2 million in total; and (iii) cash generated from business operations, which was partially offset by the increases in payment for purchase of property, plant and equipment and payment for acquisition of subsidiaries, along with the Group's capacity expansion.

Treasury Policy

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

The Group's treasury policies are also designated to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations. Certain Group's entities have foreign currency transactions, including sales and purchases transactions, borrowings and repayment, etc., and foreign currencies denominated money assets and liabilities, which are mainly denominated in USD and EUR. It is the Group's policy to negotiate a series of derivative instruments with different banks to hedge the foreign currency risks in the ordinary course of business. Including, the Group usually enters into foreign currency forward contracts and collar contracts to hedge substantially all forecasted future USD denominated sales transactions up to 12 months, cross currency swap contracts to hedge foreign currencies denominated borrowings and repayments upon demand, forward extra contracts and European vanilla option contracts to hedge net exposure denominated in foreign currencies as needed. For details of the foreign currency risks exposed by the Company, please refer to the section headed "Currency Risk" of this announcement.

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2021, 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 increased by 24.2% from approximately RMB2,604.7 million as at December 31, 2020 to approximately RMB3,234.6 million as at June 30, 2021, mainly due to that more bank facilities have been utilized to support the continuous business expansion, especially the overseas construction activities.

Of the total borrowings as at June 30, 2021, RMB denominated borrowings amounted to approximately RMB95.5 million with the effective interest rates ranging from 3.85% to 4.90% per annum; USD denominated borrowings amounted to approximately RMB2,592.7 million with the effective interest rates ranging from 1.67% to 2.69% per annum; and EUR denominated borrowings amounted to approximately RMB546.4 million with the effective interest rates ranging from 0.8% to 1.50% per annum, respectively.

Among all, approximately RMB1,160.6 million will be due within one year; approximately RMB1,430.4 million will be due in more than one year but within two years; approximately RMB609.0 million will be due in more than two years but within five years; and approximately RMB34.5 million will be due after five years.

As at June 30, 2021, RMB denominated borrowings of approximately RMB80.5 million was secured against the Group's buildings. The remaining borrowings were unsecured.

Contingent Liabilities and Guarantees

As at June 30, 2021, the Group did not have any material contingent liabilities or guarantees.

Currency Risk

The Group principally operates in China. Following the "Global Dual Sourcing" manufacturing paradigm, it has accelerated its business expansion around the world. The Group's entities are exposed to foreign exchange risk of foreign currencies other than their functional currencies, primarily with respect to USD and EUR.

During the Reporting Period, a majority of the Group's revenue was generated from sales denominated in USD, while most of the purchase of raw materials, property, plant and equipment and expenditures were settled in RMB in China and in EUR in Europe. Furthermore, the Group had USD and EUR denominated borrowings to provide financing of the Group's overseas construction and operation. Also at the end of each reporting period, the Group has maintained foreign currencies denominated monetary assets and liabilities (mainly in USD and EUR) which expose the Group to foreign currency risk. As a result, the Group's operating margins were impacted when the foreign exchange rates fluctuated, especially between USD and RMB.

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

Charges of Assets

The Group pledged the bank deposits as collateral for the banks to issue the letter of credit in connection with the Group's purchase of property, plant and equipment and the letter of guarantee for the facility construction in Ireland. As at June 30, 2021, the pledged bank deposits amounted to approximately RMB530.3 million, being relatively stable as compared to approximately RMB528.8 million as at December 31, 2020.

Also, as at June 30, 2021, the buildings with carrying amounts of approximately RMB40.9 million has been pledged for RMB denominated borrowing of approximately RMB80.5 million in China.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings divided by total equity and multiplied by 100%. Gearing ratio decreased from 12.5% as at December 31, 2020 to 9.6% as at June 30, 2021, mainly due to an increase in equity after placing in February 2021.

Non-IFRS Measures

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

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

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

Adjusted Net Profit

	Six months ended June 30,	
	2021	2020
	RMB million	*RMB million*
Net Profit	**1,882.8**	730.7
Add: share-based compensation expense	**204.7**	126.4
Less: foreign exchange gain	**(93.1)**	(123.1)
Less: fair value gain on equity investments at FVTPL	**(182.3)**	(67.0)
Adjusted Net Profit *(Note i and ii)*	**1,812.1**	667.0
Margin of Adjusted Net Profit	***41.1%***	*34.3%*
Adjusted Net Profit Attributable to Owners of the Company	**1,768.7**	672.4
Margin of Adjusted Net Profit Attributable to Owners of the Company	***40.1%***	*34.6%*
	RMB	*RMB*
		(Note iii)
Adjusted Earnings Per Share		
— Basic	**0.43**	0.17
— Diluted	**0.40**	0.16

Notes:

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

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

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

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

ii. The adjusted net profit for the six months ended June 30, 2020 disclosed herein was recalculated based on the calculation formula stated in Note i. The adjusted net profit and adjusted EBITDA disclosed in 2020 interim results announcement of the Company was approximately RMB734.0 million and approximately RMB944.7 million respectively, calculated by excluding a) share-based compensation expense; and b) foreign exchange gain.

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

EBITDA and Adjusted EBITDA

	Six months ended June 30,	
	2021	2020
	RMB million	*RMB million*
Net Profit	**1,882.8**	730.7
Add: income tax expense (credit)	**175.5**	(25.6)
interest expense	**20.9**	22.4
depreciation	**286.6**	197.8
amortization	**21.3**	16.1
EBITDA	**2,387.1**	941.4
EBITDA Margin	***54.2%***	*48.4%*
Add: share-based compensation expense	**204.7**	126.4
Less: foreign exchange gain	**(93.1)**	(123.1)
Less: fair value gain on equity investments at FVTPL	**(182.3)**	(67.0)
Adjusted EBITDA *(Note i and ii)*	**2,316.4**	877.7
Adjusted EBITDA Margin	***52.6%***	*45.1%*

Employee and Remuneration Policies

As at June 30, 2021, the Group employed a workforce totaling 7,686 employees. The staff costs, including Directors' emoluments but excluding any contributions to (i) retirement benefit scheme contributions; and (ii) share-based payment expenses, were approximately RMB1,184.8 million for the six months ended June 30, 2021, as compared to approximately RMB649.3 million for the six months ended June 30, 2020. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund as applicable to the countries where the Group operates.

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

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

Interim Dividend

The Board resolved not to declare any interim dividend for the six months ended June 30, 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with all the code provisions as set out in the CG Code throughout the six months ended June 30, 2021. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Written Guidelines on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines throughout the Reporting Period. In order to ensure strict compliance of the Listing Rules and enhance corporate governance measures, the Company will remind all Directors as to their respective obligations under the Listing Rules in all aspects, including but not limited to the restrictions in dealing with Company's securities. No incident of non-compliance of the Guidelines for Securities Transactions by Employees (員工證券交易管理辦法) by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

USE OF NET PROCEEDS FROM PLACING

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

The net proceeds from the Second Placing were approximately RMB3,512.2 million, which have been and will be used for the future expansion of the Group, including the capital requirements to support its development of vaccines and microbial based products as well as continuous global capacity expansion, as disclosed in the announcement of the Company dated November 1, 2019. By the end of June 2021, the net proceeds have been fully utilized.

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

The net proceeds from the Third Placing were approximately RMB5,545.8 million, which will be used for continuous global capacity expansion of the Group, including the construction of commercial manufacturing facilities in the United States for projects involving COVID-19 treatments and other related CDMO projects, acquisition of manufacturing facilities outside of the PRC and development of microbial facilities in the PRC, as well as for general corporate purposes of the Group, as disclosed in the announcement of the Company dated June 30, 2020. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2021:

Use of proceeds	**Planned applications** *(RMB million)*	**Percentage of total net proceeds**	**Actual usage up to June 30, 2021** *(RMB million)*	**Net proceeds brought forward for the Reporting Period** *(RMB million)*	**Unutilized net proceeds as at June 30, 2021** *(RMB million)*	**Expected timeline for utilizing the remaining unutilized net proceeds**[(1)]
To construct commercial manufacturing facilities in the United States for projects involving COVID-19 treatments and other related CDMO projects, acquisition of manufacturing facilities outside of the PRC and development of microbial facilities in the PRC, as well as for general corporate purposes	5,545.8	100%	1,358.4	5,545.8	4,187.4	By the end of 2022

Note:

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

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

The net proceeds from the Fourth Placing were approximately HK$13,121.24 million, which will be used in the following manner: (i) approximately 40% will be used for merger and acquisition of additional capacities for drug substances/drug products (DS/DP) manufacturing to match a rapidly growing pipeline; (ii) approximately 40% will be used for building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms; (iii) approximately 10% will be used for investment in mRNA (messenger RNA) related technologies to further enable its global clients; and (iv) approximately 10% shall be used for general corporate purposes of the Group. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2021:

Use of proceeds	**Planned applications** *(RMB million)*	**Percentage of total net proceeds**	**Actual usage up to June 30, 2021** *(RMB million)*	**Net proceeds brought forward for the Reporting Period** *(RMB million)*	**Unutilized net proceeds as at June 30, 2021** *(RMB million)*	**Expected timeline for utilizing the remaining unutilized net proceeds**[(1)]
Merger and acquisition of additional capacities for drug substances/ drug products (DS/DP) manufacturing	4,359.6	40%	2,989.0	—	1,370.6	By the end of 2023
Building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms	4,359.6	40%	—	—	4,359.6	By the end of 2023
Investment in mRNA related technologies	1,089.9	10%	—	—	1,089.9	By the end of 2023
General corporate purposes of the Group	1,089.9	10%	1,089.9	—	—	
Total	**10,899.0**	**100%**	**4,078.9**	**—**	**6,820.1**	

Note:

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

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

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

REVIEW OF INTERIM RESULTS

The independent auditors of the Company, namely Deloitte Touche Tohmatsu, have 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 auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2021) of the Group. The Audit Committee and the independent auditors considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

KEY EVENTS AFTER THE REPORTING PERIOD

The Group has the following events taken place subsequent to June 30, 2021:

- The Group received a License of Manufacturing Permit from German health authorities for its DP7 in Leverkusen, Germany. This license represents another remarkable milestone in the Group's efforts to establish premier quality operations on a global scale.

- The Group once again received an EU EMA GMP certificate for the biosafety testing facility in Suzhou, only 13 months after receiving its first EU EMA GMP certificate. This certificate demonstrates the Group's compliance to global cGMP biosafety testing standards and regulatory guidelines.

PUBLICATION OF THE 2021 CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of HKEX (www.hkexnews.hk) and the Company's website (www.wuxibiologics.com). In accordance with the requirements under the Listing Rules which are applicable to the Reporting Period, the interim report for the six months ended June 30, 2021 containing all the information about the Company set out in this preliminary announcement of results for the six months ended June 30, 2021 will be despatched to the Shareholders and published on the respective websites of HKEX and the Company in due course.

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2021, together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2021

		Six months ended June 30,	
		2021	2020
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**4,406,754**	1,944,103
Cost of sales and services		**(2,109,921)**	(1,156,797)
Gross profit		**2,296,833**	787,306
Other income	*5*	**127,273**	148,429
Other gains and losses	*6*	**311,533**	225,716
Impairment losses under expected credit loss model, net of reversal	*8*	**(133,166)**	(56,587)
Selling and marketing expenses		**(60,356)**	(48,460)
Administrative expenses		**(347,640)**	(203,378)
Research and development expenses		**(115,375)**	(124,414)
Share of loss of an associate		**—**	(1,101)
Finance costs	*7*	**(20,874)**	(22,405)
Profit before tax	*8*	**2,058,228**	705,106
Income tax (expense) credit	*9*	**(175,450)**	25,598
Profit for the period		**1,882,778**	730,704
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(223,762)**	(2,463)
Fair value loss on hedging instruments designated in fair value hedges and cash flow hedges, net of related income tax		**(127,558)**	(49,568)
Other comprehensive expense for the period		**(351,320)**	(52,031)
Total comprehensive income for the period		**1,531,458**	678,673

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	NOTE	Six months ended June 30, 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		**1,842,140**	736,113
Non-controlling interests		**40,638**	(5,409)
		1,882,778	730,704
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**1,503,365**	683,761
Non-controlling interests		**28,093**	(5,088)
		1,531,458	678,673
		RMB	*RMB*
Earnings per share — Basic	*11*	**0.44**	0.19
— Diluted	*11*	**0.42**	0.18

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	NOTES	**June 30, 2021** ***RMB'000*** **(Unaudited)**	December 31, 2020 *RMB'000* (Audited)
Non-current Assets			
Property, plant and equipment		**16,206,245**	11,996,171
Right-of-use assets		**1,532,440**	874,153
Goodwill		**1,334,140**	185,408
Intangible assets		**585,498**	391,857
Investment of an associate measured at fair value through profit or loss ("**FVTPL**")		**398,718**	187,520
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**125,904**	127,167
Financial assets at FVTPL		**1,084,079**	758,813
Finance lease receivables		**84,464**	87,672
Derivative financial assets		**15,701**	20,870
Deferred tax assets		**174,706**	80,136
Other long-term deposits and prepayments		**59,535**	49,478
		21,601,430	14,759,245
Current Assets			
Inventories		**1,706,759**	1,084,192
Finance lease receivables		**8,940**	8,615
Trade and other receivables	*12*	**4,771,475**	3,241,878
Contract assets	*13*	**54,282**	24,069
Contract costs		**673,516**	392,123
Tax recoverable		**5,342**	3,147
Derivative financial assets		**289,336**	440,997
Financial assets at FVTPL		**735,744**	112,469
Time deposits	*14*	**1,921,880**	1,272,356
Pledged bank deposits	*14*	**530,336**	528,787
Bank balances and cash	*14*	**11,281,712**	7,095,735
		21,979,322	14,204,368
Current Liabilities			
Trade and other payables	*15*	**2,706,626**	2,728,543
Borrowings	*16*	**1,160,640**	767,126
Contract liabilities	*17*	**1,064,450**	664,863
Income tax payable		**309,674**	250,893
Lease liabilities		**133,438**	60,711
Derivative financial liabilities		**66,734**	26,112
		5,441,562	4,498,248
Net Current Assets		**16,537,760**	9,706,120
Total Assets less Current Liabilities		**38,139,190**	24,465,365

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	NOTES	**June 30, 2021** ***RMB'000*** **(Unaudited)**	December 31, 2020 *RMB'000* (Audited)
Non-current Liabilities			
Deferred tax liabilities		**197,675**	180,885
Borrowings	*16*	**2,073,931**	1,837,623
Financial liability at FVTPL		**154,682**	—
Contract liabilities	*17*	**657,305**	659,949
Lease liabilities		**1,231,420**	666,513
Derivative financial liabilities		**6,313**	7,259
Deferred income		**234,085**	213,740
		4,555,411	3,565,969
Net Assets		**33,583,779**	20,899,396
Capital and Reserves			
Share capital	*18*	**234**	225
Reserves		**33,220,501**	20,564,220
Equity attributable to owners of the Company		**33,220,735**	20,564,445
Non-controlling interests		**363,044**	334,951
Total Equity		**33,583,779**	20,899,396

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix 16 to 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, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2020.

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 annual periods beginning on or after January 1, 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

As at June 30, 2021, borrowings amounting to RMB2,915,057,000 and hedging instruments with notional amount of United States dollars ("**US$**") 306,720,000 were subject to the interest rate benchmark reform as they were related to London Interbank Offered Rate ("**LIBOR**") and/or Euro Interbank Offered Rate ("**EURIBOR**"). The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortized cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending December 31, 2021.

In addition, the Group has early applied the Amendment to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021". The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior periods.

Except as described above, 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.

4. REVENUE

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Company) reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies of the Group. Accordingly, the Group has only one single operating and reportable segment and no further analysis of this single segment is 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,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
— North America	**2,189,224**	878,201
— PRC	**1,161,009**	815,731
— Europe	**989,933**	122,693
— Rest of the world	**66,588**	127,478
	4,406,754	1,944,103

As at June 30, 2021, the Group's non-current assets located in Ireland, Germany and the United States ("**US**") are amounted to RMB7,097,975,000, RMB2,445,739,000 and RMB778,484,000 (December 31, 2020: RMB5,835,495,000, RMB962,725,000 and RMB452,971,000) respectively, the remaining non-current assets of the Group are mainly located in the PRC.

5. OTHER INCOME

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income from banks and other financial assets at amortized cost	**26,289**	29,373
Government grants and subsidies related to		
— Assets *(note i)*	**17,760**	4,044
— Income *(note ii)*	**82,765**	114,442
Others	**459**	570
	127,273	148,429

Notes:

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

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

6. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain	**88,907**	123,050
Gain on derivative financial instruments	**4,176**	—
Fair value gain (loss) on		
— listed equity securities at FVTPL	**153,965**	84,156
— unlisted equity investments at FVTPL	**14,967**	(17,117)
— investment of an associate measured at FVTPL	**13,335**	—
Fair value changes from wealth management products	**30,689**	30,311
Others	**5,494**	5,316
	311,533	225,716

7. FINANCE COSTS

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense on financing component of an advance payment received from a customer	**4,884**	—
Interest expense on bank borrowings	**30,043**	32,313
Interest expense on lease liabilities	**13,669**	8,452
Less: amounts capitalized in the cost of qualifying assets	**(27,722)**	(18,360)
	20,874	22,405

During the current interim period, borrowing cost arose on the specific borrowings were capitalized to expenditure on qualifying assets at rates varying from 1.29% to 2.31% (2020: from 1.29% to 3.14%) per annum.

8. PROFIT BEFORE TAX

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

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation for property, plant and equipment	**263,462**	169,681
Depreciation for right-of-use assets	**47,334**	28,054
	310,796	197,735
Staff cost (including directors' emoluments):		
— Salaries and other benefits	**1,184,808**	649,301
— Retirement benefit scheme contributions	**90,244**	33,037
— Share-based payment expenses	**222,623**	128,347
	1,497,675	810,685
Impairment losses, net of reversal		
— Trade receivables	**125,414**	50,463
— Contract assets	**412**	1,174
— Receivables for purchase of raw materials on behalf of customers	**7,340**	4,950
	133,166	56,587
Amortization of intangible assets	**21,335**	16,126
Covid-19-related rent concessions	**(177)**	(484)
Write-down of inventories (included in cost of sales and services)	**23,560**	4,812
Write-down of contract costs (included in cost of sales and services)	**16,286**	20,170
Loss on disposal of property, plant and equipment	**766**	894
Cost of inventories recognized as expense	**861,958**	314,655
Less: Capitalized in contract costs and property, plant and equipment	**(492,701)**	(288,779)

9. INCOME TAX EXPENSE (CREDIT)

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
— PRC Enterprise Income Tax ("**EIT**")	**317,493**	107,343
— Hong Kong Profits Tax	**35,219**	1,479
— Ireland Income Taxes	**379**	—
— US Federal and State Income Taxes	**39**	—
Over provision in prior years	**(132,639)**	(107,979)
	220,491	843
Deferred tax:	**(45,041)**	(26,441)
	175,450	(25,598)

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

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

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

According to PRC tax laws, WuXi Co., Shanghai Biologics and U-Pure were accredited as a "High and New Technology Enterprise" and were therefore entitled to a preferential EIT rate of 15% for a period of three years starting from 2019 which is renewable upon expiry in year 2021.

According to PRC tax laws, Suzhou Biologics was accredited as a "High and New Technology Enterprise" and was therefore entitled to a preferential EIT rate of 15% for a period of three years starting from 2018. During the six months ended June 30, 2021, Suzhou Biologics applied for renewal of its "High and New Technology Enterprise" accreditation and the relevant government authority is still in the process to assess the "High and New Technology Enterprise" accreditation. The directors of the Company are of the view that it is very probable that Suzhou Biologics can get the "High and New Technology Enterprise" accreditation by end of 2021 based on Company's assessment and historical practice. Accordingly, the estimated tax rate for Suzhou Biologics for current interim period is 15% (six months ended June 30, 2020: 15%).

According to PRC tax laws, Biologics Conjugation was accredited as a "High and New Technology Enterprise" and was therefore entitled to a preferential EIT rate of 15% for a period of three years starting from 2020 which is renewable upon expiry in year 2022.

Beijing Biologics is eligible for "Micro and Small Enterprise" tax preference for the current interim period.

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

10. 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.

11. 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,	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings attributable to the owners of the Company:		
Earnings for the purpose of calculating basic and diluted earnings per share	**1,842,140**	736,113

	Six months ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
Number of Shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**4,149,321,757**	3,875,506,623
Effect of dilutive potential ordinary shares:		
Share options	**224,232,937**	247,634,496
Restricted shares	**34,277,112**	22,097,559
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,407,831,806**	4,145,238,678

The weighted average number of ordinary shares shown above have been arrived at after deducting the weighted average effect on 49,367,119 shares (June 30, 2020: 43,192,608 shares) held by a trustee under Restricted Share Award Scheme and after adjusting the effect of Share Subdivision for the six months ended June 30, 2020.

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

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

12. TRADE AND OTHER RECEIVABLES

	As at	
	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
— related parties	**6,100**	6,113
Less: allowance for credit losses	**(42)**	(20)
— third parties	**3,143,931**	2,504,003
Less: allowance for credit losses	**(302,179)**	(177,398)
	2,847,810	2,332,698
Bill receivables from contracts with customers	**1,889**	5,160
Receivables for purchase of raw materials on behalf of customers		
— third parties	**469,510**	321,987
Less: allowance for credit losses	**(13,426)**	(6,087)
	456,084	315,900
Advances to suppliers		
— related parties	**17,962**	—
— third parties	**55,943**	35,718
	73,905	35,718
Other receivables	**253,755**	42,996
Prepayments	**12,089**	6,629
Value added tax recoverable	**976,388**	303,222
Payments for potential acquisition	**149,555**	149,555
Loan receivable	**—**	50,000
	1,391,787	552,402
Total trade and other receivables	**4,771,475**	3,241,878

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, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Not past due	**1,832,675**	1,517,790
Within 90 days	**414,972**	446,644
91 days to 1 year	**437,624**	286,697
Over 1 year	**162,539**	81,567
	2,847,810	2,332,698

13. CONTRACT ASSETS

	As at	
	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract assets	**62,477**	31,854
Less: allowance for credit losses	**(8,195)**	(7,785)
	54,282	24,069

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.

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

Bank balances and cash of the Group comprised of cash and short term bank deposits with an original maturity of three months or less. The short term bank deposits carried interest at market rates which ranged from nil to 2.03% per annum as at June 30, 2021 (December 31, 2020: from nil to 2.38% per annum).

Certain deposits are pledged to banks as collateral for the issue of standby letter of credit in connection with the Group's purchase of property, plant and equipment and the letter of guarantee for the facility construction in Ireland.

Time deposits as at June 30, 2021 are carried fixed interest rates from 0.60% to 1.30% per annum and have original maturity over three months (December 31, 2020: from 1.25% to 1.70%).

15. TRADE AND OTHER PAYABLES

	As at	
	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables		
— related parties	**47,161**	33,212
— third parties	**487,452**	612,790
	534,613	646,002
Other payables		
— related parties	**—**	450
— third parties	**914,541**	655,299
	914,541	655,749
Payable for purchase of property, plant and equipment	**807,566**	717,100
Payable for acquisition of investment of an associate measured at FVTPL	**—**	154,526
Consideration payables for acquisition of subsidiaries	**4,008**	23,018
Salary and bonus payables	**407,150**	500,993
Other taxes payable	**38,748**	31,155
	1,257,472	1,426,792
Trade and other payables	**2,706,626**	2,728,543

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, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**494,783**	620,291
91 days to 1 year	**27,930**	25,031
Over 1 year but within 5 years	**11,900**	680
	534,613	646,002

16. BORROWINGS

	As at	
	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Secured bank loans	**80,500**	85,100
Unsecured bank loans	**3,154,071**	2,519,649
	3,234,571	2,604,749
The carrying amounts of the above borrowings are repayable*:		
Within one year	**1,160,640**	767,126
Within a period of more than one year but not exceeding two years	**1,430,422**	1,770,923
Within a period of more than two years but not exceeding five years	**609,009**	27,600
Within a period of more than five years	**34,500**	39,100
	3,234,571	2,604,749
Less: amounts due within one year shown under current liabilities	**(1,160,640)**	(767,126)
Amounts shown under non-current liabilities	**2,073,931**	1,837,623

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

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

	As at	
	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
Fixed-rate borrowings	**95,500**	85,100
Variable-rate borrowings	**3,139,071**	2,519,649
	3,234,571	2,604,749

The Group's variable-rate borrowings carry interest at LIBOR plus 1.1% to 2.5%, European Central Bank Rate plus 1.5% and EURIBOR plus 0.8%. Interest is reset each one to three months based on the contracts.

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, 2021	December 31, 2020
Effective interest rate:		
Fixed-rate borrowings	**3.85% to 4.90%**	3.70% to 4.90%
Variable-rate borrowings	**0.80% to 2.69%**	1.25% to 3.68%

At June 30, 2021, the Group's borrowings were secured against the Group's property, plant and equipment as collaterals with carrying amounts of RMB40,940,000 (December 31, 2020: in the process of securing the property, plant and equipment as collaterals with carrying amounts of RMB42,147,000).

17. CONTRACT LIABILITIES

	As at	
	June 30, 2021	December 31, 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract liabilities	**1,721,755**	1,324,812
Less: amounts shown under current liabilities	**(1,064,450)**	(664,863)
Amounts shown under non-current liabilities *(Note)*	**657,305**	659,949

Note:

In February 2020, the Group entered into a contract manufacturing agreement pursuant to which the Group shall build an integrated vaccine manufacturing facility in Ireland, and manufacture for, and supply to, an independent global vaccine leader (the "**Vaccine Partner**") certain vaccine products. As of December 31, 2020, the Group received total instalments of US$100 million (equivalent to RMB652,490,000) from the Vaccine Partner, which represents the Group's obligation to provide services to the Vaccine Partner and is recognized as contract liabilities. The contract liabilities are classified as non-current due to the related services will be provided beyond twelve months. The non-current contract liabilities amounted to RMB657,305,000 at June 30, 2021 (December 31, 2020: RMB659,949,000) after considering the financing components and the recognition of revenue during the current interim period.

18. SHARE CAPITAL

AUTHORIZED

	Number of shares	**Par value** *US$*	**Authorized share capital** *US$*
At January 1, 2020	2,000,000,000	0.000025	50,000
Share Subdivision	4,000,000,000		—
At June 30, 2021 and December 31, 2020	6,000,000,000	1/120,000	50,000

ISSUED AND FULLY PAID:

	Number of shares	Amount *US$*	Shown in the financial statements as *RMB'000*
At January 1, 2020 (audited)	1,294,525,986	32,364	214
Issue of new shares	6,882,141	172	1
Exercise of pre-IPO share options	8,271,303	206	1
At June 30, 2020 (unaudited)	1,309,679,430	32,742	216
Issue of new shares	45,000,000	1,124	8
Exercise of pre-IPO share options	6,046,044	152	1
Share Subdivision	2,721,450,948	—	—
Exercise of pre-IPO share options after the Share Subdivision	2,586,638	22	—
At December 31, 2020 and January 1, 2021 (audited)	4,084,763,060	34,040	225
Issue of new shares *(Notes i and ii)*	128,354,126	1,070	7
Exercise of pre-IPO share options	25,005,956	208	2
At June 30, 2021 (unaudited)	4,238,123,142	35,318	234

Notes:

(i) On February 10, 2021, the Company issued 118,000,000 new ordinary shares of US$1/120,000 each through placement to certain independent third parties at a price of HK$112.00 per share. The net cash proceed of this placement was HK$13,121,243,000 (equivalent to approximately RMB10,899,029,000), after deducting the issue cost of HK$94,757,000 (equivalent to approximately RMB78,709,000) from the gross cash proceed of HK$13,216,000,000 (equivalent to approximately RMB10,977,738,000).

(ii) On June 10, 2021, the Company issued and allotted 10,354,126 new ordinary shares at nil consideration to trustee under the Restricted Share Award Scheme.

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

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"CDMO"	Contract development and manufacturing organization
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"cGMP"	Current Good Manufacturing Practice regulations, regulations enforced by the Food and Drug Administration of the United States on pharmaceutical and biotech firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity
"Chairman"	the chairman of the Board
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Company"	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on February 27, 2014
"Director(s)"	the director(s) of the Company
"DNA"	a molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses
"EU"	a politico-economic union of 27 member states that are located primarily in Europe
"EU EMA"	European Medicines Agency
"Global Partner Program Share Scheme"	the share award scheme for global partner program adopted by the Company on June 16, 2021

"GMP"	Good Manufacturing Practice
"Group" or "we" or "our" or "us"	the Company and its subsidiaries
"H.K. dollar(s)" or "HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKEX"	Hong Kong Exchange and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug, an experimental drug for which a pharmaceutical company obtains permission to ship across jurisdictions (usually to clinical investigators) before a marketing application for the drug has been approved
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange on June 13, 2017
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company 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
"Prospectus"	the prospectus issued by the Company dated May 31, 2017
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of the PRC
"Reporting Period"	the six-month period from January 1, 2021 to June 30, 2021

"Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company on January 15, 2018
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$1/120,000 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S."	United States of America
"U.S. dollar(s)" or "US$" or "USD"	United States dollar(s), the lawful currency of the U.S.
"U.S. FDA"	The Food and Drug Administration of the U.S.
"Written Guidelines"	the Written Guidelines for Securities Transactions by Directors adopted by the Company
"WuXi AppTec"	WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司), a company incorporated in the PRC on December 1, 2000 and the shares of which are listed on Shanghai Stock Exchange (Stock code: 603259) and the Main Board of the Stock Exchange (Stock code: 2359)

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

For and on behalf of the Board
WuXi Biologics (Cayman) Inc.
Dr. Ge Li
Chairman

Hong Kong, August 23, 2021

As at the date of this announcement, the Board comprises Dr. Zhisheng Chen and Dr. Weichang Zhou as executive Directors; Dr. Ge Li, Dr. Ning Zhao, Mr. Yibing Wu and Mr. Yanling Cao as non-executive Directors; and Mr. William Robert Keller, Mr. Teh-Ming Walter Kwauk and Mr. Kenneth Walton Hitchner III as independent non-executive Directors.

* *For identification purpose only*