WuXi Biologics
Global Solution Provider

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 REPORT 2023

* *For identification purpose only*

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Zhisheng Chen
(Chief Executive Officer)
Dr. Weichang Zhou
(Chief Technology Officer)

Non-executive Directors

Dr. Ge Li *(Chairman)*
Mr. Yibing Wu
Mr. Yanling Cao

Independent Non-executive Directors

Mr. William Robert Keller
Mr. Kenneth Walton Hitchner III
Mr. Jackson Peter Tai
(Appointed on May 6, 2023)
Dr. Jue Chen
(Appointed on August 16, 2023)

AUDIT COMMITTEE

Mr. Jackson Peter Tai *(Chairman)*
(Appointed on May 6, 2023)
Mr. William Robert Keller
Mr. Kenneth Walton Hitchner III

REMUNERATION COMMITTEE

Mr. William Robert Keller *(Chairman)*
Mr. Kenneth Walton Hitchner III
Mr. Jackson Peter Tai
(Appointed on August 16, 2023)

NOMINATION COMMITTEE

Dr. Ge Li *(Chairman)*
Mr. William Robert Keller
Mr. Jackson Peter Tai
(Appointed on May 6, 2023)

STRATEGY COMMITTEE

Dr. Zhisheng Chen *(Chairman)*
Dr. Ge Li
Mr. Yibing Wu
Dr. Weichang Zhou
Mr. William Robert Keller
Mr. Kenneth Walton Hitchner III
Dr. Jue Chen
(Appointed on August 16, 2023)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Dr. Zhisheng Chen *(Chairman)*
Mr. Kenneth Walton Hitchner III
Mr. William Robert Keller
Dr. Jue Chen
(Appointed on August 16, 2023)

AUTHORISED REPRESENTATIVES

Dr. Zhisheng Chen
Ms. Sham Ying Man

JOINT COMPANY SECRETARIES

Mr. Huang Yue
Ms. Sham Ying Man

REGISTERED OFFICE

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Ugland House
Grand Cayman KY1-1104
Cayman Islands

CORPORATE HEADQUARTER

No. 108, Meiliang Road
Mashan
Wuxi
China

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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348 Kwun Tong Road
Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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PO Box 1093, Boundary Hall
Cricket Square
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

HONG KONG LEGAL ADVISER

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
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88 Queensway
Hong Kong

STOCK CODE

2269

COMPANY WEBSITE

www.wuxibiologics.com

Financial Highlights

	Six months ended June 30,		
	2023	2022	Change
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	(%)
Operating results			
Revenue	**8,492,046**	7,206,440	17.8%
Gross profit	**3,560,634**	3,413,207	4.3%
Profit before tax	**2,528,976**	2,930,135	(13.7%)
Net profit	**2,337,860**	2,621,225	(10.8%)
Net profit attributable to owners of the Company	**2,266,675**	2,535,064	(10.6%)
Adjusted net profit[1]	**2,925,580**	2,914,934	0.4%
Adjusted net profit attributable to owners of the Company	**2,838,304**	2,834,970	0.1%
Profitability			
Gross margin (%)	**41.9%**	47.4%	
Net profit margin (%)	**27.5%**	36.4%	
Adjusted net profit margin (%)	**34.5%**	40.4%	

	As at June 30, 2023	As at December 31, 2022	Change
	RMB'000 (Unaudited)	RMB'000 (Audited)	(%)
Financial position			
Total assets	**52,141,232**	49,564,385	5.2%
Total liabilities	**13,096,912**	13,351,308	(1.9%)
Total equity	**39,044,320**	36,213,077	7.8%
Equity attributable to owners of the Company	**37,738,377**	35,047,407	7.7%
Bank balances and cash	**7,355,135**	6,395,222	15.0%

(1) Details are set out in "Non-IFRS Measures" on pages 38 to 40.

Corporate Profile

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

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

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

Management Discussion and Analysis

BUSINESS REVIEW

Overall Performance

Amidst a complex world economy and macro environment, coupled with various uncertainties, the beginning of 2023 has emerged as an uncharted period for numerous industries. Nevertheless, these impacts did not impede the steady and resolute progress of the biologics development. In addressing unmet medical needs, a multitude of thriving new modalities, including ADC, bispecific and multi-specific therapies, alongside potential blockbusters like Alzheimer's disease drugs, are expected to generate more demands for the biologics outsourcing industry. Riding on such market potential, the Group maintains an optimistic outlook that its unique CRDMO platform, equipped with industry-leading capabilities and capacity, expects to seize more business opportunities in the years to come.

During the Reporting Period, despite headwinds, the Group's unique CRDMO platform persistently affirmed its status as a powerful and indispensable ally for its clients and partners, enabling them to realize their biologics projects from concept to commercial manufacturing in a cost-efficient and time-sensitive manner. Under the guidance of its "Follow and Win the Molecule" strategies, the Group continued to propel growth.

- The total number of integrated projects increased from 534 as at the same time last year to 621 as at June 30, 2023, including close to 580 non-COVID integrated projects, demonstrating the Group's strong business growth even without COVID-19 projects.

- The number of pre-clinical projects remained stable, totaling 286 as at June 30, 2023, while the total number of early-phase (phases I and II) projects increased from 204 as at the same time last year to 269 (192 in phase I and 77 in phase II) as at June 30, 2023.

- The number of late-phase (phase III) projects and commercial manufacturing projects leaped from 43 as at the same time last year to 66 (44 in late-phase and 22 in commercial manufacturing) as at June 30, 2023.

- The Group successfully progressed projects from pre-IND stage to post-IND stage: 39 projects progressed from pre-clinical development stage to early-phase stage during the Reporting Period.

- The Group's effective execution of the "Win-the-Molecule" strategy further brought 11 external projects into the pipeline during the Reporting Period, including 6 late-phase and commercial manufacturing projects.

The following table sets forth the status of the on-going integrated projects of the Group as at June 30, 2023:

Biologics Development Process Stage	Number of On-Going Integrated Projects[1]	Typical Duration	Typical Service Revenue[2]
Pre-IND			
— Drug discovery	—	2 years	US$1.5–2.5 mm
— Pre-clinical development	286	1–2 years	US$5–8 mm
Post-IND			
— Early-phase (phases I & II) clinical development:	269	3 years	US$4–6 mm
— Phase I clinical development	192		
— Phase II clinical development	77		
— Late-phase (phase III) clinical development	44	3-5 years	US$20–50 mm
— Commercial manufacturing[3]	22	Annually	US$50–100 mm[4]
Total	**621**		

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) The commercial manufacturing projects refer to the projects approved by regulatory authorities and signed CMO contracts with the Group.

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

Management Discussion and Analysis

The Group's revenue for the six months ended June 30, 2023 increased by 17.8% year-on-year to RMB8,492.0 million, together with a 4.3% year-on-year growth in gross profit to RMB3,560.6 million and a 0.4% year-on-year growth in adjusted net profit to RMB2,925.6 million, while maintaining positive free cash flow. The Group's total backlog, including the service backlog and upcoming potential milestone fees, also increased from US$18,467 million as of June 30, 2022 to US$20,108 million as of June 30, 2023, of which service backlog increased from US$12,809 million to US$13,562 million and upcoming potential milestone fees increased from US$5,658 million to US$6,546 million. The Group's total backlog within three years also increased from US$3,049 million as of June 30, 2022 to US$3,503 million as of June 30, 2023. The service backlog represents the revenue amount the Group has contracted but has yet to perform. The total upcoming potential milestone fees represent the total amount for upcoming milestone fees, which the Group has contracted but has not yet performed nor received. 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.

The Group further diversified its customer base by collaboration with all top 20 pharmaceutical companies in the world and most of largest pharmaceutical companies in China. The Group extended its services to 573 clients for the six months ended June 30, 2023, compared with 434 clients for the same period last year. The Group believes that continuous improvement of its capabilities and capacity, combined with unwavering commitment to its clients and partners, will strengthen its value chain, enabling the Group to consistently seize opportunities in this expanding market.

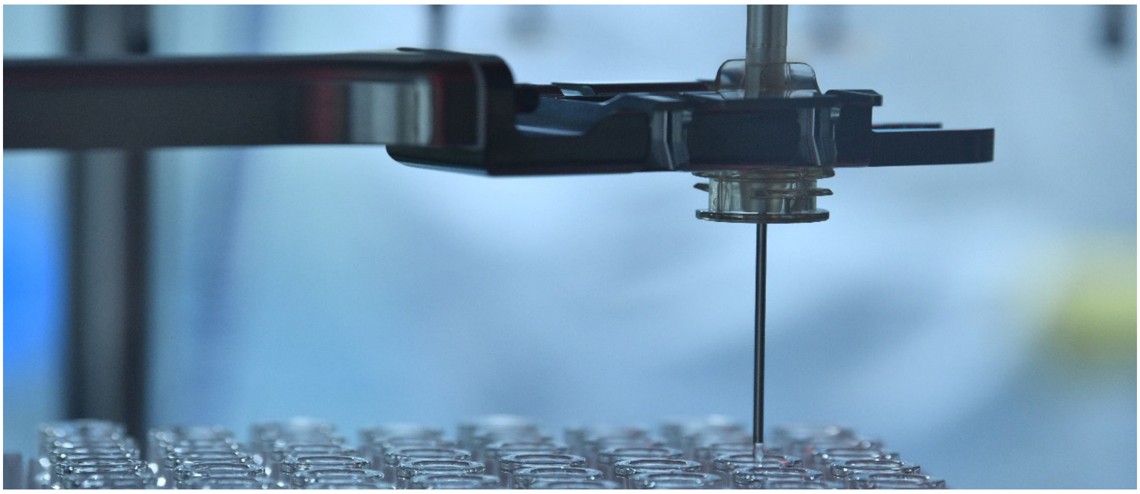
Harnessing Power of Digitalization to Unlock Potential of CRDMO

As digital technology emerges as a prominent trend in the biologics industry, the Group strives to harness digitalization to unlock the full potential of its CRDMO platform, as evidenced by numerous achievements during the Reporting Period.

Management Discussion and Analysis

The integration of digitalization and automation has revolutionized the Group's entire service chain. Multiple processes, from antibody discovery to generation and optimization, have been automated and streamlined, resulting in heightened efficiency and cost reduction, significantly compressing research timelines and enabling our clients and partners to develop more innovative biologics. The Group has also integrated multiple cutting-edge automation systems into its industry-leading biologics development platforms to enable faster, better, cheaper and smarter development, resulting in substantial reduction in labor costs and improved success rate. Finally, the Group set up digitalized plant framework and smart intelligent applications to streamline automatic manufacturing operation and quality management, greatly improving manufacturing operation robustness and batch success rate. Secured access to facility processes has also been provided, offering process visibility and advanced data use to clients and partners via global manufacturing data infrastructure.

With digitally integrated infrastructure forged through the aforementioned efforts, the Group offered clients and partners a digitalized end-to-end service experience from discovery and development to manufacturing in a cost-efficient and time-sensitive manner.



Management Discussion and Analysis

Strategic Highlights

The Group continually advances its capabilities and capacity, proactively adapting to embrace the evolving dynamics of the global biologics industry. With strong execution, best-in-industry timeline, cutting-edge technology and committed ESG practices, the Group accomplished the following strategic milestones during the Reporting Period:

- During the Reporting Period, the Group's strategic partner, Amicus Therapeutics, Inc. (NASDAQ: FOLD), a global biotechnology company, has received European Commission's approval for Pombiliti™, a long-term enzyme replacement therapy used in combination with miglustat therapy for adults with late-onset Pompe disease. Besides, the U.S. FDA has also recently completed relevant required pre-license inspection of the Group's manufacturing facility. Pombiliti™ was started at the Group in 2012 with just an initial concept and now realizes commercialization enabled by the Group's proprietary integrated technology platform and unparalleled manufacturing capacity. This achievement truly attests to the effectiveness of the Group's long-standing "Follow and Win the Molecule" strategies.

- In January 2023, the Group entered into a license agreement with GSK plc (LSE/NYSE: GSK) ("**GSK**") under which GSK will have exclusive licenses for up to four bi- & multi-specific T cell engager ("**TCE**") antibodies developed using the Group's proprietary technology platforms. Under the agreement, the Group will receive a US$40 million upfront payment and up to US$1.46 billion in additional payments for research, development, regulatory and commercial milestones across the four TCE antibodies. The Group is also eligible to receive tiered royalties on net sales. The partnership with GSK signifies the success of the Group's research capability, the "R" in its CRDMO business model.

- The Group's leading CRDMO subsidiary dedicated to the global ADC and broader bioconjugate market, WuXi XDC, expanded collaboration with Cidara Therapeutics, Inc. (NASDAQ: CDTX) ("**Cidara**") to provide IND-enabling chemistry, manufacturing and controls ("**CMC**") development services for Cidara's oncology program, which is a strong testament to our industry-leading ADC capabilities and expertise.

- During the Reporting Period, the Company received recognitions and awards for its outstanding performance in providing exceptional services to accelerate and transform biologics development, as well as its ongoing ESG efforts. Certain honors include:

  - 2023 "CDMO Leadership Awards" for the sixth year in a row. The Group is proud to receive this distinction in the "Capabilities" category across all three groups — Overall, Big Pharma and Small Pharma. The Group was also recognized for having exceeded customer expectations in the Individual Attribute Awards categories of "Accessible Senior Management" and "State-of-the-Art".

  - "Best Contract Development and Manufacturing Organization Award" and the "Bioprocessing Excellence in Greater China Region Award" at the 2023 Asia-Pacific Bioprocessing Excellence Awards ceremony by IMAPAC.

  - Grand Prix — FDI Company of the Year award and the Best Regional Investment award at the 2023 Invest in Ireland Awards.

  - 2023 Facility of the Year Award ("**FOYA**") in the Operations category from International Society for Pharmaceutical Engineering ("**ISPE**") for the Group's manufacturing facility in Dundalk, Ireland.

  - Multiple ESG awards and recognitions such as 2023 ESG Industry Top-rated and Regional (Asia-Pacific) Top-rated Company from Sustainalytics, being selected for the S&P Global A List with a ranking in the Industry's Top 5%, "Platinum Award" in The Asset ESG Corporate Awards 2022, high ratings and "Leadership Award" from CDP.

- The Group underscores the importance of workforce development, deploying a focused human resources strategy to recruit, train, and retain global talents. As of the end of the Reporting Period, the Group's total staff reached 12,397, with a sizable biologics development team of 4,344 scientists. The Group's recruitment outside China proceeded well to support enhanced global capabilities and capacity. Talent retention continued to be successful, with a key talent retention rate of over 98% that is well above the industry's average.

CRDMO Platform Review

CRDMO Platform — Research (R)

The Group's research and discovery arm, the "R" in CRDMO, boasts an elite team of approximately 400 scientists, many of whom possess extensive biologics discovery experience at multinational pharmaceutical firms and renowned research institutions. It provides a comprehensive and streamlined suite of solutions for biologic discovery, ranging from concept to IND, that seamlessly transits to CMC and downstream process development. The Group continuously focused on enhancing innovative biologics generation and optimization capabilities and enriching and optimizing existing technological platforms to solidify its role as an industry-leading technology pioneer, accelerating the discovery and development process of various novel therapeutic biologics, especially with the following technology platforms:

- ***Bispecific and Multispecific Antibodies***

  The advent of multispecific biologics, particularly bispecific and multispecific antibodies, marks a turning point in biologics innovation. Despite their tremendous potential, the numerous obstacles related to protein engineering, biology, product stability, and manufacturing have hindered the extensive development of bispecific and multispecific antibodies.

  Drawing upon its established expertise in the development of antibodies and its top team of scientists, the Group has been working on more than 40 different formats and released over 30 relevant papers, with 105 bispecific projects currently underway. The Group also offered its industry leading proprietary bispecific antibody platform WuXiBody® to enable global bispecific biologics innovation, which allows valency flexibility and permits the easy joining of almost any monoclonal antibody ("**mAb**") pair to build a bispecific antibody. WuXiBody® also offers many other benefits, including high yield, high solubility, good stability in serum and increased in vivo half-life, amongst others. WuXiBody® continues to gain worldwide recognition, with 42 out-licensed projects by the end of the Reporting Period.

In addition to the widely recognized WuXiBody® platform, leveraging our leading technical capability of Variable Domain of Heavy-chain Antibodies ("**VHH**") libraries, advanced VHH immunization, VHH affinity maturation and humanization platforms and the deep understanding of disease and target biology, the Group has also developed the sophisticated VHH-based SDArBodY® (Single-Domain Antibody-related Multispecific Antibody) platform, providing our clients and partners with multi-functional therapeutic capabilities. SDArBodY® has been applied extensively across a range of projects.

- *Targeted Immunotherapy*

  The Group developed a patient-centric big data driven omics approach to identify and qualify tumor specific antigens ("**TSAs**") and tumor associated antigens ("**TAAs**"). TSA or TAA specific mAbs, when attached to various payloads, create a plethora of targeted immunotherapy.

  The Group has harnessed its Immune Cell Engager ("**ICE**") platform to devise TCE in an optimized bispecific antibody format, which demonstrated low cytokine release and potent tumor killing in preclinical studies. Through various research collaborations and licensing agreements, the Group has enabled diverse clients and partners, including multiple-national major pharmaceutical companies, such as GSK, to explore the potential of TCE antibodies as preeminent or pioneering treatments for tumors. Currently, three TCEs are in phase I clinical trials.

- *Computer Aided Drug Discovery ("CADD")*

  The Group now leverages CADD to enable lead discovery and lead optimization of biologics. With the advent of digitalization for drug discovery, the Group, taking advantage of its extensive experience in biological drug discovery and wet lab capability, applied digitalization tools to various biological drug lead discovery and lead optimization scenarios, such as hybridoma screening, display panning, developability engineering, cross-reactivity engineering, etc. to help accelerate drug discovery process and expand the searching field of potential lead molecules.

- ***Single B Cell Cloning Technology***

  The Group has developed leading B cell cloning technology using Berkeley Light Beacon system, and significantly improved a variety of existing technologies, such as the enhanced immunization protocol and plasma B cell enrichment method, etc. The most prominent improvement is the development of proprietary reagents to expand single B cell sorting technology to various of species, which greatly helped in the discovery of valuable lead molecules.

CRDMO Platform — Development (D)

With its mission of "Turning Ideas into Life-Improving Biologics and Vaccines", the Group's industry-leading biologics development team, being capable of enabling 150 INDs and 12 Biologics License Applications ("**BLAs**") a year, offers cutting-edge technologies and capabilities to expedite biologics development and manufacturing through technology platforms including but not limited to:

- ***WuXia®***

  The Group's proprietary CHO cell line development platform, enables 150 integrated CMC projects per year, which is one of the largest capacities in the world. The WuXia® platform utilizes our proprietary codon optimization program which is developed based on the codon and codon-pair usage frequencies of our own host cell lines. Coupled with proprietary expression vector system, top clones with high expression levels and desired quality attributes can be obtained and utilized for process development and cell banking within only 9–10 weeks. The Group has delivered more than 750 cell lines, including five commercial products.

- *WuXiUP™*

  The Group's proprietary continuous bioprocessing 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. WuXiUP™ has been implemented in more than 130 processes (more than 50 different molecules), among which more than 19 projects accomplished process scale-up, clinical manufacturing and commercial manufacturing and two projects received BLA approval.

- *WuXiUI™*

  The Group's proprietary ultra-intensified fed-batch bioprocessing platform, aims to transform upstream process performance with improved productivity and reduced cost of goods ("**COGS**") in commercial manufacturing. In more than 15 cell lines expressing different types of recombinant proteins including mAbs, bispecific antibodies and fusion proteins, the application of the platform can achieve 3–6 folds of upstream productivity in comparison with the conventional fed-batch process, and at the same time realize substantially lowered manufacturing COGS. WuXiUI™ renders unparalleled flexibility and competitiveness in meeting different commercial market supply and manufacturing needs.

Management Discussion and Analysis

- *WuXiHigh™*

  The Group's proprietary high concentration drug product ("**DP**") development platform, incorporates features such as novel viscosity reducers, synergistic excipient combinations, high-throughput formulation screening strategies, and computer-assisted formulation development that revolutionizes the development and manufacturing of high concentration (>100 mg/mL) biologics and biologic-device combination products. WuXiHigh™ has offered high concentration formulation development and manufacturing solutions for over 70 projects (up to 200 mg/mL) for various modalities, and tailored DP process development strategies for wide range of viscosities.

WuXiHigh

CRDMO Platform — Manufacturing (M)

During the Reporting Period, the Group proficiently utilized its manufacturing capacity, yielding hundreds of projects on time and achieving a flawless success rate for both drug substance ("**DS**") and DP production, all while building up capabilities and capacity across the global network.

- *DS Manufacturing*

  The Group operates several of the industry's largest biologics cGMP manufacturing facilities that exclusively employ single-use bioreactors. During the Reporting Period, the Group's main operational DS manufacturing capacity includes:

Facility	Highlights
MFG1	• Located in Wuxi, China; The first biologics manufacturing facility in China approved by U.S. FDA, EU EMA, Singapore HSA and China NMPA • Successfully completed one process performance qualification ("**PPQ**") project, and successfully completed one BLA inspection by U.S. FDA during the Reporting Period

Facility	Highlights
MFG2	• Located in Wuxi, China; Offer a highly flexible manufacturing facility and competitive cost structure through combination of multiple 2,000L-capacity and 1,000L-capacity disposable bioreactors • Received GMP accreditation from various regulatory agencies, including China NMPA, U.S. FDA, Italy AIFA, Japan PMDA, Canada HC and Korea MFDS • Fully utilized by commercial products and Post-PPQ products • Successfully completed one PPQ project and successfully completed one BLA inspection from U.S. FDA, and one BLA inspection from China NMPA during the Reporting Period
MFG3	• With MFG3, Shanghai site offers complete one-stop biologics development and manufacturing services in one central location • Enable the Group's clients to reach their clinical manufacturing goals within the shortest time possible • Substantial batches successfully completed for various modalities and processes during the Reporting Period
MFG4	• Located in Wuxi, China; Successfully completed the first 4,000L DS GMP production in 2020, which was a significant breakthrough in the biologics industry for the first time using the 4,000L single-use bioreactor in Asia • Approved by ANVISA and EU EMA
MFG5	• Located in Wuxi, China; World's largest single-use bioreactor-based cGMP biologics facility with two complete production lines in one single building • Approved by EU EMA • One project successfully completed PPQ in the 2,000L line and two projects completed Post-PPQ in 4,000L line during the Reporting Period
MFG6/7	• Located in Dundalk, Ireland; GMP released for its phase I in 2022 • Successfully completed engineering batches in MFG6 • Completed commissioning, qualification and validation ("**CQV**") of MFG7
MFG8	• With 48,000L manufacturing capacity in Shijiazhuang, China, enhancing the Group's capabilities and capacity of providing commercial manufacturing at 4,000L to 20,000L scale • Showcase of best practices for the "Factory of the Future" • GMP released in 2022, and successfully completed multiple batches during the Reporting Period

Facility	Highlights
MFG13	• Part of the Group's microbial and viral platform ("**MVP**") business unit in Hangzhou, China • With MFG13, MVP offers one-stop end-to-end services from sequence to DS GMP manufacturing and quality control release for viral and mRNA based products
MFG14	• Part of the Group's MVP business unit in Hangzhou, China • With MFG14, MVP offers one-stop services of integrated CMC package based on microbial expression systems • Substantial batches successfully completed for various modalities spanning recombinant protein, virus like particle, enzyme, and plasmid DNA, during the Reporting Period
MFG18	• Located in Cranbury, New Jersey; First clinical manufacturing facility in U.S., offering 150,000 square foot cGMP clinical manufacturing space with full process development capability and clinical DS and DP cGMP manufacturing capability • Phase I GMP released in 2022
MFG20	• Acquired from Pfizer China in Hangzhou, China • Efficiently utilized by Post-PPQ and late-stage products, producing substantial amount of neutralized antibody during the Reporting Period
MFG21	• GMP certificated facility in Suzhou acquired in 2021 • Substantial batches successfully completed during the Reporting Period • Only took one year to upgrade this facility from local CDMO to global CRDMO, demonstrating the acquisition integration capability, strong resilience and powerful execution of the Group

- *DP Manufacturing*

Over the course of more than a decade of development, the Group has diligently extended its DP development and manufacturing capabilities and capacity, mirroring the triumphs achieved in DS development and manufacturing. With state-of-the-art facilities and cutting-edge technologies, including integrated high throughput and automation instruments, pioneering lyophilization technologies, and advanced process development capabilities, the Group's one-stop comprehensive DP capabilities and capacity increased the spectrum of services offered to the biologics industry, boosting the Group's revenue stream. During the Reporting Period, the Group witnessed sustainable growth of DP projects and clients and successfully completed substantial batches for clients' projects.

In addition, a new Drug Product Packaging Center ("**DPPC**") which includes the Group's first fully automated vial packaging line, was GMP released in 2021. Leveraging new technologies, including anti-forgery drug tracking as well as automatic intelligent labeling and packaging, DPPC not only provides customized end-to-end manufacturing services for clients, but also accelerates the process of high-volume clinical and commercial projects.

Management Discussion and Analysis

CRDMO Platform — Integrated ADC and Vaccine Platforms

Leveraging its extensive expertise and robust experience spanning the entire life-cycle of biologics development, the Group has strategically deployed its capabilities and capacity on establishing integrated platforms that provide comprehensive end-to-end CRDMO services for ADC and vaccine discovery, development, and manufacturing. Since their inception, these platforms have thrived, expanding the Group's service spectrum significantly and positioning it to seize opportunities within the rapidly evolving biologics market.

- ***ADC/XDC***

  ADC is an innovative biologics drug modality composed of a biologic component (i.e., the antibody) attached with a small molecule drug (i.e., the cytotoxic payload) via a specifically designed linker. Compared with current standard-of-care therapies, ADCs combine the target selective antibody and highly active cell-killing toxic drug, and have demonstrated the potential of significantly improving therapeutic window. This new therapeutic modality has shown promising clinical benefits, and its popularity is evidenced by the 11 ADCs that have been approved worldwide since 2018.

  The flourishing ADC market and intricate nature of ADC development have led to rising demand for outsourcing services in this area, creating a significant opportunity for the Group to leverage its expertise and bring value to its clients and partners. The Group's subsidiary, WuXi XDC, is dedicated to offering integrated and end-to-end interdisciplinary and comprehensive CRDMO services encompassing entire discovery, research, development, and manufacturing for ADCs and other bioconjugates. It has developed proprietary WuXiDAR4™ technologies that enable clients to achieve tight control of the distribution of species with narrow drug-to-antibody ratio ("**DAR**"), thereby significantly increasing product homogeneity and lot-to-lot consistency, which in turn improve the pharmacokinetics profile and stability of bioconjugate products and potentially result in better clinical outcomes. Multiple projects have completed GMP manufacturing and initiated clinical trials using the patented WuXiDAR4™ technologies. As a trusted partner leading bioconjugate development globally, WuXi XDC has a strong presence in the global ADC outsourcing services field. As of the end of the Reporting Period, it had secured 110 ADC integrated projects globally with 16 projects in phase II/III.

WuXi XDC provides one-stop GMP manufacturing of bioconjugates by strategically offering its services from proximately located operation sites in Wuxi, Shanghai and Changzhou in China, where it has established dedicated and specialized facilities for bioconjugates. As such, it can better manage the supply chain and coordinate development and manufacturing operations, leading to expedited development timelines and improved quality and cost efficiencies for clients. WuXi XDC can halve the standard industry timeline from antibody DNA sequence to bioconjugate IND filing to approximately 13 to 15 months. Such fully integrated capabilities lay a solid foundation for its comprehensive service offerings, enabling clients to bring innovative bioconjugate therapeutic solutions to patients worldwide with high quality and speed.

The Group's ADC manufacturing site in Wuxi city, Jiangsu Province, encompasses approximately 26,000 square meters (approximately 280,000 square feet) and provides integrated solutions such as formulation 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 and automatically aseptic filling system, which can produce 2/6/10/20/50ml liquid and lyophilized products and provides the flexibility to meet production requirements of global clinical trials and product launches. The Wuxi site also hosts our second groups of ADC facilities, which include a dual-manufacturing facility of mAb and ADC DS, a new DP facility, a labeling and packaging line, and a payload-linker manufacturing facility, all with target GMP release by the end of 2023. This will more than double ADC DS and DP manufacturing capacity to meet the needs of multiple late-stage ADC development and manufacturing projects.

• *Vaccines Platform*

The Group's vaccine initiatives have enjoyed consistent growth and prosperity since 2018, driven by WuXi Vaccines, its subsidiary dedicated to offering comprehensive end-to-end vaccine CRDMO services. Its robust global supply chain enables its clients to commence vaccine initiatives within a mere four weeks and facilitates the distribution of vaccines from the Group's facilities to the desired global locations of its clients.

The Group furnishes vaccine CRDMO services that encompassed a broad array of technical platforms, such as Chinese Hamster Ovary ("**CHO**"), viral, microbial, and RNA, including the first microbial iCMC (integrated CMC) vaccine project and a potential blockbuster product based on CHO platform. In the 2023 World Vaccine Congress, WuXi Vaccines was named the Highly Commended CMO, a recognition of its capability and technical expertise to expedite vaccine manufacturing.

The Group's state-of-the-art vaccine facility in Ireland is now in the phase of CQV and will kick off technical transfer after that. The Suzhou facility, the first multiple platform in China, expects to commence GMP production in the second half of 2023.

During the Reporting Period, WuXi Vaccines' project numbers increased to 48, including 21 integrated projects, attesting to WuXi Vaccines' premium technical and quality strengths, CMC and regulatory capabilities and growing reputation in the industry.

CRDMO Platform — Biosafety Testing

The Group's biosafety testing facility in Suzhou and the new facility in Lingang, Shanghai significantly shorten the turnaround times for all biosafety tests and viral clearance validation studies conducted for the integrated CMC projects and standalone projects of the Group's clients. The biosafety Suzhou site has received two EU EMA GMP certificates, which further validates the Group's commitment to delivering high-quality services to its global clients and partners. The commercial products testing service continues to thrive, which has supported and enabled the majority of new biologics drugs in China market. During the Reporting Period, the newly launched biosafety testing facility in Lingang, Shanghai, commenced the undertaking of clients' projects, strengthening the capabilities and capacity of the existing business and being remarked as a new milestone of providing better and faster service to global clients.

The Group actively builds up its biosafety testing capabilities 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 and E. coli) commonly used in the production of biologics and vaccines. Testing capabilities in new business areas have been widely recognized by clients.

Over nearly six years of development, the Group's biosafety testing team has provided high-quality virus clearance validation services for over 1,000 projects, with the fastest delivery timeline being 1.5 months. With the support of our biosafety testing team, 37 biologics products of our clients and partners have obtained approval globally.

CRDMO Platform — Quality

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

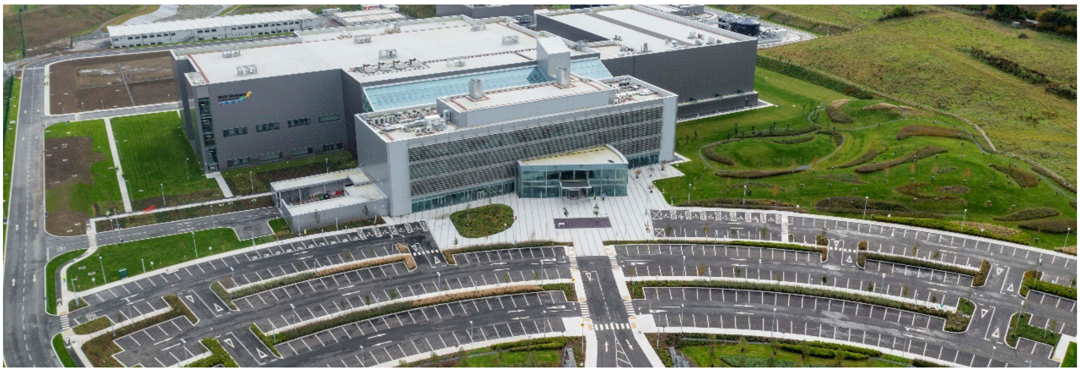
With its world-class quality system, the Group has completed 30 regulatory inspections conducted by U.S. FDA, EU EMA, China NMPA and other national regulatory agencies since 2017 with no critical issues and zero data integrity finding, which distinguishes the Group as the first and only biologics company certified by these regulatory agencies for commercial manufacturing in China. The Group has completed more than 1,000 GMP audits from global clients, and more than 90 audits by EU Qualified Person ("**EU QP**"). The Group believes that these certificates will help manifest the Group's premier quality system that meets global quality standards and thereby benefits patients globally with biologics of better quality.

Management Discussion and Analysis

CRDMO Platform — Capacity Expansion

During the Reporting Period, the Group continued to increase its capacity to keep up with acceleration of the industry's late-stage and commercial manufacturing projects, while also fulfilling its "Global Dual Sourcing" strategy to cater to ever-increasing demand. The total planned manufacturing capacity of the Group will reach 580,000L with major presence in China, the U.S., Ireland, Germany and Singapore, providing a flexible and robust global supply chain network to fully meet the needs of our clients and partners worldwide.

- The Group's Dundalk, Ireland site (**MFG6** and **MFG7**), its first European site, was GMP released for its phase I in 2022, and phase II is to be released soon. The site has initiated the preparation work of multiple manufacturing projects. This facility won 2023 FOYA from ISPE. In particular, Ireland site has been almost fully booked for 2025, which serves as a testament to the Group's excellent strategy and execution. Please refer to the sections headed "CRDMO Platform — Manufacturing (M)" for additional information.



- To meet increasing demand from the U.S. market, the Group has taken steps to establish and grow its capacity there:
  - The construction of the Group's Manufacturing Facility 11 ("**MFG11**") in Worcester, Massachusetts, is progressing smoothly. Once finished, this new biologics development and production center in the U.S. will be yet another hub within the Group's global network.
  - The Group's Manufacturing Facility 18 ("**MFG18**") in Cranbury, New Jersey, is its first operational manufacturing facility in the U.S. Phase I of MFG 18 was released in 2022 and phase II will be released soon. Please refer to the sections headed "CRDMO Platform — Manufacturing (M)" for additional information. The construction of a DP facility at this site is underway and expects to be ready for GMP production in 2024.

- The Group's Germany site ("**MFG19**") in Wuppertal, is its first GMP DS plant in Germany. It has successfully completed the revamping project with mechanical completion, and the majority of CQV activities have been finished. Its 12,000L capacity is expected to be released soon.

  In response to global clients' increasing demand for contract manufacturing services, the Group plans to double the total capacity of MFG19 from 12,000L to 24,000L. The DP capacity in Germany will also be expanded to include a second variable filling line. This expansion will further enhance the Group's clinical and commercial manufacturing capacities in Europe and will strengthen the Group's "Global Dual Sourcing" strategy and its ability to deliver timely support to global clients.

- To strengthen the Group's global footprint, the Group's Singapore site commenced concept design in 2023, and will become an integrated biologics CRDMO center. To improve construction quality and safety and cost predictability, the site partly adopted modular approach for project execution, which will greatly shorten the project cycle.

- The Group's integrated biologics CRDMO center located in the Fengxian district of Shanghai was launched in 2022. This site offers an entire range of biologics research, development and manufacturing services and provides proprietary technology platforms WuXiBody® and SDArBodY® for bispecific and multispecific antibodies discovery, and many other aforementioned cutting-edge technologies to expedite biologics development and manufacturing. Its DS and DP facilities are expected to be GMP released soon. These facilities will further enhance the Group's manufacturing network to meet global clients' demand for clinical DS and DP manufacturing of innovative biologics at various scales and volumes.

WBS (WuXi Biologics Business System)

WBS was introduced and implemented in all functions of the Group in 2021 to continuously improve efficiency and quality, reduce cost, and generate value for clients. In 2023, the Group targets to improve substantial gross profit margin through WBS. During the Reporting Period, the Group has accomplished the following achievements through Kaizen projects:

- Cost-saving on materials for DS and DP manufacturing and laboratory reagents and consumables
- Capacity increase by improvement of methods such as buffer preparation and changeover time reduction
- Speeding up of product release and improved customer satisfaction
- Significant reduction of raw material inventory and material impairment through procurement planning and inventory control processes optimization
- Continuous enhancement of work efficiency through standardization of laboratory and manufacturing operations

The Group will continue to develop WBS as a management system to drive continuous improvement and create value for our clients and partners.

ESG

The Group maintains an unwavering dedication to sustainable development. During the Reporting Period, the Group made a commitment to the Science-Based Targets initiative ("**SBTi**") and is actively engaged in developing science-based emission reduction targets. Committing to the SBTi is an important component of the Group's carbon strategy, and also marks a new starting point of our net-zero journey.

To ensure the effective implementation of its Diversity, Equity, and Inclusion ("**DEI**") strategies, the Group has established a dedicated DEI Committee that served as the highest-level management body for DEI initiatives. This committee assumes responsibility for overseeing the global implementation of its DEI initiatives. By collaborating with task forces from various sectors, the Group ensures that ESG priorities are harmonized throughout the organization.

The Group's steadfast commitment to ESG principles will continue to guide our actions and propel us towards a more sustainable future.

Future Outlook

With the immense potential in addressing diseases that were once deemed untreatable or challenging to treat, and offering more efficacious and targeted therapies with fewer side effects, biologics are witnessing steady increasing demand, especially with the growing aging population and prevalence of chronic diseases. Along with the increasing availability and acceptability of advanced biologic therapies, the industry is continually experiencing steady capital investment in the R&D of innovative biologics, especially with the recent signals of rebounding funding in the U.S. and EU, driving growth of the biologics market. Furthermore, continuous advancement in biologics technology further propels innovation within the sector. During the first half of 2023, the U.S. FDA had approved 26 novel biologics. The global biologics market is forecasted to experience an impressive CAGR of 10.3% from 2023 to 2030.

The burgeoning demand of biologics creates a huge demand for outsourcing capacity. Pharmaceutical and biotech companies, facing limitations in manufacturing capacity, turn to specialized biologics outsourcing service providers equipped with extensive expertise and solid experience. This strategic approach not only helps in cost reduction but also enhances overall operational efficiency. The biologics outsourcing market is predicted to grow at a double-digit rate in the coming years.

The Group, possessing an industry-leading portfolio of complex biologics consisting of mAbs, bispecifics, multispecifics, ADCs, fusion proteins and vaccines and more, boasts an excellent track record, world-class quality system and "Global Dual Sourcing" strategy that enable seamless project delivery. It has become an outstanding choice for pharmaceutical and biotech companies. In 2023, the Group's "Follow and Win the Molecule" strategies are steadily bringing new projects into the pipeline with accelerated phase III and commercial biologics projects. In the foreseeable future, we are confident that commercial manufacturing will serve as the primary driver of the Group's growth, while our research business is also expected to continue to enable our clients to develop innovative biologics and enrich our CRDMO business model.

Looking ahead to the latter half of 2023, the Group will abide by its proven "Follow and Win the Molecule" and "Global Dual Sourcing" strategies and continue to build more cutting-edge capabilities and capacity utilizing advanced, intelligent, and environmentally-friendly technologies to strengthen our leading position as a premier CRDMO. We will prioritize enhancing the efficiency of the operations and executing additional WBS projects, aiming to further elevate the speed and quality of our services, ultimately enabling our clients and partners with more innovative biologics to envision a future where "every drug can be made and every disease can be treated".

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 17.8% from approximately RMB7,206.4 million for the six months ended June 30, 2022 to approximately RMB8,492.0 million for the six months ended June 30, 2023. The increase was mainly attributed to (i) the successful execution of the Group's "Follow and Win the Molecule" strategies, coupled with the leading technology platform, best-in-industry timeline and excellent execution track record, contributing to the growth of the Group's revenue; (ii) enlarged spectrum of services offered to the biologics industry, fast growing technology platforms including ADC and bispecific antibodies, contributing to the Group's revenue stream; (iii) growth of license revenue generated from the Group's various leading-edge technologies; and (iv) the utilization of existing and newly expanded capacities, including ramp-up of overseas manufacturing sites, while partially offset by the decline in COVID-related revenue.

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

	Six months ended June 30,			
	2023		2022	
	RMB million	**%**	RMB million	%
— North America	**3,927.9**	**46.3%**	3,896.1	54.1%
— Europe	**2,551.6**	**30.0%**	1,296.6	18.0%
— PRC	**1,792.5**	**21.1%**	1,792.1	24.9%
— Rest of the world (Note)	**220.0**	**2.6%**	221.6	3.0%
Total	**8,492.0**	**100.0%**	7,206.4	100.0%

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

For the six months ended June 30, 2023, the pre-IND services revenue of the Group increased by 6.6% to approximately RMB2,810.7 million, accounting for 33.1% of the total revenue. Early-phase (phases I & II) services revenue of the Group increased by 51.8% to approximately RMB1,949.7 million, accounting for 23.0% of the total revenue. Furthermore, late-phase (phase III) services and commercial manufacturing revenue of the Group increased by 14.3% to approximately RMB3,603.3 million, accounting for 42.4% of the total revenue, by implementing the "Follow and Win the Molecule" strategies.

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

	Six months ended June 30,			
	2023		2022	
	RMB million	**%**	RMB million	%
Pre-IND services	**2,810.7**	**33.1%**	2,637.7	36.6%
Early-phase (phases I & II) services	**1,949.7**	**23.0%**	1,284.4	17.8%
Late-phase (phase III) services & commercial manufacturing	**3,603.3**	**42.4%**	3,151.5	43.8%
Others (Note)	**128.3**	**1.5%**	132.8	1.8%
Total	**8,492.0**	**100.0%**	7,206.4	100.0%

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

Cost of Sales

The cost of sales of the Group increased by 30.0% from approximately RMB3,793.2 million for the six months ended June 30, 2022 to approximately RMB4,931.4 million for the six months ended June 30, 2023.

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

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 4.3% from approximately RMB3,413.2 million for the six months ended June 30, 2022 to approximately RMB3,560.6 million for the six months ended June 30, 2023, while the gross profit margin decreased from 47.4% for the six months ended June 30, 2022 to 41.9% for the six months ended June 30, 2023, mainly due to (i) the expected ramp-up impact of new manufacturing facilities, especially those in overseas entities; (ii) lower number of new projects due to biotech funding slowdown in China; (iii) required catch-up maintenance shutdown of current facilities, while partially offset by (iv) efficiency achieved from WBS and other continuous improvement activities.

Other Income

The other income of the Group mainly consists of research and other grants and interest income. Other income of the Group increased by 24.5% from approximately RMB159.1 million for the six months ended June 30, 2022 to approximately RMB198.0 million for the six months ended June 30, 2023, mainly attributable to (i) an increase in interest income, as a result of a higher interest rate for USD deposits; and (ii) an increase in research and other grants received.

Other Gains and Losses

The other gains and losses of the Group primarily include foreign exchange gains or losses, fair value gains or losses on equity investments measured at fair value through profit or loss ("**FVTPL**"), fair value changes from wealth management products, etc. The net other gains of the Group decreased by 62.9% from approximately RMB309.6 million for the six months ended June 30, 2022 to approximately RMB114.8 million for the six months ended June 30, 2023, mainly due to (i) the Group has reported a fair value loss on investments in equity securities as compared to the fair value gain reported in the corresponding comparative period, partially offset by (ii) an increase in fair value gain on investments of wealth management products, as a result of a higher interest rate in the current Reporting Period.

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

Impairment losses, under Expected Credit Loss ("**ECL**") model, net of reversal of the Group represent loss allowances on the Group's financial assets (including trade and other receivables and contract assets) ("**Impairment Losses**"). The impairment losses under ECL model increased from approximately RMB70.8 million for the six months ended June 30, 2022 to approximately RMB131.8 million for the six months ended June 30, 2023, as a result of (i) an increased trade and other receivable balance following the growth of the Group's revenue; and (ii) the longer collecting cycles from some customers headquartered in China.

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

Selling and Marketing Expenses

The selling and marketing expenses of the Group increased by 57.1% from approximately RMB67.1 million for the six months ended June 30, 2022 to approximately RMB105.4 million for the six months ended June 30, 2023, as a result of the Group's continuous investing in talent acquisition and retention to enhance the business development capability in the competitive global market. The selling and marketing expenses as a percentage of the Group's revenue increased from 0.9% for the six months ended June 30, 2022 to 1.2% for the six months ended June 30, 2023.

Administrative Expenses

The Group's administrative expenses increased by 30.7% from approximately RMB520.1 million for the six months ended June 30, 2022 to approximately RMB679.6 million for the six months ended June 30, 2023, primarily due to (i) an increase in the staff related costs; and (ii) increases in overseas administrative expenses, digital initiatives, etc., to reinforce the key administrative functions and IT infrastructure to support the rapid expansion of the Group's operations globally.

Other Expenses

The other expenses of the Group represent the listing expenses incurred for the proposed spin-off and the separate listing of the shares of WuXi XDC on the Main Board of the Stock Exchange. The other expenses amounted to approximately RMB7.4 million for the six months ended June 30, 2023.

R&D Expenses

The R&D expenses of the Group consist of direct labor costs, cost of raw materials and allocated overhead relating to our R&D projects. The R&D expenses of the Group increased by 25.9% from approximately RMB271.1 million for the six months ended June 30, 2022 to approximately RMB341.4 million for the six months ended June 30, 2023, as a result of our continuous investment in innovation and technologies to enhance and develop the Group's cutting-edge technologies platforms.

Financing Costs

The financing costs of the Group mainly include interest expenses on lease liabilities, interest expenses on bank borrowings and interest expenses on the financing component of an advance payment received from a customer. The financing costs of the Group increased by 247.1% from approximately RMB22.7 million for the six months ended June 30, 2022 to approximately RMB78.8 million for the six months ended June 30, 2023, mainly due to an increase in interest expenses on bank borrowings denominated in USD and EUR, as a result of interest rate hikes during the Reporting Period; coupled with an increase in interest expenses on lease liabilities, in line with the increment of the Group's leasing arrangements globally.

Income Tax Expense

The income tax expense of the Group decreased by 38.1% from approximately RMB308.9 million for the six months ended June 30, 2022 to approximately RMB191.1 million for the six months ended June 30, 2023, as a result of the decrease of profit before tax as discussed above. Excluding the impact of certain tax refund from local authorities, the effective tax rate of the Group slightly decreased from 23.6% for the six months ended June 30, 2022 to 22.6% for the six months ended June 30, 2023.

Net Profit and Net Profit Margin

As a result of the foregoing, the net profit of the Group decreased by 10.8% from approximately RMB2,621.2 million for the six months ended June 30, 2022 to approximately RMB2,337.9 million for the six months ended June 30, 2023. The net profit margin of the Group for the six months ended June 30, 2023 was 27.5%, as compared to 36.4% for the six months ended June 30, 2022. The decrease was mainly due to (i) a decrease in gross profit margin; (ii) increases in selling and marketing expenses, administration expenses and R&D expenses; and (iii) fair value losses on investments due to the capital market volatility.

The net profit attributable to owners of the Company decreased by 10.6% from approximately RMB2,535.1 million for the six months ended June 30, 2022 to approximately RMB2,266.7 million for the six months ended June 30, 2023. The margin of net profit attributable to owners of the Company decreased from 35.2% for the six months ended June 30, 2022 to 26.7% for the six months ended June 30, 2023. The decrease followed the same set of reasons as discussed above.

Basic and Diluted Earnings Per Share

The basic earnings per share of the Group decreased by 9.8% from RMB0.61 for the six months ended June 30, 2022 to RMB0.55 for the six months ended June 30, 2023. The diluted earnings per share of the Group decreased by 10.3% from RMB0.58 for the six months ended June 30, 2022 to RMB0.52 for the six months ended June 30, 2023. The decrease in the basic and diluted earnings per share was primarily due to the decrease in the net profit attributable to owners of the Company as discussed above.

Property, Plant and Equipment

The balance of the property, plant and equipment of the Group increased by 9.4% from approximately RMB24,170.7 million as at December 31, 2022 to approximately RMB26,449.8 million as at June 30, 2023, primarily due to the Group has continuously invested in facility constructions under its "Global Dual Sourcing" strategy.

Right-of-Use Assets

Right-of-use assets mainly include the leasehold lands, leased properties and leased machineries. The balance of the right-of-use assets of the Group increased by 45.8% from approximately RMB1,745.3 million as at December 31, 2022 to approximately RMB2,545.1 million as at June 30, 2023, primarily due to the new leasing agreements entered during the Reporting Period, mainly in China and Singapore.

Goodwill

As at June 30, 2023, goodwill amounted to approximately RMB1,529.9 million, arising from acquisitions of subsidiaries and business in previous years, keeping consistent with the balance as at December 31, 2022.

Intangible Assets

The intangible assets of the Group mainly include technology and customer relationship arising from acquisitions, and patent and license held by the Group. The intangible assets of the Group decreased by 0.9% from approximately RMB548.8 million as at December 31, 2022 to approximately RMB544.0 million as at June 30, 2023, following the regular amortization schedule during the Reporting Period.

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 amounted to approximately RMB1,586.4 million as at June 30, 2023, slightly increased by 0.3% as compared to the balance of approximately RMB1,581.6 million as at December 31, 2022.

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

The financial assets at FVTPL in the non-current assets of the Group mainly include investments in listed equity securities and unlisted equity investments. The balance increased by 6.0% from approximately RMB1,086.2 million as at December 31, 2022 to approximately RMB1,151.8 million as at June 30, 2023, mainly due to certain new investments during the Reporting Period.

The financial assets at FVTPL in the current assets of the Group represent the investments in wealth management products deployed with several reputable banks. The balance decreased by 45.9% from approximately RMB2,014.6 million as at December 31, 2022 to approximately RMB1,090.7 million as at June 30, 2023, as the Group has maintained a higher weight of time deposits and current deposits, following the interest rate hikes during the Reporting Period.

Inventories

The inventories of the Group decreased by 13.8% from approximately RMB2,280.9 million as at December 31, 2022 to approximately RMB1,965.1 million as at June 30, 2023, largely attributable to the Group's WBS projects, which has been targeting at lean operation. The decreased inventory balance in China domestic entities has been partially offset by an increasing inventory stock level in the Group's overseas entities for their ramp-up.

Contract Costs

The contract costs (previously called Service Work in Progress) of the Group amounted to approximately RMB1,085.7 million as at June 30, 2023, have been kept stable as compared to the balance of approximately RMB1,096.5 million as at December 31, 2022.

Trade and Other Receivables

The trade and other receivables of the Group slightly decreased by 1.9% from approximately RMB5,610.4 million as at December 31, 2022 to approximately RMB5,504.0 million as at June 30, 2023, primarily attributed to (i) a decrease in other receivables, as the Group has collected receivables of approximately RMB247.0 million in relation to the settled derivative financial instruments from banks in the first half year of 2023; (ii) a decrease in receivables for purchase of raw materials on behalf of customers, which was partially offset by (iii) an increase in trade receivables, along with the Group's revenue growth; and (iv) an increase in value added tax recoverable.

Contract Assets

The contract assets of the Group increased by 5.4% from approximately RMB493.6 million as at December 31, 2022 to approximately RMB520.2 million as at June 30, 2023, which is in line with the growth of the Group's revenue.

Trade and Other Payables

The trade and other payables of the Group decreased by 31.8% from approximately RMB3,269.2 million as at December 31, 2022 to approximately RMB2,230.5 million as at June 30, 2023, mainly due to (i) a decrease in salary and bonus payables, after the settlement of the 2022 annual bonus of the Group; (ii) a decrease in trade payables attributable to the WBS projects of the Group as discussed in "Inventories" (please refer to the section headed "Inventories" for additional information); and (iii) a decrease in payable for purchase of property, plant and equipment, which is in line with the gradual completion of a couple of facility construction projects of the Group.

Contract Liabilities (Current Portion & Non-current Portion)

The contract liabilities of the Group mainly include the advance payments received from customers. The balance of the contract liabilities in the current liabilities decreased by 15.3% from approximately RMB3,379.4 million as at December 31, 2022 to approximately RMB2,861.1 million as at June 30, 2023, primarily due to the continuous project completion and corresponding revenue recognition during the Reporting Period.

The contract liabilities in the non-current liabilities mainly represent the advance payment received from a vaccine partner under a contract manufacturing agreement, and the related services are expected be provided beyond twelve months. The balance amounted to approximately RMB737.1 million as at June 30, 2023, slightly increased by 3.6% as compared with the balance of approximately RMB711.5 million as at December 31, 2022, as a result of foreign exchange revaluation.

Lease Liabilities (Current Portion & Non-current Portion)

The aggregated balance of lease liabilities in the current liabilities and non-current liabilities of the Group increased by 41.9% from approximately RMB1,638.7 million as at December 31, 2022 to approximately RMB2,326.1 million as at June 30, 2023, which is in line with the increment of leased facilities and offices to support the Group's business expansion.

Liquidity and Capital Resources

The aggregated balances of bank balances and cash and time deposits of the Group increased by 13.5% from approximately RMB6,699.7 million as at December 31, 2022 to approximately RMB7,603.6 million as at June 30, 2023, as a result of the net cash inflow generated from operating activities during the Reporting Period.

Treasury Policy

Currently, the Group follows a set of funding and treasury policies to manage its capital 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, to maintain the Group's stability and growth. In order to better control and minimize the cost of funds, the Group's treasury activities are centralized and all cash transactions are dealt with reputable banks.

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

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2023, there was no significant investment held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Indebtedness

Borrowings

The aggregated borrowings of the Group amounted to approximately RMB2,815.0 million as at June 30, 2023, quite stable as compared to the balance of approximately RMB2,783.0 million as at December 31, 2022.

Of the total borrowings as at June 30, 2023, RMB denominated borrowings amounted to approximately RMB279.7 million with the effective interest rate ranging from 3.4% to 4.9% annum; USD denominated borrowings amounted to approximately RMB2,008.1 million with the effective interest rate ranging from 5.4% to 6.4% per annum; and EUR denominated borrowings amounted to approximately RMB527.2 million with the effective interest rate ranging from 2.7% to 5.0% per annum, respectively.

Among all, approximately RMB1,155.6 million will be due within one year; approximately RMB380.5 million will be due in more than one year but within two years; approximately RMB1,156.8 million will be due in more than two years but within five years; and approximately RMB122.1 million will be due after five years.

As at June 30, 2023, RMB denominated borrowings of approximately RMB62.1 million was secured against the Group's buildings. The remaining borrowings were unsecured.

Contingent Liabilities and Guarantees

As at June 30, 2023, the Group did not have any material contingent liabilities or guarantees.

Charges of Assets

The Group pledged the bank deposits as collateral for bank borrowings, or for banks to issue the letter of credit to support facility construction and lease arrangements. The pledged bank deposits of the Group increased by 54.7% from approximately RMB25.4 million as at December 31, 2022 to approximately RMB39.3 million as at June 30, 2023, mainly due to an increase in pledged bank deposits of Bestchrom for its issuance of bills payable during the Reporting Period.

Also, as at June 30, 2023, the buildings with carrying amounts of approximately RMB10.4 million has been pledged for RMB denominated borrowing of approximately RMB62.1 million in China.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings divided by total equity and multiplied by 100%. Gearing ratio decreased from 7.7% as at December 31, 2022 to 7.2% as at June 30, 2023, as a result of the stable balance of borrowings, coupled with the increase in total equity, mainly attributable to the net profit reported during the Reporting Period.

Non-IFRS Measures

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

The Group believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Group's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and/or non-operating items that the Group does not consider indicative of the performance of the Group's core business. These non-IFRS financial measures, as the management of the Group believes, is widely accepted and adopted in the industry in which the Group is operating in. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. Shareholders of the Company and potential investors should not view the adjusted results on a stand-alone basis or as a substitute for results under IFRS. 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,	
	2023 RMB million	2022 RMB million
Net Profit	**2,337.9**	2,621.2
Add: share-based compensation expense	**632.4**	568.6
Add: listing expenses	**7.4**	—
Add: losses (gains) from equity investments	**55.4**	(180.9)
Less: foreign exchange gain	**(107.5)**	(94.0)
Adjusted Net Profit (Note)	**2,925.6**	2,914.9
Margin of Adjusted Net Profit	***34.5%***	*40.4%*
Adjusted Net Profit Attributable to Owners of the Company	**2,838.3**	2,835.0
Margin of Adjusted Net Profit Attributable to Owners of the Company	***33.4%***	*39.3%*
	RMB	RMB
Adjusted Earnings Per Share		
— Basic	**0.68**	0.68
— Diluted	**0.65**	0.65

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

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

b) listing expenses incurred by WuXi XDC for its proposed separate listing on the Main Board of the Stock Exchange, a non-recurring expenditure;

c) 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

d) gains or losses from equity investments, a non-operating item.

EBITDA and Adjusted EBITDA

	Six months ended June 30,	
	2023	2022
	RMB million	RMB million
Net Profit	**2,337.9**	2,621.2
Add: income tax expense	**191.1**	308.9
interest expense	**78.8**	22.7
depreciation	**593.2**	410.7
amortization	**29.6**	29.2
EBITDA	**3,230.6**	3,392.7
EBITDA Margin	***38.0%***	*47.1%*
Add: share-based compensation expense	**632.4**	568.6
Add: listing expenses	**7.4**	—
Add: losses (gains) from equity investments	**55.4**	(180.9)
Less: foreign exchange gain	**(107.5)**	(94.0)
Adjusted EBITDA	**3,818.3**	3,686.4
Adjusted EBITDA Margin	***45.0%***	*51.2%*

Employee and Remuneration Policies

As at June 30, 2023, the Group employed a workforce totaling 12,397 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 RMB2,002.9 million for the six months ended June 30, 2023, as compared to approximately RMB1,707.9 million for the six months ended June 30, 2022. 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, the Global Partner Program Share Scheme and subsidiary share option schemes of each of WuXi Vaccines and WuXi XDC to provide incentive or reward to eligible participants for their contribution or potential contribution to the Group.

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

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

Interim Dividend

The Board resolved not to declare any interim dividend for the six months ended June 30, 2023.

Other Information

Change in Director's Information

There was change in the Director's information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since January 1, 2023 as follows:

- Mr. Yanling Cao ceased to be a non-executive director of CStone Pharmaceuticals (基石藥業), a company listed on the Main Board of the Stock Exchange (stock code: 2616), in January 2023.

- The Director's fees for the independent non-executive Directors increased to HKD1,200,000 per annum with effect from the nearest anniversary date of each independent non-executive Director's official appointment date.

- Mr. Jackson Peter Tai ceased to be a non-executive director of Mastercard Incorporated, a company whose shares are listed on the New York Stock Exchange (stock symbol: MA), in June 2023.

Change of Director/Major Appointment

- Dr. Ning Zhao ceased to be a non-executive Director, member of the Remuneration Committee and the ESG Committee in May 2023.

- Mr. Jackson Peter Tai was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee on May 6, 2023. He was further appointed as a member of the Remuneration Committee on August 16, 2023.

- Dr. Jue Chen was appointed as an independent non-executive Director, a member of the Strategic Committee and the ESG Committee on August 16, 2023.

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 applicable code provisions as set out in the CG Code throughout the six months ended June 30, 2023. 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.

Review of Interim Report

The independent auditor of the Company, namely Deloitte Touche Tohmatsu, has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu has been engaged as the Company's auditor for seven consecutive years since the listing of the Company on the Stock Exchange. The Audit Committee has jointly reviewed with the management and the independent auditor of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results and the interim report for the six months ended June 30, 2023) of the Group. The Audit Committee and the independent auditor of the Company considered that the interim results and the interim report are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

Risk Management

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

Other Information

Regulatory Risk

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

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

Risks related to Global Politics, International Trade and Regulations

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

Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and fixed-rate pledged bank deposits and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range. In addition, the Group entered into interest rate swaps with banks to minimize its exposure to interest rate fluctuation on its variable-rate bank borrowings.

Credit Risk

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

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

Other Information

Currency Risk

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

During the Reporting Period, the majority of the Group's revenue was generated from sales denominated in USD, while the purchase of raw materials, property, plant and equipment and expenditures were settled in RMB, USD and EUR upon various business arrangements. Furthermore, the Group had USD and EUR denominated borrowings to provide financing for the Group's overseas construction and operation. 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 risks. As a result, the Group's net profit margin was impacted when the foreign exchange rates fluctuated, among USD, RMB and EUR.

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

Data Privacy and Data Security Risk

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

We attach great importance to data protection and data compliance and have established our data compliance program to monitor the relevant risk.

Nevertheless, we may still encounter unexpected or uncontrollable threats to our data and systems, including computer viruses, malicious code, phishing, ransomware, hacker attacks, and other cyber security attacks. With the diversity of sources and technologies of network attacks, we may not be able to predict all types of security threats, or to implement effective preventive measures against all security threats. For this reason, the management has paid continuous attention to related risks, and will put more resources and investment into the relevant areas for continuous management and enhancement.

Natural Disasters, Outbreaks of Epidemics and Other Force Majeure Events

Natural disasters, outbreaks of epidemics and other force majeure events could endanger our personnel and even cause negative business impact like interrupting business services. Along the years, the Company has been investing a lot to build up a sophisticated business continuity management system, specifically, with respect to sound governance processes handling various kinds of emergencies and disasters, industry outstanding facilities, top industry people talents, super strong supply chain network, insurance policies, etc., which could assure the Company's business continuity to the most extent.

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

As at June 30, 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares or underlying Shares of the Company

Names of Directors	Capacity/ Nature of Interest	Number of Shares(1)	Number of Underlying Shares	Aggregate Interest(1)	Approximate Percentage of Shareholding Interest(2)
Dr. Ge Li	Interests of controlled corporations	584,191,133 (L)(3)(4)	–	584,191,133 (L)	13.75%
Dr. Zhisheng Chen	Beneficial owner and founder of a discretionary trust	13,196,411 (L)(5)	5,085,024 restricted shares (L)(6) 102,532,000 share options (L)(7)	120,813,435 (L)	2.84%
Dr. Weichang Zhou	Beneficial owner	245,667 (L)	1,431,959 restricted shares (L)(6) 15,089,000 share options (L)(7)	16,766,626 (L)	0.39%
Mr. William Robert Keller	Beneficial owner	21,899 (L)	–	21,899 (L)	0.00%
Mr. Kenneth Walton Hitchner III	Beneficial owner	103,205 (L)	–	103,205 (L)	0.00%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) As at June 30, 2023, the total number of Shares in issue was 4,248,529,135 Shares.

Other Information

(3) Dr. Ge Li controlled 19.66% of the issued share capital of Biologics Holdings and 55.03% of the voting power at its general meetings. Hence, Dr. Ge Li is deemed to be interested in 584,191,133 Shares held by Biologics Holdings.

(4) Dr. Ge Li entered into an acting-in-concert agreement dated June 30, 2016 with Mr. Zhaohui Zhang and Mr. Xiaozhong Liu to acknowledge and confirm their acting in-concert relationship in relation to the Company.

(5) Among the 13,196,411 Shares, 10,706,254 Shares were held by Dr. Zhisheng Chen through a trust of which Dr. Zhisheng Chen is the settlor (founder) and his spouse and child are the beneficiaries.

(6) Interests in restricted shares granted pursuant to the Restricted Share Award Scheme and/or Global Partner Program Share Scheme.

(7) Interests in share options granted pursuant to the Pre-IPO Share Option Scheme.

Save as disclosed above, as at June 30, 2023, so far as it was known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at June 30, 2023, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in Shares or underlying Shares of the Company

Names of Shareholders	Capacity/Nature of Interest	Number of Shares(1)	Approximate Percentage of Shareholding Interest(2)
Dr. Ge Li	Interests of controlled corporations	584,191,133 (L)(3)(4)	13.75%
Mr. Zhaohui Zhang	Interests of parties acting in concert	584,191,133 (L)(4)	13.75%
Mr. Xiaozhong Liu	Interests of parties acting in concert	584,191,133 (L)(4)	13.75%
Life Science Holdings	Interests of controlled corporations	584,191,133 (L)(5)	13.75%
Life Science Limited	Interests of controlled corporations	584,191,133 (L)(5)	13.75%
WuXi PharmaTech	Interests of controlled corporations	584,191,133 (L)(5)	13.75%
Biologics Holdings	Beneficial owner	584,191,133 (L)(5)	13.75%
JPMorgan Chase & Co.	Interests of controlled corporations; Investment manager; Person having a security interest in shares; Trustee; Approved lending agent	297,161,276 (L)(6) 23,087,837 (S)(6) 116,533,214 (P)(6)	6.99% 0.54% 2.74%
BlackRock, Inc.	Interests of controlled corporations	219,905,373 (L)(7) 849,500 (S)(7)	5.18% 0.02%

Notes:

(1) The letter "L" denotes the person's long position in the Shares; the letter "S" denotes the person's short position in the Shares; and the letter "P" denotes the person's lending pool in the Shares.

(2) As at June 30, 2023, the total number of Shares in issue was 4,248,529,135 Shares.

(3) Dr. Ge Li controlled 19.66% of the issued share capital of Biologics Holdings and 55.03% of the voting power at its general meetings. Hence, Dr. Ge Li is deemed to be interested in 584,191,133 Shares held by Biologics Holdings.

(4) Dr. Ge Li, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu entered into an acting-in-concert agreement on June 30, 2016 to acknowledge and confirm their acting-in-concert relationship in relation to the Company. Hence, Dr. Ge Li, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu are deemed to be interested in the Shares held by each other.

Other Information

(5) Life Science Holdings wholly owned Life Science Limited, which wholly owned WuXi PharmaTech, which in turn controlled 44.97% of the voting power at general meetings of Biologics Holdings. Biologics Holdings directly owned 584,191,133 Shares. Life Science Holdings, Life Science Limited and WuXi PharmaTech are deemed to be interested in the Shares held by Biologics Holdings.

(6) The Shares held by JPMorgan Chase & Co. were held via different entities in the following capacities:

No. of Shares	Capacity
21,851,103 (L)	Interests of controlled corporations
22,995,998 (S)	
158,690,097 (L)	Investment manager
91,839 (S)	
77,010 (L)	Person having a security interest in shares
9,852 (L)	Trustee
116,533,214 (L)	Approved lending agent

(7) BlackRock, Inc. is deemed to be interested in the long position of a total of 219,905,373 Shares and in the short position of 849,500 Shares indirectly through a series of controlled corporations.

Pre-IPO Share Option Scheme

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

The purpose of the Pre-IPO Share Option Scheme is to attract, retain and motivate employees, Directors and such other participants of the Group, to provide a means of compensating them through the grant of options under the Pre-IPO Share Option Scheme for their contribution to the growth and profits of the Group, and to allow them to participate in the growth and profitability of the Group. Participants of the Pre-IPO Share Option Scheme include (a) any employee (whether full-time or part-time) of the Company or its subsidiaries, including any executive Director, (b) any non-executive Director or independent non-executive Director of the Company appointed or proposed to be appointed prior to the Listing Date, or any director of any of the subsidiaries, and (c) any other person who in the sole opinion of the Board, will contribute or have contributed to the Group. No further option would be granted under the Pre-IPO Share Option Scheme on or after the Listing Date. The life of the Pre-IPO Share Option Scheme is 10 years from the date of adoption. There are no more securities available for grant under the Pre-IPO Share Option Scheme on or after the date on which the Shares of the Company are listed. As at the date of this interim report, the total number of Shares available for issue under the Pre-IPO Share Option Scheme is 163,056,931 Shares, representing approximately 3.84% of the total issued share capital of the Company.

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

Category of Participants	Date of Grant	Exercise Price	Outstanding as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ Forfeited/ Cancelled during the Reporting Period	Outstanding as at June 30, 2023	Exercise Period
Directors								
Dr. Zhisheng Chen	January 7, 2016	US$0.1667	85,000,000	–	–	–	85,000,000	10 years
	March 15, 2017	US$0.3400	17,532,000	–	–	–	17,532,000	10 years
			102,532,000	–	–	–	102,532,000	
Dr. Weichang Zhou	January 7, 2016	US$0.1667	12,596,000	–	–	–	12,596,000	10 years
	March 15, 2017	US$0.3400	2,493,000	–	–	–	2,493,000	10 years
			15,089,000	–	–	–	15,089,000	
Sub-total			117,621,000	–	–	–	117,621,000	
Employees in aggregate								
230 employees	January 7, 2016	US$0.1667	25,023,901	–	3,027,959	–	21,995,942	10 years
24 employees	March 28, 2016	US$0.1667	951,725	–	115,900	–	835,825	10 years
102 employees	August 10, 2016	US$0.2200	6,219,550	–	316,300	–	5,903,250	10 years
92 employees	November 11, 2016	US$0.2633	2,383,103	–	597,500	–	1,785,603	10 years
321 employees	March 15, 2017	US$0.3400	13,672,583	–	1,039,138	–	12,633,445	10 years
74 employees	May 12, 2017	US$0.6000	5,046,405	–	528,130	–	4,518,275	10 years
Sub-total			53,297,267	–	5,624,927	–	47,672,340	
Total			170,918,267	–	5,624,927	–	165,293,340	

Notes:

(1) In respect of the options exercised during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK$51.27.

(2) The options granted are exercisable subject to the vesting schedule of 20% on each of the second, third and fourth anniversaries, and 40% on the fifth anniversary, of the date of grant, save as otherwise determined by the Board at its sole discretion.

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

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

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

Restricted Share Award Scheme

The Company has adopted the Restricted Share Award Scheme on January 15, 2018, which was amended and restated on June 27, 2023. The purposes of the Restricted Share Award Scheme are to (i) recognize the contributions by the selected participants; (ii) encourage, motivate and retain the selected participants, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the selected participants to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants to the Shareholders through ownership of Shares. The Restricted Share Award Scheme became effective on January 15, 2018. Participants of the Restricted Share Award Scheme include any Director or employee of the Company or any of its subsidiaries. The total number of Shares issued and to be issued pursuant to grant of restricted shares to each participant (including any Shares where the right to acquire such Shares has been vested or lapsed) in any 12-month period shall not exceed 1% of the Shares in issue unless approved by the Shareholders. Vesting shall only occur upon satisfaction (or where applicable, wavier by the Board) of the conditions imposed by the Board as set forth in the notice of award. Participants are not required to pay for the acceptance of the restricted shares. For the purpose of determining the share price of each restricted share under the Restricted Share Award Scheme, it shall be the average closing price of the Company's Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of granting the restricted shares. Subject to earlier termination by the Board, the Restricted Share Award Scheme shall be valid and effective for a period of 10 years from the adoption date. The maximum number of Shares which can be awarded under the Restricted Share Award Scheme is limited to 3% (i.e. 127,452,353 Shares) of the issued share capital of the Company as at June 27, 2023 (the date on which the proposed amendments to the Restricted Share Award Scheme were approved by Shareholders). The number of Shares available for grant under the Restricted Share Award Scheme was 465,370 and 127,452,353 as of January 1, 2023 and June 30, 2023, respectively. As at the date of this interim report, the total number of Shares available for issue under the Restricted Share Award Scheme is 112,193,824 Shares, representing approximately 2.64% of the total issued share capital of the Company. During the Reporting Period, the number of Shares that may be issued in respect of restricted shares granted under the Restricted Share Award Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is nil.

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

Other Information

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

Category of Participants	Date of Grant	Closing Price of the Shares immediately before the Date of Grant	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2023	Vesting Period
Directors									
Dr. Zhisheng Chen	June 5, 2019	HK$23.75	1,775,700	–	591,900	–	–	1,183,800	5 years
	November 12, 2020	HK$74.47	943,037	–	–	–	–	943,037	5 years
	June 16, 2021	HK$121.00	945,200	–	189,040	–	–	756,160	5 years
	June 10, 2022	HK$71.10	1,324,333	–	–	–	–	1,324,333	5 years
			4,988,270	**–**	**780,940**	**–**	**–**	**4,207,330**	
Dr. Weichang Zhou	June 5, 2019	HK$23.75	284,112	–	94,704	–	–	189,408	5 years
	November 12, 2020	HK$74.47	282,910	–	–	–	–	282,910	5 years
	June 16, 2021	HK$121.00	263,679	–	52,735	–	–	210,944	5 years
	June 10, 2022	HK$71.10	450,281	–	–	–	–	450,281	5 years
			1,280,982	**–**	**147,439**	**–**	**–**	**1,133,543**	
Mr. William Robert Keller	June 10, 2022	HK$71.10	4,145	–	4,145	–	–	–	1 year
Mr. Teh-Ming Walter Kwauk (passed away on November 24, 2022)	June 10, 2022	HK$71.10	4,145	–	4,145	–	–	–	1 year
Mr. Kenneth Walton Hitchner III	June 10, 2022	HK$71.10	8,291	–	8,291	–	–	–	1 year
Sub-total			**6,285,833**	**–**	**944,960**	**–**	**–**	**5,340,873**	

Category of Participants	Date of Grant	Closing Price of the Shares immediately before the Date of Grant	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2023	Vesting Period
Employees in aggregate									
259 employees	January 15, 2018	HK$17.78	1,954,272	–	1,934,568	–	19,704	–	5 years
540 employees	March 20, 2018	HK$23.73	1,440,276	–	1,425,192	1,104	13,980	–	5 years
170 employees	June 13, 2018	HK$31.08	544,209	–	525,855	14,898	3,456	–	5 years
202 employees	August 21, 2018	HK$21.55	1,148,685	–	–	9,195	30,420	1,109,070	5 years
124 employees	November 20, 2018	HK$22.57	854,285	–	–	–	5,589	848,696	5 years
6 employees	March 19, 2019	HK$27.00	82,750	–	27,580	–	–	55,170	5 years
846 employees	June 5, 2019	HK$23.75	4,524,423	–	1,472,789	73,672	56,928	2,921,034	5 years
335 employees	August 20, 2019	HK$27.47	2,161,513	–	–	38,768	30,305	2,092,440	5 years
67 employees	November 20, 2019	HK$29.50	688,272	–	–	16,706	21,348	650,218	5 years
383 employees	March 27, 2020	HK$34.60	2,990,928	–	739,080	49,854	23,773	2,178,221	5 years
77 employees	June 9, 2020	HK$41.67	1,335,518	–	330,438	6,219	7,445	991,416	5 years
126 employees	August 18, 2020	HK$56.33	1,109,910	–	–	17,867	4,937	1,087,106	5 years
1,391 employees	November 12, 2020	HK$74.47	3,190,261	–	–	70,408	67,954	3,051,899	5 years
1,617 employees	March 24, 2021	HK$87.40	4,009,552	–	776,605	77,296	50,295	3,105,356	5 years
3 employees	June 16, 2021	HK$121.00	115,725	–	23,145	–	–	92,580	5 years
1,752 employees	June 17, 2021	HK$116.90	11,078,195	–	2,152,410	218,069	168,265	8,539,451	5 years
745 employees	August 24, 2021	HK$113.00	3,914,921	–	–	114,516	45,435	3,754,970	5 years
486 employees	November 23, 2021	HK$105.70	3,371,719	–	–	147,550	1,904	3,222,265	5 years
2,458 employees	March 23, 2022	HK$58.35	17,409,885	–	–	575,033	123,113	16,711,739	5 years
725 employees	June 10, 2022	HK$71.10	6,739,534	–	–	216,692	74,057	6,448,785	5 years
151 employees	August 18, 2022	HK$69.75	1,720,764	–	–	61,002	–	1,659,762	5 years
681 employees	November 28, 2022	HK$47.75	7,252,833	–	–	227,286	–	7,025,547	5 years
Sub-total			77,638,430	–	9,407,662	1,936,135	748,908	65,545,725	
Total			83,924,263	–	10,352,622	1,936,135	748,908	70,886,598	

Other Information

Notes:

(1) During the Reporting Period, certain employees of the Group were offered and agreed to join the subsidiary share option schemes, i.e. the WuXi XDC Share Option Scheme or the WuXi Vaccines Share Option Scheme ("**Subsidiary Share Option Schemes**"). Upon participating in the Subsidiary Share Option Schemes, share options under the Subsidiary Share Option Schemes were granted to the employees while the outstanding restricted shares granted under the Restricted Share Award Scheme held by the respective employees were cancelled accordingly.

(2) In respect of the restricted shares vested during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the restricted shares were vested was HK$51.70.

(3) For details of the fair value of the restricted shares at the date of grant and the accounting standard and policy adopted, please refer to note 30 to the consolidated financial statements of this interim report.

(4) The unvested restricted shares are subject to a time-based vesting schedule of 20% on each of the second, third and fourth anniversaries, and 40% on the fifth anniversary, of the date of grant with no performance target attached.

(5) The purchase price for the restricted shares transferred or to be transferred to the participants upon vesting is nil.

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

Global Partner Program Share Scheme

The Company has adopted the Global Partner Program Share Scheme on June 16, 2021, which was amended and restated on June 27, 2023. The purposes of the Global Partner Program Share Scheme are to further reward and incentivize the Group's top employees and attract key talents to ensure the continuous business development and growth of the Company. The Global Partner Program Share Scheme became effective on June 16, 2021. Participants of the Global Partner Program Share Scheme include any Director or employee of the Company or any of its subsidiaries, or any joint venture or other business arrangement of the Group, who, in the opinion of the Board, has significant contribution to the business development and growth of the Group. The total number of Shares issued and to be issued pursuant to grant of restricted shares to each participant (including any Shares where the right to acquire such Shares has been vested or lapsed) in any 12-month period shall not exceed 1% of the Shares in issue unless approved by the Shareholders. Vesting shall only occur upon satisfaction (or where applicable, wavier by the Board) of the conditions imposed by the Board as set forth in the notice of award. Participants are not required to pay for the acceptance of the restricted shares. For the purpose of determining the share price of each restricted share under the Global Partner Program Share Scheme, it shall be the average closing price of the Company's Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of granting the restricted shares. Subject to earlier termination by the Board, the Global Partner Program Share Scheme shall be valid and effective for a period of 10 years from the adoption date. The maximum number of Shares which can be awarded under the Global Partner Program Share Scheme is limited to 3% (i.e. 127,452,353 Shares) of the issued share capital of the Company as at June 27, 2023 (the date on which the proposed amendments to the Global Partner Program Share Scheme were approved by Shareholders). The number of Shares available for grant under the Global Partner Program Share Scheme was 116,407,638 and 127,452,353 as of January 1, 2023 and June 30, 2023, respectively. As at the date of this interim report, the total number of Shares available for issue under the Global Partner Program Share Scheme is 126,108,729 Shares, representing approximately 2.97% of the total issued share capital of the Company. During the Reporting Period, the number of Shares that may be issued in respect of restricted shares granted under the Global Partner Program Share Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is nil.

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

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

Category of Participants	Date of Grant	Closing Price of the Shares immediately before the Date of Grant	Outstanding as at January 1, 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2023	Vesting Period
Directors									
Dr. Zhisheng Chen	June 10, 2022	HK$71.10	877,694	–	–	–	–	877,694	2 years
Dr. Weichang Zhou	June 10, 2022	HK$71.10	298,416	–	–	–	–	298,416	2 years
Sub-total			1,176,110	–	–	–	–	1,176,110	
Employees in aggregate									
198 employees	November 23, 2021	HK$105.70	2,582,758	–	–	11,000	20,782	2,550,976	2 years
2 employees	June 10, 2022	HK$71.10	47,037	–	–	–	–	47,037	2 years
234 employees	November 28, 2022	HK$47.75	6,769,146	–	–	33,263	30,244	6,705,639	2 years
Sub-total			9,398,941	–	–	44,263	51,026	9,303,652	
Total			10,575,051	–	–	44,263	51,026	10,479,762	

Notes:

(1) During the Reporting Period, certain employees of the Group were offered and agreed to join the Subsidiary Share Option Schemes. Upon participating in the Subsidiary Share Option Schemes, share options under the Subsidiary Share Option Schemes were granted to the employees while the outstanding restricted shares granted under the Global Partner Program Share Scheme held by the respective employees were cancelled accordingly.

(2) For details of the fair value of the restricted shares at the date of grant and the accounting standard and policy adopted, please refer to note 30 to the consolidated financial statements of this interim report.

(3) The restricted shares under the Global Partner Program Share Scheme are subject to, amongst other vesting conditions and performance targets, the vesting schedule of 50% on each of the first and second anniversaries of the date of grant. For further details, please refer to note 30 to the consolidated financial statements of this interim report.

(4) The purchase price for the restricted shares transferred or to be transferred to the participants upon vesting is nil.

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

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

Use of Net Proceeds

Use of Net Proceeds from Placing

On June 29, 2020, the Company entered into a placing agreement with Morgan Stanley & Co. International plc (the "**Placing Agent**"), pursuant to which the Placing Agent agreed to place 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 price per Third Placing Share was approximately HK$136.04. The closing price was HK$148.70 per Share as quoted on the Stock Exchange on the date of the placing agreement. For further details, please refer to the announcement of the Company dated June 30, 2020.

Other Information

The net proceeds from the Third Placing were approximately RMB5,545.8 million, which have been used for continuous global capacity expansion of the Group, including the construction of commercial manufacturing facilities in the United States for projects involving COVID-19 treatments and other related CDMO projects, acquisition of manufacturing facilities outside of the PRC and development of microbial facilities in the PRC, as well as for general corporate purposes of the Group, as disclosed in the announcement of the Company dated June 30, 2020. The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2022:

Use of proceeds	Planned applications (RMB million)	Percentage of total net proceeds	Actual usage up to December 31, 2022 (RMB million)	Net proceeds brought forward for the year ended December 31, 2022 (RMB million)	Unutilized net proceeds as at December 31, 2022 (RMB million)	Expected timeframe for utilizing the remaining unutilized net proceeds
To construct commercial manufacturing facilities in the United States for projects involving COVID-19 treatments and other related CDMO projects, acquisition of manufacturing facilities outside of the PRC and development of microbial facilities in the PRC, as well as for general corporate purposes	5,545.8	100%	5,545.8	1,038.9	–	N/A

Note: By the end of December 2022, the net proceeds have been fully utilized.

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 price per Fourth Placing Share was approximately HK$111.20. The closing price was HK$120.40 per Share as quoted on the Stock Exchange on the date of the placing agreement. For further details, please refer to the announcement of the Company dated February 3, 2021.

The net proceeds from the Fourth Placing were approximately RMB10,899.0 million, which will be used in the following manner: (i) approximately 40% will be used for merger and acquisition of additional capacities for drug substances/drug products (DS/DP) manufacturing to match a rapidly growing pipeline; (ii) approximately 40% will be used for building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms; (iii) approximately 10% will be used for investment in mRNA related technologies to further enable its global clients; and (iv) approximately 10% shall be used for general corporate purposes of the Group, as disclosed in the announcement of the Company dated February 3, 2021. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2023:

Use of proceeds	Planned applications (RMB million)	Percentage of total net proceeds	Actual usage up to June 30, 2023 (RMB million)	Net proceeds brought forward for the Reporting Period (RMB million)	Unutilized net proceeds as at June 30, 2023 (RMB million)	Expected timeframe for utilizing the remaining unutilized net proceeds (Note)
Merger and acquisition of additional capacities for drug substances/drug products (DS/DP) manufacturing	4,359.6	40%	3,657.7	809.0	701.9	By the end of 2024
Building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms	4,359.6	40%	4,359.6	261.5	—	N/A
Investment in mRNA related technologies	1,089.9	10%	25.5	1,065.1	1,064.4	By the end of 2024
General corporate purposes of the Group	1,089.9	10%	1,089.9	—	—	N/A
Total	10,899.0	100%	9,132.7	2,135.6	1,766.3	

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

Other Information

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

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

Key Events after the Reporting Period

The Group has the following event taken place subsequent to June 30, 2023:

- On July 9, 2023, the Company announced the proposed spin-off and separate listing of WuXi XDC, a subsidiary of the Company, on the Main Board (the "**Proposed Spin-off**"). The Company believes that the Proposed Spin-off is in the interests of the Company and its Shareholders as a whole for the following reasons: (1) the Proposed Spin-off enables WuXi XDC to develop a unique global leading CRDMO dedicated to bioconjugates initially starting with ADCs and evolving into all bioconjugates (from ADC to XDC) and (2) bring a more defined business focus and strategy to support growth of the Company, which would lead to (3) a more organized and efficient allocation of capital and resources of the Company as a whole, with the Company benefiting from (4) continued consolidation of financials as well as (5) improved governance, market communication, operational and financial transparency, thereby resulting in (6) value creation for the Company and its Shareholders. For details of the Proposed Spin-off, please refer to the announcement of the Company dated July 9, 2023.

Future Plans for Material Investments and Capital Assets

The Group will continue to invest in its capacity expansion plan. Please refer to "Management Discussion and Analysis — CRDMO Platform — Capacity Expansion" section and "Other Information — Use of Net Proceeds" section in this interim report.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF WUXI BIOLOGICS (CAYMAN) INC.
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of WuXi Biologics (Cayman) Inc. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 64 to 114, which comprise the condensed consolidated statement of financial position as of June 30, 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

August 23, 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023

	NOTES	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	4	**8,492,046**	7,206,440
Cost of sales		**(4,931,412)**	(3,793,233)
Gross profit		**3,560,634**	3,413,207
Other income	5	**197,965**	159,144
Other gains and losses	6	**114,840**	309,626
Impairment losses, under expected credit loss model, net of reversal	8	**(131,797)**	(70,838)
Selling and marketing expenses		**(105,391)**	(67,103)
Administrative expenses		**(679,642)**	(520,112)
Other expenses	8	**(7,374)**	—
Research and development expenses		**(341,440)**	(271,128)
Financing costs	7	**(78,819)**	(22,661)
Profit before tax	8	**2,528,976**	2,930,135
Income tax expense	9	**(191,116)**	(308,910)
Profit for the period		**2,337,860**	2,621,225
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(20,615)**	(49,552)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**282,346**	(124,080)
Fair value loss on hedging instruments designated as cash flow hedges, net foreign investment hedges and time value within fair value hedges, net of income tax		**(594,987)**	(108,047)
Other comprehensive expense for the period		**(333,256)**	(281,679)
Total comprehensive income for the period		**2,004,604**	2,339,546

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023

	NOTE	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		**2,266,675**	2,535,064
Non-controlling interests		**71,185**	86,161
		2,337,860	2,621,225
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,917,044**	2,260,191
Non-controlling interests		**87,560**	79,355
		2,004,604	2,339,546
		RMB	RMB
Earnings per share — Basic	11	**0.55**	0.61
— Diluted	11	**0.52**	0.58

Condensed Consolidated Statement of Financial Position

As at June 30, 2023

	NOTES	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	12	**26,449,802**	24,170,739
Right-of-use assets	12	**2,545,095**	1,745,259
Goodwill		**1,529,914**	1,529,914
Intangible assets	13	**543,961**	548,778
Investment of an associate measured at fair value through profit or loss ("**FVTPL**")	14	**1,586,352**	1,581,565
Equity instruments at FVTOCI		**22,035**	41,470
Financial assets at FVTPL	15	**1,151,775**	1,086,176
Finance lease receivables		**101,399**	109,171
Deferred tax assets		**263,597**	222,568
Other long-term deposits and prepayments		**69,777**	58,877
		34,263,707	31,094,517
Current Assets			
Inventories	16	**1,965,134**	2,280,911
Finance lease receivables		**14,399**	14,166
Trade and other receivables	17	**5,504,010**	5,610,363
Contract assets	18	**520,216**	493,566
Contract costs	19	**1,085,707**	1,096,480
Tax recoverable		**4,857**	33,442
Derivative financial assets	24	**49,616**	201,243
Financial assets at FVTPL	15	**1,090,678**	2,014,632
Pledged bank deposits		**39,323**	25,374
Time deposits	20	**248,450**	304,469
Bank balances and cash	20	**7,355,135**	6,395,222
		17,877,525	18,469,868
Current Liabilities			
Trade and other payables	21	**2,230,472**	3,269,182
Borrowings	22	**1,155,586**	1,321,430
Contract liabilities	23	**2,861,142**	3,379,372
Income tax payable		**589,945**	773,825
Lease liabilities		**124,942**	149,058
Derivative financial liabilities	24	**1,178,761**	425,730
		8,140,848	9,318,597
Net Current Assets		**9,736,677**	9,151,271
Total Assets less Current Liabilities		**44,000,384**	40,245,788

Condensed Consolidated Statement of Financial Position

As at June 30, 2023

	NOTES	**June 30, 2023 RMB'000 (Unaudited)**	December 31, 2022 RMB'000 (Audited)
Non-current Liabilities			
Deferred tax liabilities		**126,609**	132,076
Borrowings	22	**1,659,372**	1,461,563
Contract liabilities	23	**737,074**	711,541
Lease liabilities		**2,201,108**	1,489,610
Deferred income	25	**231,901**	237,921
		4,956,064	4,032,711
Net Assets		**39,044,320**	36,213,077
Capital and Reserves			
Share capital	26	**234**	233
Reserves		**37,738,143**	35,047,174
Equity attributable to owners of the Company		**37,738,377**	35,047,407
Non-controlling interests		**1,305,943**	1,165,670
Total Equity		**39,044,320**	36,213,077

The condensed consolidated financial statements on pages 64 to 114 were approved and authorized for issue by the Board of Directors on August 23, 2023 and are signed on its behalf by:

Zhisheng Chen	**Weichang Zhou**
DIRECTOR	*DIRECTOR*

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note i)	Equity-settled share-based compensation reserve RMB'000 (note ii)	Hedging reserve RMB'000	FVTOCI reserve RMB'000	Group reorganization reserve RMB'000 (note iii)	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2022 (Audited)	235	(2,517,115)	27,044,497	637,307	1,079,598	125,214	(32,505)	(4,636)	(574,543)	6,520,541	32,278,593	427,573	32,706,166
Profit for the period	–	–	–	–	–	–	–	–	–	2,535,064	2,535,064	86,161	2,621,225
Other comprehensive expense for the period													
– Fair value adjustments on fair value hedges and cash flow hedges	–	–	–	–	–	(37,338)	–	–	–	–	(37,338)	(2,382)	(39,720)
– Recycling from cash flow hedging reserve to profits or loss	–	–	–	–	–	(68,327)	–	–	–	–	(68,327)	–	(68,327)
– Fair value change of equity instruments at FVTOCI	–	–	–	–	–	–	(49,552)	–	–	–	(49,552)	–	(49,552)
– Exchange difference arising from translation of foreign operations	–	–	–	–	–	–	–	–	(119,656)	–	(119,656)	(4,424)	(124,080)
Total comprehensive (expense) income for the period	–	–	–	–	–	(105,665)	(49,552)	–	(119,656)	2,535,064	2,260,191	79,355	2,339,546
Recognition of equity-settled share-based compensation	–	–	–	–	594,779	–	–	–	–	–	594,779	4,727	599,506
Exercise of pre-IPO share options and vest of restricted shares	1	–	219,745	–	(200,558)	–	–	–	–	–	19,188	–	19,188
Issue of new shares (Note 26)	2	–	(2)	–	–	–	–	–	–	–	–	–	–
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	508,410	508,410
Repurchase of shares (Note 26)	–	(691,056)	–	–	–	–	–	–	–	–	(691,056)	–	(691,056)
Cancellation of treasury stock	(3)	3,208,171	(3,208,168)	–	–	–	–	–	–	–	–	–	–
Deemed distribution to a non-controlling shareholder arising from reorganization	–	–	–	–	–	–	–	–	–	–	–	(1,129)	(1,129)
At June 30, 2022 (Unaudited)	235	–	24,056,072	637,307	1,473,819	19,549	(82,057)	(4,636)	(694,199)	9,055,605	34,461,695	1,018,936	35,480,631
At January 1, 2023 (Audited)	233	–	22,102,026	1,062,021	2,011,380	(80,259)	(92,236)	(4,636)	(467,235)	10,516,113	35,047,407	1,165,670	36,213,077
Profit for the period	–	–	–	–	–	–	–	–	–	2,266,675	2,266,675	71,185	2,337,860
Other comprehensive (expense) income for the period													
– Fair value adjustments on fair value hedges and cash flow hedges	–	–	–	–	–	(178,170)	–	–	–	–	(178,170)	2,132	(176,038)
– Recycling from cash flow hedging reserve to profits or loss	–	–	–	–	–	(153,519)	–	–	–	–	(153,519)	–	(153,519)
– Fair value change of equity instruments at FVTOCI	–	–	–	–	–	–	(20,615)	–	–	–	(20,615)	–	(20,615)
– Fair value adjustments on hedges of net investments in foreign operations	–	–	–	–	–	–	–	–	(265,430)	–	(265,430)	–	(265,430)
– Exchange difference arising from translation of foreign operations	–	–	–	–	–	–	–	–	268,103	–	268,103	14,243	282,346
Total comprehensive (expense) income for the period	–	–	–	–	–	(331,689)	(20,615)	–	2,673	2,266,675	1,917,044	87,560	2,004,604
Recognition of equity-settled share-based compensation	–	–	–	–	760,918	–	–	–	–	–	760,918	21,803	782,721
Exercise of pre-IPO share options and vest of restricted shares	*	–	468,974	–	(455,966)	–	–	–	–	–	13,008	–	13,008
Issue of new shares (Note 26)	1	–	(1)	–	–	–	–	–	–	–	–	–	–
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	30,910	30,910
At June 30, 2023 (Unaudited)	234	–	22,570,999	1,062,021	2,316,332	(411,948)	(112,851)	(4,636)	(464,562)	12,782,788	37,738,377	1,305,943	39,044,320

* Amount below RMB1,000.

Notes:

i. In accordance with the Articles of Association of all subsidiaries of WuXi Biologics (Cayman) Inc. (the "**Company**") established in the People's Republic of China (the "**PRC**"), they are required to transfer 10% of the profit after tax to the statutory reserve until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

ii. The amount represents the equity-settled share-based compensation in respect of:

   (a) the share options for shares of WuXi PharmaTech (Cayman) Inc. ("**WuXi PharmaTech**"), the then ultimate holding company of the Company before completing the group reorganization of the Company (see note iii below), granted by WuXi PharmaTech to certain directors and employees of the Company and its subsidiaries (collectively referred to as the "**Group**") for their services rendered to the Group;

   (b) the equity-settled share-based compensation under the Company's pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**");

   (c) the Company's restricted share award scheme (the "**Restricted Share Award Scheme**");

   (d) the Company's global partner program share scheme (the "**Global Partner Program Share Scheme**"); and

   (e) the share option schemes of the Company's subsidiaries (the "**Subsidiary Share Option Scheme**").

iii. Group reorganization reserve represents the combined capital contribution of the entities comprising the Group, net of settlement of the payables to their then shareholders; and the administration service cost borne on behalf of the fellow subsidiaries by the Company prior to the completion of the group reorganization in 2015.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023 **RMB'000** **(Unaudited)**	2022 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**2,750,086**	1,457,918
INVESTING ACTIVITIES		
Receipt of interest from banks	**73,781**	45,396
Proceeds on disposal of property, plant and equipment	**14,182**	8,170
Purchases of property, plant and equipment	**(2,381,242)**	(2,684,500)
Payments for right-of-use assets	**(173,503)**	—
Payments for rental deposits	**(790)**	—
Withdrawal/proceeds on disposal of financial assets at FVTPL	**10,730,024**	4,102,289
Placement/acquisition of financial assets at FVTPL	**(9,916,929)**	(4,563,359)
Research and other grants received	**1,770**	8,145
Withdrawal of pledged bank deposits	**151**	827,854
Placement of pledged bank deposits	**(12,361)**	—
Withdrawal of time deposits	**304,483**	—
Placement of time deposits	**(248,450)**	—
Settlement of derivative financial instruments	**19,720**	15,348
Repayment of payments for potential acquisition	**—**	149,555
Payment for consideration payable for acquisition of business in prior period	**—**	(280,000)
Dividend received from an equity instrument at FVTOCI	**—**	8,315
NET CASH USED IN INVESTING ACTIVITIES	**(1,589,164)**	(2,362,787)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	**778,723**	413,843
Repayments of bank borrowings	**(847,729)**	(386,440)
Interest paid	**(109,302)**	(43,912)
Repayments of lease liabilities	**(53,654)**	(38,976)
Capital injection by a non-controlling shareholder	**30,910**	508,410
Payment on repurchase of shares	**—**	(691,056)
Proceeds from exercise of pre-IPO share options	**13,008**	19,188
NET CASH USED IN FINANCING ACTIVITIES	**(188,044)**	(218,943)
Effect of foreign exchange rate changes	**(12,965)**	255,822
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**959,913**	(867,990)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**6,395,222**	9,003,280
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	**7,355,135**	8,135,290

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**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.

Other than additional accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**") disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance Contracts*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

Except as described below, the application of the new and 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.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

3.1.1 Accounting policies

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

3.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended December 31, 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and changes in accounting policies on application of Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (continued)

3.1.2 Transition and summary of effects (continued)

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1, 2022;

(ii) the Group also, as at January 1, 2022, recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognized the related deferred tax assets and deferred tax liabilities on a gross basis but it has no impact on the retained earnings at the earliest period presented.

3.2 Impacts on application of Amendments to IAS 12 *Income Taxes International Tax Reform — Pillar Two Model Rules*

IAS 12 is amended to add the exception to recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

Certain group entities are operated in jurisdictions where the Pillar Two legislation is enacted or substantially enacted but not yet in effect, including Germany and the United Kingdom. The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date Pillar Two legislation is enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements for the year ending 31 December 2023.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.3 Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

In addition, the Group will apply Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the Group's consolidated financial statements for the year ending December 31, 2023.

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending December 31, 2023.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue from contracts with customers

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

	Six months ended June 30, 2023	Six months ended June 30, 2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Type of goods or services		
Services		
— Research services on fee-for-service ("**FFS**") basis	**7,675,361**	5,983,487
— Research services on full-time-equivalent ("**FTE**") basis	**115,012**	124,942
— Project management organization ("**PMO**") services	**3,344**	17,016
	7,793,717	6,125,445
Sales of goods	**698,329**	1,080,995
Total	**8,492,046**	7,206,440

	Six months ended June 30, 2023	Six months ended June 30, 2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Timing of revenue recognition		
A point in time		
— Research services on FFS basis	**7,300,835**	5,885,483
— Sales of goods	**698,329**	1,080,995
Over time		
— Research services on FFS basis	**374,526**	98,004
— Research services on FTE basis	**115,012**	124,942
— PMO services	**3,344**	17,016
	8,492,046	7,206,440

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

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

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.

(ii) Entity-wide disclosure

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,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
— North America	**3,927,954**	3,896,111
— Europe	**2,551,605**	1,296,601
— PRC	**1,792,531**	1,792,077
— Rest of the world	**219,956**	221,651
	8,492,046	7,206,440

As at June 30, 2023, the Group's non-current assets other than financial instruments and deferred tax assets located in Ireland, Germany, the United States ("**US**") and Singapore are amounted to RMB10,954,469,000, RMB3,230,281,000, RMB2,064,910,000 and RMB228,803,000 (December 31, 2022: RMB10,120,685,000, RMB2,794,914,000, RMB1,840,142,000 and RMB25,529,000) respectively, the remaining non-current assets of the Group are mainly located in the PRC.

5. OTHER INCOME

	Six months ended June 30,	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Interest income from banks and other financial assets at amortized cost	**74,843**	44,004
Research and other grants related to		
— assets (note i)	**10,807**	8,178
— income (note ii)	**112,315**	98,647
Dividend from an equity instrument at FVTOCI	**—**	8,315
	197,965	159,144

Notes:

i. The Group has received certain research and other grants for investing in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets. Details of the grants are set out in Note 25.

ii. The research and other grants received by the Group during the current interim period were mainly related to recognizing the Group's contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group.

6. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange gain	**168,402**	106,410
Fair value (loss) gain on		
— listed equity securities at FVTPL	**(54,531)**	(413,646)
— unlisted equity investments at FVTPL	**13,185**	13,633
— investment of an associate measured at FVTPL	**(14,095)**	572,619
— wealth management products	**47,954**	14,148
— derivative financial instruments	**(60,866)**	(12,400)
Others	**14,791**	28,862
	114,840	309,626

7. FINANCING COSTS

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on financing component of an advance payment received from a customer	**5,419**	4,911
Interest expense on bank borrowings	**67,879**	24,317
Interest expense on lease liabilities	**39,637**	25,220
	112,935	54,448
Less: amounts capitalized in the cost of qualifying assets	**(34,116)**	(31,787)
	78,819	22,661

During the current interim period, borrowing cost arose on certain general borrowings were capitalized to expenditure on qualifying assets at rates varying from 1.27% to 6.37% (2022: from 1.39% to 2.31%) per annum.

8. PROFIT BEFORE TAX

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

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**521,078**	388,926
Depreciation of right-of-use assets	**117,802**	82,825
Amortization of intangible assets	**29,611**	29,204
	668,491	500,955
Staff cost (including directors' emoluments):		
— Salaries and other benefits	**2,002,894**	1,707,923
— Retirement benefit scheme contributions	**215,076**	132,282
— Share-based payment expenses	**782,721**	599,506
	3,000,691	2,439,711
Depreciation, amortization and staff cost		
— capitalized in contract cost	**(616,509)**	(421,034)
— capitalized in property, plant and equipment	**(319,079)**	(287,253)
	(935,588)	(708,287)
Impairment losses under expected credit loss model, net of reversal		
— Trade receivables	**126,598**	64,472
— Contract assets	**4,063**	98
— Receivables for purchase of raw materials on behalf of customers	**1,136**	6,268
	131,797	70,838
Write-down of inventories (included in cost of sales)	**42,681**	18,123
Reversals of inventories write-down (included in cost of sales)	**(87,778)**	(23,694)
Write-down of contract costs (included in cost of sales)	**43,479**	89,144
Reversals of contract costs write-down (included in cost of sales)	**(88,288)**	(78,203)
Listing expenses of a subsidiary (under other expenses) (note)	**7,374**	—
Loss on disposal of property, plant and equipment	**2,455**	1,259
Cost of inventories recognized as expense	**1,619,258**	1,497,829

8. PROFIT BEFORE TAX (continued)

Note: Other expenses of the Group represented the listing expenses incurred for the proposed spin-off and the separate listing of the shares of WuXi XDC (as defined in Note 30(d)) on the Main Board of the Stock Exchange. Please refer to Note 31 for details.

9. INCOME TAX EXPENSE

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
— PRC Enterprise Income Tax ("**EIT**")	**549,852**	566,752
— Hong Kong Profits Tax	**73,113**	56,187
— US Federal and State Income Taxes	**1,407**	34
Over provision in prior periods	**(394,359)**	(361,982)
	230,013	260,991
Deferred tax:		
— Current period	**(38,897)**	47,919
	191,116	308,910

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 certain subsidiaries which are eligible for lower tax rates because they were accredited with "Technology Advanced Service Enterprise", "High and New Technology Enterprise" or "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,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings attributable to owners of the Company		
Earnings for the purpose of calculating basic and diluted earnings per share	**2,266,675**	2,535,064

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Number of Shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**4,158,087,472**	4,175,781,792
Effect of dilutive potential ordinary shares:		
Share options	**161,833,695**	184,325,722
Restricted shares	**29,924,716**	26,231,757
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,349,845,883**	4,386,339,271

The weighted average number of ordinary shares shown above have been arrived at after deducting the weighted average effect of 73,962,140 shares (June 30, 2022: 46,532,552 shares) held by the trustee under the Restricted Share Award Scheme or the Global Partner Program Share Scheme as set out in Note 30.

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

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

i. The Group acquired RMB2,031,581,000 (six months ended June 30, 2022: RMB2,629,270,000) of property, plant and equipment for the expansion of production facilities.

ii. The Group renewed and entered into several new lease agreements for leasehold land, lease properties and machinery from 3 to 30 years (six months ended June 30, 2022: 2 to 6 years). On lease commencement, the Group recognized right-of-use assets of RMB863,211,000 and lease liabilities of RMB689,588,000 (six months ended June 30, 2022: RMB29,376,000 and RMB29,046,000 respectively).

13. INTANGIBLE ASSETS

	As at	
	June 30, 2023	December 31, 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Carrying amount:		
Patent and license	**266,261**	249,689
Technology	**58,960**	62,337
Customer relationship	**218,740**	236,752
	543,961	548,778

14. INVESTMENT OF AN ASSOCIATE MEASURED AT FVTPL

	As at	
	June 30, 2023	December 31, 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Investment of an associate measured at FVTPL	**1,586,352**	1,581,565

14. INVESTMENT OF AN ASSOCIATE MEASURED AT FVTPL (continued)

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

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	
Shanghai Duoning Biotechnology Co., Ltd. ("**Duoning**")	PRC	PRC	**17.36%**	17.36%	**20%**	20%	Sales of bioprocess solutions, laboratory products and services

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

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

15. FINANCIAL ASSETS AT FVTPL

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Current asset		
Wealth management products (note)	**1,090,678**	2,014,632
Non-current assets		
Listed equity securities	**335,947**	380,171
Unlisted investments	**815,828**	706,005
Financial assets at FVTPL	**1,151,775**	1,086,176

Note: During the current interim period, the Group invested in several contracts of wealth management products with banks under which the original maturity terms are within 12 months. For the wealth management products, returns are determined by reference to the performance of the underlying instruments in the currency market, the interbank market, the bond market, the security and equity market and the derivative financial assets; those are recognized as financial assets at FVTPL. The expected return rates varied from 1.00% to 4.6% (December 31, 2022: 1.31% to 4.1%) per annum.

15. FINANCIAL ASSETS AT FVTPL (continued)

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

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

16. INVENTORIES

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Raw materials and consumables	**1,931,995**	2,250,582
Work in progress	**10,376**	10,312
Finished goods	**22,763**	20,017
Total	**1,965,134**	2,280,911

Raw materials and consumables are net of a write-down of approximately RMB156,295,000 as at June 30, 2023 (December 31, 2022: RMB207,041,000).

17. TRADE AND OTHER RECEIVABLES

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade receivables		
— related parties	**11,142**	5,500
Less: allowance for credit losses	**(436)**	(199)
— third parties	**5,521,967**	5,194,251
Less: allowance for credit losses	**(676,981)**	(548,889)
	4,855,692	4,650,663
Bills receivable from contracts with customers	**3,425**	—
Receivables for purchase of raw materials on behalf of customers	**72,119**	291,931
Less: allowance for credit losses	**(30,026)**	(28,889)
	42,093	263,042
Advances to suppliers		
— related parties	**12,746**	16,995
— third parties	**79,678**	71,235
	92,424	88,230
Other receivables		
— related parties	**298**	—
— third parties (note)	**52,448**	273,255
	52,746	273,255
Prepayments	**50,693**	25,281
Value added tax recoverable	**406,937**	309,892
Total trade and other receivables	**5,504,010**	5,610,363

Note: Included in other receivables at June 30, 2023, nil (December 31, 2022: RMB247,000,000) was the receivable from bank in relation to the settled derivative financial instruments.

17. TRADE AND OTHER RECEIVABLES (continued)

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

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, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Not past due	**2,913,087**	3,017,493
Overdue:		
— Within 90 days	**958,065**	736,181
— 91 days to 1 year	**742,565**	735,020
— Over 1 year	**241,975**	161,969
	4,855,692	4,650,663

18. CONTRACT ASSETS

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Contract assets		
— related parties	7,685	7,250
Less: allowance for credit losses	(73)	(44)
— third parties	543,095	512,722
Less: allowance for credit losses	(30,491)	(26,362)
	520,216	493,566

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.

19. CONTRACT COSTS

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Costs to fulfil contracts	1,085,707	1,096,480

The contract cost are net of a write-down of approximately RMB55,777,000 as at June 30, 2023 (December 31, 2022: RMB136,283,000).

20. BANK BALANCES AND CASH/TIME DEPOSITS

Bank balances and cash of the Group comprised of cash and short term bank deposits with an original maturity of three months or less. The short term bank deposits carried interest at market rates which ranged from nil to 5.59% per annum as at June 30, 2023 (December 31, 2022: from nil to 2.03% per annum).

Time deposits as at June 30, 2023 carried fixed interests rate at 3.05% to 3.3% per annum and have original maturity over three months (December 31, 2022: from 2.6% to 3.0%).

21. TRADE AND OTHER PAYABLES

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade payables		
— related parties	**85,227**	115,796
— third parties	**470,865**	676,680
	556,092	792,476
Accrued expenses and other payables		
— related parties	**10,025**	40,716
— third parties (note)	**636,436**	431,434
	646,461	472,150
Payable for purchase of property, plant and equipment	**537,642**	1,029,318
Consideration payables for acquisition of subsidiaries	**2,968**	2,968
Salary and bonus payables	**413,759**	912,852
Other taxes payables	**56,446**	57,506
Bill payables	**17,104**	1,912
	1,027,919	2,004,556
Trade and other payables	**2,230,472**	3,269,182

Note: Included in the other payables, amount of RMB45,275,000 represented the payables to employees arising from exercise of share options and restricted shares as at June 30, 2023 (December 31, 2022: RMB4,936,000). In addition, amount of RMB195,375,000 represented the payables to banks arising from restructure of forward extra contracts, partial callable forward contract and partial callable forward extra contract (December 31, 2022: nil).

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

21. TRADE AND OTHER PAYABLES (continued)

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

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within 90 days	520,129	674,412
91 days to 1 year	22,718	100,853
Over 1 year but within 5 years	13,245	17,211
	556,092	792,476

22. BORROWINGS

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Secured bank loans	62,100	66,700
Unsecured bank loans	2,752,858	2,716,293
	2,814,958	2,782,993
The carrying amounts of the above borrowings are repayable*:		
Within one year	1,155,586	1,321,430
Within a period of more than one year but not exceeding two years	380,523	96,954
Within a period of more than two years but not exceeding five years	1,156,744	1,343,909
Within a period of more than five years	122,105	20,700
	2,814,958	2,782,993
Less: amounts due within one year shown under current liabilities	(1,155,586)	(1,321,430)
Amounts shown under non-current liabilities	1,659,372	1,461,563

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

22. BORROWINGS (continued)

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

	As at	
	June 30, 2023	December 31, 2022
	RMB'000	RMB'000
Fixed-rate borrowings	**62,100**	66,700
Variable-rate borrowings	**2,752,858**	2,716,293
	2,814,958	2,782,993

The Group's variable-rate borrowings carry interest at London Interbank Offered Rate ("**LIBOR**") plus 1.1%, European Central Bank Rate plus 1.5%, Euro Interbank Offered Rate ("**EURIBOR**") plus 0.75% and 0.8%, and Secured Overnight Financing Rate ("**SOFR**") plus 0.8%, and 5-years Loan Prime Rate ("**LPR**") minus 0.9%. Interest is reset each one to twelve 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, 2023	December 31, 2022
Effective interest rate:		
Fixed-rate borrowings	**4.90%**	4.90%
Variable-rate borrowings	**2.71% to 6.37%**	0.75% to 5.12%

At June 30, 2023, the Group's borrowings were secured against the Group's property, plant and equipment as collaterals with carrying amounts of RMB10,373,000 (December 31, 2022: RMB10,448,000).

22. BORROWINGS (continued)

In respect of bank loans with carrying amount of RMB2,008,050,000 (December 31, 2022: RMB2,089,380,000), the Group is required to comply with the following financial covenants throughout the continuance of the relevant loans and/or as long as the loans are outstanding:

(i) Bank loans with carrying amount of RMB505,806,000 (US$70,000,000):

In relation to the Group:

- Total equity after deducting goodwill, intangible assets and deferred tax assets (together referred to as "**Tangible Net Worth**") shall not at any time be less than RMB9,000,000,000;
- Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") shall not be less than 5 times gross interest expenses at the last day of the first half of the financial year and the last day of the financial year (the "**Relevant Period**");
- Total debt less the cash and cash equivalents ("**Net debt**") at the end of each year shall not exceed 2.5 times EBITDA for that Relevant Period.

In relation to WuXi Biologics (Hong Kong) Limited ("**BIOHK**"), a wholly-owned subsidiary of the Company:

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

(ii) Bank loans with carrying amount of RMB786,890,000 (US$108,900,000):

In relation to the Group:

- Tangible Net Worth shall not at any time be less than RMB20,000,000,000;
- EBITDA in respect of any Relevant Period shall not be less than 5 times gross interest expenses for that Relevant Period; and
- Net Debt at the end of each Relevant Period shall not exceed 2.5 times EBITDA for that Relevant Period.

In relation to BIOHK:

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

22. BORROWINGS (continued)

(iii) Bank loans with carrying amount of RMB715,354,000 (US$99,000,000):

In relation to the Group:

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

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

23. CONTRACT LIABILITIES

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Contract liabilities		
— related parties	**844**	—
— third parties	**3,597,372**	4,090,913
	3,598,216	4,090,913
Less: amounts shown under current liabilities	**(2,861,142)**	(3,379,372)
Amounts shown under non-current liabilities	**737,074**	711,541

24. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	Assets		Liabilities	
	June 30, 2023	December 31, 2022	**June 30, 2023**	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)	**RMB'000 (Unaudited)**	RMB'000 (Audited)
Derivatives not under hedge accounting				
Capped forward, partial callable forward, partial callable forward extra, partial convertible dual currency structured deposit	**7,630**	—	**89,684**	—
Derivatives under hedge accounting				
Fair value hedges				
— Foreign exchange forward, partial callable forward, partial callable forward extra, partial convertible dual currency structured deposit, forward extra and par forward contracts	**41,986**	104,283	**535,114**	184,530
Cash flow hedges				
— Foreign exchange forward, collar, partial callable forward, interest rate swap, forward extra contracts	**—**	96,960	**267,019**	215,933
Net investment hedge in foreign operations				
— Foreign exchange forward, partial callable forward, partial callable forward extra, forward extra	**—**	—	**286,944**	25,267
Total	**49,616**	201,243	**1,178,761**	425,730
Less: current portion	**(49,616)**	(201,243)	**(1,178,761)**	(425,730)
Non-current portion	**—**	—	**—**	—

24. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

Derivatives not under hedge accounting

During the six months ended June 30, 2023, the Group entered into capped forward, partial callable forward, partial callable forward extra and partial convertible dual currency structured deposit contracts (six months ended June 30, 2022: a partial callable forward extra contract) with bank in order to manage the Group's currency risk.

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

The Group did not elect to adopt hedge accounting for the contracts and therefore, during the six months ended June 30, 2023, losses from the contracts of RMB80,586,000 (six months ended June 30, 2022: RMB12,400,000 losses) was recognized as "fair value loss on derivative financial instruments" in other gains and losses.

Derivatives under hedge accounting

In the view of directors of the Company, certain foreign exchange forward contracts, collar contracts, partial callable forward contracts, partial callable forward extra contracts, partial convertible dual currency structured deposit contracts and forward extra contracts are highly effective hedging instruments and qualified as cash flow, fair value hedges or net investment hedge in foreign operations.

As at June 30, 2023, the aggregate amount of losses after tax under foreign exchange forward contracts, collar contracts, partial callable forward contracts, partial callable forward extra contracts, partial convertible dual currency structured deposit contracts and forward extra contracts recognized in other comprehensive income and accumulated in the cash flow and fair value hedging reserve relating to the exposure on anticipated future sales transactions and net exposure denominated in US$ and EUR was RMB411,948,000 (December 31, 2022: RMB80,259,000 losses). It is anticipated that the sales and net exposure would take place within next 9 months (December 31, 2022: 12 months) at which time the amount deferred in equity will be recycled to profit or loss.

24. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

Derivatives under hedge accounting (continued)

During the current interim period, gains from the contracts of RMB19,720,000 in ineffective hedge portion was recognized immediately in profit or loss (six months ended June 30, 2022: nil losses recognized immediately in "other gains and losses").

During the current interim period, the aggregated amount of losses previously recognized in other comprehensive income and accumulated in equity of RMB173,242,000 (six months ended June 30, 2022: RMB68,327,000 gains) were reclassified to revenue when the hedged item affects profit or loss.

25. DEFERRED INCOME

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Assets related research and other grants	**223,982**	229,612
Income related research and other grants	**7,919**	8,309
	231,901	237,921

During the six months ended June 30, 2023, the Group received research and other grants of RMB1,770,000 (six months ended June 30, 2022: RMB8,145,000) for its investment in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets.

26. SHARE CAPITAL

AUTHORIZED:

	Number of shares	Par value US$	Authorized share capital US$
At January 1, 2022, June 30, 2022, January 1, 2023 and June 30, 2023	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, 2022 (audited)	4,259,003,614	35,492	235
Issue of new shares (note i)	39,953,861	333	2
Exercise of pre-IPO share options	9,628,842	80	1
Shares repurchased and cancelled (note ii)	(45,058,000)	(375)	(3)
At June 30, 2022 (unaudited)	4,263,528,317	35,530	235
At January 1, 2023 (audited)	4,225,261,885	35,211	233
Issue of new shares (note i)	17,642,323	147	1
Exercise of pre-IPO share options	5,624,927	47	*
At June 30, 2023 (unaudited)	4,248,529,135	35,405	234

Notes:

i. On June 10, 2022 and June 1, 2023, the Company issued and allotted 39,953,861 and 17,642,323 new ordinary shares at nil consideration to the trustee under the Restricted Share Award Scheme or the Global Partner Program Share Scheme, respectively. Details of the Restricted Share Award Scheme are set out in Note 30.

26. SHARE CAPITAL (continued)

Notes: (continued)

ii. On January 14, 2022, 45,058,000 shares were cancelled, of which 10,435,500 and 34,622,500 shares were repurchased in January 2022 and December 2021, respectively.

* Amount below RMB1,000.

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

27. CAPITAL COMMITMENTS

The Group had capital commitments for land, equipment purchase and building construction, acquisition of interests from a non-controlling shareholder and financial assets at FVTPL under non-cancellable contracts as follows:

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Contracted but not provided for		
— land, property, plant and equipment	**1,309,927**	2,069,676
— acquisition of interests from a non-controlling shareholder	**90,000**	—
— financial assets at FVTPL	**62,810**	74,650
	1,462,737	2,144,326

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation process

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

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

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	June 30, 2023	December 31, 2022			
Financial assets at FVTPL	**Listed equity securities: RMB335,947,000**	Listed equity securities: RMB380,171,000	Level 1	Active market quoted transaction price (note)	N/A
	Unlisted equity investments: RMB6,815,000	Unlisted equity investments: nil	Level 2	Recent transaction price	N/A
	Unlisted equity investments: RMB535,846,000	Unlisted equity investments: RMB458,652,000	Level 3	Back-solve from recent transaction price, option pricing model and/or adjusted net asset value method	Probability of qualified initial public offering ("IPO"), redemption and liquidation, risk-free rate and expected volatility
	Unlisted equity investments: RMB181,361,000	Unlisted equity investments: RMB167,733,000	Level 3	Comparable company method	Liquidity discount

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	June 30, 2023	December 31, 2022			
	Unlisted equity investments: RMB91,806,000	Unlisted equity investments: RMB79,620,000	Level 3	Discounted cash flows method and option pricing model	Discount rate, probability of conversion, redemption and liquidation, risk-free rate and expected volatility
	Wealth management products: RMB1,090,678,000	Wealth management products: RMB2,014,632,000	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A
Equity instruments at FVTOCI	**Unlisted equity investments: RMB22,035,000**	Unlisted equity investments: RMB41,470,000	Level 3	Comparable company method and discounted cash flows method	Liquidity discount
Investment of an associate measured at FVTPL	**Investment of an associate measured at FVTPL: RMB1,586,352,000**	Investment of an associate measured at FVTPL: RMB1,581,565,000	Level 3	Back-solve from recent transaction price and option pricing model	Probability of qualified IPO or sales, redemption and liquidation, risk-free rate and expected volatility
Foreign exchange forward, partial callable forward, partial callable forward extra, partial convertible dual currency structured deposit, forward extra, par forward, interest rate swap, collar contracts and capped forward classified as derivative financial assets and liabilities	**Derivative financial assets: RMB49,616,000** **Derivative financial liabilities: RMB1,178,761,000**	Derivative financial assets: RMB201,243,000 Derivative financial liabilities: RMB425,730,000	Level 2	Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of the banks.	N/A

Note: These equity investments were listed on the Stock Exchange or National Association of Securities Dealers Automated Quotations ("**NASDAQ**") market, with the shares traded in an active market. Therefore, the fair value of such investments as at June 30, 2023 and December 31, 2022 was determined based on the market price and classified as Level 1 of the fair value hierarchy.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Equity instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Investment of an associate measured at FVTPL RMB'000
At January 1, 2023 (audited)	41,470	706,005	1,581,565
Total gains (losses)			
— in profit or loss	—	13,185	(14,095)
— in other comprehensive expense	(20,615)	—	—
Purchases	—	117,638	—
Dispose	—	(40,000)	—
Transfer to Level 2	—	(6,815)	—
Exchange alignment	1,180	19,000	18,882
At June 30, 2023 (unaudited)	22,035	809,013	1,586,352

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

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

29. RELATED PARTY DISCLOSURES

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

(a) Related party transactions:

Provision of research and development service to related parties

	Six months ended June 30,	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Shanghai SynTheAll Pharmaceutical Co., Ltd. ("**STA**")	**7,996**	1,049
WuXi AppTec (Shanghai) Co., Ltd. ("**WXAT Shanghai**")	**214**	395
Shanghai STA Pharmaceutical R&D Co., Ltd. ("**STA R&D**")	**163**	162
WuXi ATU Co., Ltd. ("**WuXi ATU**")	**143**	49
Wuxi STA Pharmaceutical Co., Ltd.	**87**	—
Nanjing Mingjie Biomedical Testing Co., Ltd. ("**NJ Mingjie**")	**57**	—
	8,660	1,655

Provision of materials to related parties

	Six months ended June 30,	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Duoning (note)	**704**	—
WuXi ATU	**213**	1,786
WuXi ATU (Shanghai) Limited ("**Shanghai ATU**")	**15**	—
WuXi AppTec (Nantong) Co., Ltd. ("**WANT**")	**6**	—
	938	1,786

Note: As disclosed in Note 14, Duoning is an associate of the Group.

29. RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions: (continued)

Technical service received

	Six months ended June 30, 2023 RMB'000 (Unaudited)	Six months ended June 30, 2022 RMB'000 (Unaudited)
STA	**33,998**	—
STA R&D	**14,784**	53
Changzhou SynTheAll Pharmaceutical Co., Ltd. ("**STA Changzhou**")	**5,791**	9,134
WXAT Shanghai	**5,135**	1,677
WuXi AppTec (Suzhou) Co., Ltd. ("**WASZ**")	**2,876**	25,847
NJ Mingjie	**376**	939
CMA Metrology & Validation Lab Service (Shanghai) Co., Ltd ("**CMA Shanghai**") (note)	**337**	—
WANT	**101**	55
Duoning	**24**	24
WuXi Diagnostic Medical Testing Institute (Shanghai) Co., Ltd.	**—**	528
WuXi AppTec (Tianjin) Co., Ltd.	**—**	82
Shanghai MedKey Med-Tech Development Co., Ltd.	**—**	67
Shanghai STA Pharmaceutical Product Co., Ltd ("**Shanghai STA**")	**—**	20
	63,422	38,426

Note: CMA Shanghai is a subsidiary of Duoning.

29. RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions: (continued)

Other services received

	Six months ended June 30,	
	2023	2022
	RMB'000 **(Unaudited)**	RMB'000 (Unaudited)
STA Changzhou	**2,957**	396
Shanghai Waigaoqiao WuXi AppTec Incubator Management Co., Ltd. ("**WXAT Incubator**") (note)	**1,625**	1,302
WuXi AppTec Korea Co., Ltd.	**866**	821
CMA Shanghai	**94**	—
STA	**62**	—
Chengdu Kangde Renze Real Estate Co., Ltd. ("**Renze**")	**53**	625
WXAT Shanghai	**—**	14
	5,657	3,158

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

Purchase of materials, property, plant and equipment

	Six months ended June 30,	
	2023	2022
	RMB'000 **(Unaudited)**	RMB'000 (Unaudited)
Duoning	**43,332**	63,978
STA Changzhou	**1,882**	1,477
Shanghai Biopro Industrial Development Co., Ltd ("**Shanghai Biopro**") (note)	**468**	—
STA	**383**	—
WXAT Shanghai	**178**	4,161
Renze	**81**	—
Shanghai Lianghei Technology Co., Ltd. ("**Lianghei** ") (note)	**—**	309
	46,324	69,925

Note: Shanghai Biopro and Lianghei are subsidiaries of Duoning.

29. RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions: (continued)

Expenses relating to leases

	Six months ended June 30,	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
STA Changzhou	**2,154**	2,148
WXAT Incubator	**1,197**	1,038
WXAT Shanghai	**595**	622
	3,946	3,808

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

29. RELATED PARTY DISCLOSURES (continued)

(b) Related party balances:

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Amounts due from related parties		
Trade related:		
STA	**10,471**	1,996
Less: Allowance for credit losses	**(433)**	(89)
WXAT Shanghai	**659**	887
Less: Allowance for credit losses	**(3)**	(1)
WuXi ATU	**7**	—
Shanghai ATU	**5**	—
Duoning	**—**	2,617
Less: Allowance for credit losses	**—**	(109)
	10,706	5,301
Non-trade related:		
Shanghai STA	**283**	—
STA R&D	**15**	—
	298	—
Contract assets		
STA Changzhou	**7,685**	7,250
Less: Allowance for credit losses	**(73)**	(44)
	7,612	7,206
Advances to suppliers		
WASZ	**9,557**	10,945
Duoning	**2,581**	5,400
WXAT Shanghai	**335**	—
Shanghai STA	**273**	—
WXAT Incubator	**—**	650
	12,746	16,995

29. RELATED PARTY DISCLOSURES (continued)

(b) Related party balances: (continued)

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Amounts due to related parties		
Trade related:		
STA	**37,905**	26,227
Duoning	**24,920**	13,803
STA Changzhou	**10,902**	5,322
STA R&D	**4,619**	39,973
WASZ	**3,090**	12,590
WXAT Shanghai	**1,769**	13,600
NJ Mingjie	**1,386**	987
Shanghai Biopro	**468**	—
CMA Shanghai	**163**	169
Lianghei	**5**	91
STA Pharmaceutical Hong Kong Limited	**—**	3,034
	85,227	115,796
Non-trade related:		
Duoning	**7,817**	17,933
STA Changzhou	**1,882**	22,594
Renze	**326**	189
	10,025	40,716

29. RELATED PARTY DISCLOSURES (continued)

(b) Related party balances: (continued)

	As at	
	June 30, 2023	December 31, 2022
	RMB'000 (Unaudited)	RMB'000 (Audited)
Contract liabilities		
WuXi ATU	**844**	—
Lease liabilities		
WXAT Incubator	**3,411**	4,496
WXAT Shanghai	**604**	1,194
	4,015	5,690

During the current interim period, the Group did not enter into any new lease agreements with related parties.

Except for lease liabilities, all the above balances with related parties are unsecured, interest free and repayable on demand.

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

29. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of directors and key management personnel:

	Six months ended June 30,	
	2023	2022
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Directors' fee	**745**	286
Salaries and other benefits	**5,935**	6,318
Performance-based bonus	**2,518**	2,477
Retirement benefits scheme contributions	**50**	47
Share-based compensation	**84,629**	71,946
	93,877	81,074

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

30. SHARE-BASED COMPENSATION

(a) Pre-IPO Share Option Scheme

The Company's Pre-IPO Share Option Scheme was adopted pursuant to resolutions passed on January 5, 2016 for the primary purpose of attracting, retaining and motivating employees and directors. Under the Pre-IPO Share Option Scheme, the directors of the Company may grant up to 144,600,000 (before the effect of the Share Subdivision*) share options to eligible employees, including the directors of the Company and its subsidiaries, to subscribe for shares in the Company. Grantee accepting an option grant offered by the Company has to sign an acceptance letter and pay to the Company an amount of HK$1.00 (before the effect of the Share Subdivision) as consideration for the grant.

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

30. SHARE-BASED COMPENSATION (continued)

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

Set out below are details of the movements of the outstanding options granted under the Pre-IPO Share Option Scheme during the six months ended June 30, 2023:

Batch	Outstanding as at January 1, 2023	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at June 30, 2023
January 7, 2016	122,619,901	–	3,027,959	–	119,591,942
March 28, 2016	951,725	–	115,900	–	835,825
August 10, 2016	6,219,550	–	316,300	–	5,903,250
November 11, 2016	2,383,103	–	597,500	–	1,785,603
March 15, 2017	33,697,583	–	1,039,138	–	32,658,445
May 12, 2017	5,046,405	–	528,130	–	4,518,275
	170,918,267	–	5,624,927	–	165,293,340
Exercisable at the end of the period	170,918,267				165,293,340
Weighted average exercise price (US$)	0.22	–	0.25	–	0.22

The Group recognized expense of nil for the six months ended June 30, 2023 (June 30, 2022: RMB1,384,000) in relation to share options granted by the Company under the Pre-IPO Share Option Scheme.

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise was HK$52.01 (June 30, 2022: HK$68.85).

30. SHARE-BASED COMPENSATION (continued)

(b) Restricted Share Award Scheme

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

Set out below are details of the movements of the outstanding restricted shares granted under the Restricted Share Award Scheme during the six months ended June 30, 2023:

Batch	Outstanding as at January 1, 2023	Granted during the period	Vested during the period	Forfeited during the period	Cancelled due to joining the Subsidiary Share Option Scheme during the period (note i)	Outstanding as at June 30, 2023	Fair value per share at the date of grant (note ii)
January 15, 2018	1,954,272	–	1,934,568	–	19,704	–	HK$18.333
March 20, 2018	1,440,276	–	1,425,192	1,104	13,980	–	HK$25.233
June 13, 2018	544,209	–	525,855	14,898	3,456	–	HK$29.500
August 21,2018	1,148,685	–	–	9,195	30,420	1,109,070	HK$23.500
November 20, 2018	854,285	–	–	–	5,589	848,696	HK$21.850
March 19, 2019	82,750	–	27,580	–	–	55,170	HK$27.783
June 5, 2019	6,584,235	–	2,159,393	73,672	56,928	4,294,242	HK$23.900
August, 20, 2019	2,161,513	–	–	38,768	30,305	2,092,440	HK$27.667
November 20, 2019	688,272	–	–	16,706	21,348	650,218	HK$29.800
March 27, 2020	2,990,928	–	739,080	49,854	23,773	2,178,221	HK$33.333
June 9, 2020	1,335,518	–	330,438	6,219	7,445	991,416	HK$41.900
August 18, 2020	1,109,910	–	–	17,867	4,937	1,087,106	HK$58.600
November 12, 2020	4,416,208	–	–	70,408	67,954	4,277,846	HK$77.133
March 24, 2021	4,009,552	–	776,605	77,296	50,295	3,105,356	HK$87.950
June 16, 2021	1,324,604	–	264,920	–	–	1,059,684	HK$116.900
June 17, 2021	11,078,195	–	2,152,410	218,069	168,265	8,539,451	HK$120.800
August 24, 2021	3,914,921	–	–	114,516	45,435	3,754,970	HK$121.700
November 23, 2021	3,371,719	–	–	147,550	1,904	3,222,265	HK$101.300
March 23, 2022	17,409,885	–	–	575,033	123,113	16,711,739	HK$65.300
June 10, 2022	8,530,729	–	16,581	216,692	74,057	8,223,399	HK$69.000
August 18, 2022	1,720,764	–	–	61,002	–	1,659,762	HK$71.700
November 28, 2022	7,252,833	–	–	227,286	–	7,025,547	HK$47.350
	83,924,263	–	10,352,622	1,936,135	748,908	70,886,598	
Weighted average fair value per share (HK$)	69.01	–	51.99	73.38	73.10	71.33	

30. SHARE-BASED COMPENSATION (continued)

(b) Restricted Share Award Scheme (continued)

Notes:

i. During the current interim period, certain employees of the Group were offered, and agreed to join the Subsidiary Share Option Scheme, i.e. the WuXi XDC Share Option Scheme (as defined in Note 30(d)) or the WuXi Vaccines Share Option Scheme (as defined in Note 30(d)). Upon participating in the Subsidiary Share Option Scheme, share options under the Subsidiary Share Option Scheme were granted to the employees while the outstanding restricted shares granted under the Restricted Share Award Scheme and/or the Global Partner Program Share Scheme held by the respective employees were cancelled in the same time accordingly. The directors of the Company considered that most of the cancelled restricted shares under the Restricted Share Award Scheme were replaced by the share options granted under the Subsidiary Share Option Scheme, which was accounted for as a modification of the original equity instruments with no incremental fair value granted, therefore, such outstanding restricted shares would continue to be measured at the original grant-date fair value and the corresponding share-based compensation expense would be recognized in profit or loss over the original vesting periods. The remaining cancelled restricted shares were deemed to be accounted for as an acceleration of vesting, and the Group recognized immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

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

The Group recognized total expense of approximately RMB648,806,000 for the six months ended June 30, 2023 (June 30, 2022: RMB511,102,000) in relation to restricted shares granted by the Company under the Restricted Share Award Scheme.

30. SHARE-BASED COMPENSATION (continued)

(c) Global Partner Program Share Scheme

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

Set out below are details of the movements of the outstanding restricted shares granted under the Global Partner Program Share Scheme during the six months ended June 30, 2023:

Batch	Outstanding as at January 1, 2023	Granted during the period	Vested during the period	Forfeited during the period	Cancelled due to joining the Subsidiary Share Option Scheme during the period (note)	Outstanding as at June 30, 2023	Fair value per share at the date of grant
November 23, 2021	2,582,758	–	–	11,000	20,782	2,550,976	HK$101.30
June 10, 2022	1,223,147	–	–	–	–	1,223,147	HK$69.00
November 28, 2022	6,769,146	–	–	33,263	30,244	6,705,639	HK$47.35
	10,575,051	–	–	44,263	51,026	10,479,762	
Weighted average fair value per share (HK$)	63.03	–	–	60.76	69.32	63.01	

Note: The details of the cancellation due to joining the Subsidiary Share Option Scheme are set out in note i in Note 30 (b).

The Group recognized total expense of approximately RMB84,752,000 for the six months ended June 30, 2023 (June 30, 2022: RMB83,096,000) in relation to restricted shares granted by the Company under the Global Partner Program Share Scheme.

30. SHARE-BASED COMPENSATION (continued)

(d) Subsidiary Share Option Scheme

WuXi XDC Share Option Schemes (as defined below)

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

As at June 30, 2023, the outstanding options to subscribe for an aggregate of 77,649,646 shares have been conditionally granted under the WuXi XDC 2021 Pre-IPO Share Option Scheme, which were granted on April 1, 2022, June 10, 2022, August 18, 2022 and January 6, 2023, respectively, and the exercise price of the options granted were RMB1.658, RMB1.658, RMB1.850 and RMB1.868 per share, respectively. Subsequent to the current reporting period, options to subscribe for an aggregate of 34,819,569 shares were granted under the WuXi XDC 2023 Pre-IPO Share Option Scheme on July 6, 2023.

The Group recognized total expense of approximately RMB30,199,000 for the six months ended June 30, 2022 (six months ended June 30, 2022: RMB1,791,000) in relation to options granted by WuXi XDC under the WuXi XDC Share Option Schemes.

30. SHARE-BASED COMPENSATION (continued)

(d) Subsidiary Share Option Scheme (continued)

WuXi Vaccines Share Option Scheme (as defined below)

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

As at June 30, 2023, the outstanding options to subscribe for an aggregate of 46,604,540 shares have been conditionally granted under the WuXi Vaccines Share Option Scheme, which were granted on May 16, 2022 and June 10, 2022, respectively, and the exercise price of the options granted were RMB0.511 and RMB0.511 per share, respectively.

The Group recognized total expense of approximately RMB18,964,000 for the six months ended June 30, 2023 (six months ended June 30, 2022: RMB2,133,000) in relation to options granted by WuXi Vaccines under the WuXi Vaccines Share Option Scheme.

31. EVENT AFTER THE REPORTING PERIOD

The Company proposes to spin-off and separately list the shares of WuXi XDC on the Main Board of the Stock Exchange (the "**Proposed Spin-off**"). On July 7, 2023, WuXi XDC submitted to the Stock Exchange the application for the listing of, and permission to deal in, WuXi XDC's shares on the Main Board of the Stock Exchange. For more details of the Proposed Spin-off, please refer to the Company's announcement dated July 9, 2023.

Definitions

"ADC"	antibody-drug conjugate
"ANVISA"	the Brazilian Health Surveillance Agency
"Audit Committee"	the audit committee of the Board
"Biologics Holdings"	WuXi Biologics Holdings Limited, a company incorporated under the laws of the British Virgin Islands on December 17, 2015 with limited liability, and a substantial shareholder of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"CAGR"	compound annual growth rate
"Canada HC"	Health Canada
"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
"Chairman"	the chairman of the Board
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau Special Administrative Region and Taiwan
"China NMPA"	China National Medical Products Administration
"CMC"	Chemical Manufacturing and Control
"CMO"	Contract Manufacturing Organization
"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
"CRDMO"	Contract Research, Development and Manufacturing Organization
"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
"ESG"	environmental, social and governance

Definitions

"ESG Committee"	the environment, social and governance committee of the Board
"EU"	a politico-economic union of 27 member states that are located primarily in Europe
"EU EMA"	European Medicines Agency
"EUR"	Europe currency
"Global Partner Program Share Scheme"	the share award scheme for global partner program adopted by the Company on June 16, 2021 and amended and restated on June 27, 2023
"GMP"	Good Manufacturing Practice
"Group" or "we" or "our" or "us"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKEX"	Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug, an experimental drug for which a pharmaceutical company obtains permission to ship across jurisdictions (usually to clinical investigators) before a marketing application for the drug has been approved
"IPO"	the listing of the Shares on the Main Board of the Stock Exchange on June 13, 2017
"Italy AIFA"	Italian Medicines Agency
"Japan PMDA"	Pharmaceuticals and Medical Devices Agency of Japan
"Korea MFDS"	The Ministry of Food and Drug Safety of the Republic of Korea
"Life Science Holdings"	New WuXi Life Science Holdings Limited, a company incorporated under the laws of the Cayman Islands on July 2, 2015 with limited liability, which holds 100% issued share capital of Life Science Limited
"Life Science Limited"	New WuXi Life Science Limited, a company incorporated under the laws of the Cayman Islands on July 2, 2015 with limited liability, which holds 100% issued share capital of WuXi PharmaTech

"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
"mRNA"	messenger ribonucleic acid
"Nomination Committee"	the nomination committee of the Board
"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
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of the PRC
"Reporting Period"	the six-month period from January 1, 2023 to June 30, 2023
"Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company on January 15, 2018 and amended and restated on June 27, 2023
"RNA"	ribonucleic acid
"Scheme Mandate Limit"	254,904,706 Shares, being the maximum number of Shares which may be issued and allotted in respect of all restricted shares to be granted under the Restricted Share Award Scheme and the Global Partner Program Share Scheme and all share options and share awards to be granted under any other share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

Definitions

"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$1/120,000 each
"Strategy Committee"	the strategy committee of the Board
"Singapore HSA"	Health Sciences Authority of Singapore
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S."	United States of America
"US$" 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 PharmaTech"	WuXi PharmaTech (Cayman) Inc., a company incorporated under the laws of the Cayman Islands on March 16, 2007 with limited liability. Its shares were listed on the NYSE (stock code: WX), and were delisted from the NYSE on December 10, 2015
"WuXi Vaccines"	WuXi Vaccines (Cayman) Inc., a company incorporated under the laws of the Cayman Islands, a non-wholly owned subsidiary of the Company
"WuXi XDC"	WuXi XDC Cayman Inc., a company incorporated under the laws of the Cayman Islands with limited liability, a non-wholly owned subsidiary of the Company

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