
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2013 when the WXB Group recognized the opportunities associated with ADCs and the ADC outsourcing services market, and commenced the ADC CRDMO business internally within its BCD business unit for the research, development and manufacturing of ADCs. The ADC CRDMO business was established and remained as an internal business unit within the WXB Group under its BCD business unit as the ADC market in China was still at its early stages. In 2018, with the take-off of the ADC drug market, the WXB Group established a separate and dedicated ADC facility in Wuxi to meet to the customers’ growing interests in ADC development.

Our Company was incorporated in December 2020 in the Cayman Islands and is the holding company of our Group. For further details of the incorporation and shareholding change of our Company, please see “— Corporate Development and Reorganization” in this section below. We are a leading CRDMO which provides fully integrated one-stop CRDMO services including discovery, process development and GMP manufacturing for bioconjugates, monoclonal antibody intermediates and payload-linkers associated with bioconjugates.

The [REDACTED] constitutes a [REDACTED] of our Group from WuXi Biologics under Practice Note 15 to the Listing Rules. The proposal in relation to the [REDACTED] was submitted by WuXi Biologics to the Stock Exchange for approval pursuant to Practice Note 15 to the Listing Rules and the Stock Exchange has confirmed that WuXi Biologics may proceed with the [REDACTED]. WuXi Biologics and our Company will comply with the requirements of the Listing Rules and respective articles of associations regarding the [REDACTED] and [REDACTED] as and when necessary. For further details of the [REDACTED], please see “— [REDACTED] of our Group from WuXi Biologics” in this section below.

KEY BUSINESS MILESTONES

The following is a summary of our key business development milestones in our corporate and business development:

Year	Event
2013.	We signed the first ADC CMC contract and commenced the ADC CRDMO business internally within the WXB Group’s BCD business unit
2016.	We completed our first NMPA IND filing for our customer
2018.	We established a separate and dedicated ADC facility, DP3, in Wuxi, the PRC
February 2019.	We established our proprietary WuXiDAR4 technology platform, further enriching our portfolio of conjugation technologies
April 2019	We commenced partnership with our first EU customer, NBE-Therapeutics, a Swiss biotech company subsequently acquired by Boehringer Ingelheim, on the development and manufacturing of NBE-Therapeutics’ first ADC product demonstrating our strong R&D capability and service quality

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Year	Event
August 2019	Our ADC facility, DP3, in Wuxi, the PRC, commenced GMP manufacturing
February 2020	We obtained the drug manufacturing license from the NMPA
December 2020	Our Company was incorporated in the Cayman Islands
April 2021	We were presented with the “Bioprocessing Excellence in Antibody and ADC Therapeutics Manufacturing in the Greater China Region” award by the IMAPAC
May 2021	We entered into equity subscription agreement with WuXi Biologics and STA Pharmaceutical in relation to subscription of our Shares, upon completion of which we were owned as to 60% by WuXi Biologics and 40% by STA Pharmaceutical, respectively
July 2021	We entered into agreements for the transfers of BCD business unit and XDC Wuxi and the acquisition of the Payload & Linker Business to strengthen our capabilities
August 2022	Our Shanghai facilities began operations, greatly improving our discovery and PD capacities
October 2022	We received the runner up prize in the “Best Contract Manufacturing Provider” category at the 2022 World ADC Awards
November 2022	We established XDC Singapore, an important step in the implementation of our “global dual sourcing” strategy and to build a manufacturing base in Singapore
September 2023	Our new ADC facility in Wuxi formally commenced operations, strengthening our in-house discovery and development capabilities and manufacturing capacity
October 2023	We won the “Best Contract Development Manufacturing Organization (CDMO)” prize at the 2023 World ADC Awards

OUR SHAREHOLDERS

WuXi Biologics

As of the Latest Practicable Date, our Company was held directly by WuXi Biologics as to 60%. WuXi Biologics is an exempted company incorporated with limited liability in the Cayman Islands, and its shares have been listed on the Main Board of the Stock Exchange since June 2017 (HKEx stock code: 2269).

The WXB Group is a leading global fully-integrated biologics contract research, development and manufacturing organization, which combines the business models of a contract research organization and a contract development and manufacturing organization to provide one-stop end-to-end biologics services. The WXB Group’s CRDMO platform enables its clients and partners from early as the discovery and pre-clinical stages of product development by establishing a strong position in terms of program design, to advancing promising programs into the early and late stages of clinical development and ultimately to commercial manufacturing.

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WuXi AppTec

As of the Latest Practicable Date, our Company is held indirectly by WuXi AppTec as to 40%. WuXi AppTec is a joint stock company with limited liability incorporated in the PRC, and its A shares have been listed on the Shanghai Stock Exchange since May 2018 (SSE stock code: 603259) and its H shares have been listed on the Main Board of the Stock Exchange since December 2018 (HKEx stock code: 2359).

As a global company with operations across Asia, Europe, and North America, the WXAT Group provides a broad portfolio of R&D and manufacturing services that enable the global pharmaceutical and healthcare industry to advance discoveries and deliver groundbreaking treatments to patients. Through its unique business models, the WXAT Group’s integrated, end-to-end services include chemistry drug CRDMO, biology discovery, preclinical testing and clinical research services, cell and gene therapies CTDMO, helping customers improve the productivity of advancing healthcare products through cost-effective and efficient solutions.

Relationship with and among our Shareholders

Prior to the respective [REDACTED] of WuXi Biologics and WuXi AppTec on the Stock Exchange and/or the Shanghai Stock Exchange (in the case of WuXi AppTec), the businesses of WXB Group and the WXAT Group were part of the business of WuXi PharmaTech (Cayman) Inc. WuXi PharmaTech (Cayman) Inc. was co-founded by Dr. Ge Li, other founding individuals and certain other Independent Third Parties, and is a Cayman Islands-incorporated company which was listed on the New York Stock Exchange and subsequently delisted on December 10, 2015.

Upon [REDACTED], our Company will remain a consolidated subsidiary of WuXi Biologics, and an associate of WuXi AppTec, both of which will continue to be our Controlling Shareholders. To the best of our Company’s knowledge, as of June 30, 2023, Dr. Ge Li, through Biologics Holdings, and other founding individuals collectively control approximately 13.75% of the total voting rights in WuXi Biologics; on the other hand, Dr. Ge Li and other founding individuals collectively control approximately 21.04% of the total voting rights of WuXi AppTec as of June 30, 2023. For more details of the relationships of WuXi Biologics, WuXi AppTec and our Group, please see the section headed “Relationship with our Controlling Shareholders”.

CORPORATE DEVELOPMENT AND REORGANIZATION

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 14, 2020. The authorized share capital of our Company was US\$50,000 divided into 50,000 ordinary Shares with a par value of US\$1.00 each. Upon incorporation, one Share was allotted and issued to an independent third party at US\$1.00 and on the same day, the one Share was transferred to WuXi Biologics at US\$1.00.

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2. Capital Contribution and First Allotment of Shares

On May 13, 2021, our Company entered into an equity subscription agreement with WuXi Biologics and STA Pharmaceutical, an indirect non-wholly-owned subsidiary of WuXi AppTec, pursuant to which, WuXi Biologics and STA Pharmaceutical agreed to subscribe for 60% and 40% shareholding interest in our Company and make capital contributions (the “**Capital Contribution**”) of US\$120 million and US\$80 million, respectively, to our Company.

On June 4, 2021, our Company, after repurchase of one ordinary share from WuXi Biologics at par value, issued and allotted three new ordinary shares to WuXi Biologics and two new ordinary shares to STA Pharmaceutical, following which our Company has been owned by WuXi Biologics and STA Pharmaceutical as to 60% and 40%, respectively.

3. Shares Subdivision, Second Allotment of Shares and Interim Restructuring Steps

On September 13, 2021, our Company subdivided each ordinary share of a par value of US\$1.00 per share to 20,000 ordinary shares of a par value of US\$0.00005 per share. The authorized share capital of our Company was changed to US\$50,000 divided into 1,000,000,000 ordinary shares of a par value of US\$0.00005 each. On September 29, 2021, additional 599,940,000 Shares and 399,960,000 Shares were issued and allotted at par to WuXi Biologics and STA Pharmaceutical, respectively. After the subdivision and the second allotment of shares, WuXi Biologics and STA Pharmaceutical continued to hold 600,000,000 and 400,000,000 Shares, representing 60% and 40% shareholding interest in our Company, respectively.

To enable STA Pharmaceutical to complete the requisite overseas direct investment procedures in connection with the Capital Contribution (the “**ODI Procedures**”), our Company cancelled and forfeited the 400,000,000 Shares held by STA Pharmaceutical on January 28, 2022, and re-issued the 400,000,000 Shares to STA Pharmaceutical on June 8, 2022 after the ODI Procedures and the Capital Contribution by STA Pharmaceutical were duly completed (the “**Interim Period**”). Notwithstanding that there was not any written agreement entered or general meeting held during the Interim Period, WuXi Biologics and STA Pharmaceutical had agreed by way of oral agreement before the Interim Period (which was later documented in writing after the Interim Period) that the above interim restructuring steps were merely a procedural necessity conducted solely for the purpose of enabling STA Pharmaceutical to complete the ODI Procedures required for making the Capital Contribution and did not alter STA Pharmaceutical’s entitlement to 40% of the beneficial ownership and voting power in our Company during the Interim Period. As confirmed by the Company’s legal advisors, there is no prohibition or restriction under the laws of the Cayman Islands against WuXi Biologics and STA Pharmaceutical in respect of the entering into of the oral agreement and the arrangement contemplated thereunder, and such agreement, which created and bestowed upon STA Pharmaceutical 40% of the voting power in our Company during the Interim Period, is a valid and legally binding agreement between WuXi Biologics and STA Pharmaceutical. Further, nothing has come to the attention of the [REDACTED] to disagree with the above view of the Company’s legal advisors. As a result, STA Pharmaceutical had continued to be fully recognized as a 40% beneficial shareholder of our Company with the right to appoint two out of five members of the Board under the articles of association of our Company, and the two Directors appointed by STA Pharmaceutical had remained in office throughout the Interim Period.

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4. Establishment of [REDACTED] Share Option Schemes

Our Company adopted the 2021 [REDACTED] Share Option Scheme and the 2023 [REDACTED] Share Option Scheme in November 2021 and March 2023, respectively, to grant share options to eligible participants as incentives or rewards for their contribution to our Group so as to recruit and retain high-caliber employees and attract human resources that are valuable to our Group. For details and principal terms of the two schemes, please refer to “Statutory and General Information — E. [REDACTED] Share Option Schemes” in Appendix IV to this document.

5. Increase of Authorized Share Capital

On June 30, 2023, in anticipation of the [REDACTED], our Company increased our authorized Share capital from US\$50,000 divided into 1,000,000,000 ordinary Shares of a par value of US\$0.00005 each to US\$500,000 divided into 10,000,000,000 ordinary Shares of a par value of US\$0.00005 each.

OUR SUBSIDIARIES

Set forth below are certain details of our subsidiaries:

Entity	Date and place of incorporation	Authorized share capital/ registered capital	Issued/ Paid up capital	Equity interest attributable to our Group	Principal activities
XDC Hong Kong . . .	June 7, 2021, Hong Kong	HK\$1	HK\$1	100%	Investment holding
XDC Wuxi	March 13, 2018, PRC	US\$200,000,000	US\$162,500,000	100%	Manufacturing of ADC drug substances and ADC drug products
XDC Shanghai . . .	March 31, 2021, PRC	RMB30,000,000	RMB30,000,000	100%	Research and process development of ADC and process development and manufacturing of antibodies
XDC Changzhou . . .	July 2, 2021, PRC	RMB300,000,000	RMB300,000,000	100%	Discovery, process development and manufacturing of payload-linkers

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Entity	Date and place of incorporation	Authorized share capital/ registered capital	Issued/ Paid up capital	Equity interest attributable to our Group	Principal activities
XDC Singapore . . .	November 16, 2022, Singapore	US\$5,000,000	US\$5,000,000	100%	Discovery and development of drug substances and drug projects upon the commencement of its facility in Singapore in 2026

XDC Hong Kong

XDC Hong Kong was incorporated under the laws of Hong Kong with limited liability on June 7, 2021 and is directly wholly-owned by our Company. XDC Hong Kong is primarily engaged in investment holding.

XDC Wuxi

XDC Wuxi was established in the PRC with limited liability on March 13, 2018 with a registered share capital of USD200 million and is directly wholly-owned by XDC Hong Kong. XDC Wuxi is primarily engaged in the manufacturing of ADC drug substances and ADC drug products.

XDC Shanghai

XDC Shanghai was established in the PRC with limited liability on March 31, 2021 with a registered share capital of RMB30 million and is directly wholly-owned by XDC Wuxi, a wholly-owned subsidiary of our Company. XDC Shanghai is primarily engaged in the research and process development of ADC and process development and manufacturing of antibodies.

XDC Changzhou

XDC Changzhou was established in the PRC with limited liability on July 2, 2021 with a registered share capital of RMB300 million and is directly wholly-owned by XDC Wuxi, a wholly-owned subsidiary of our Company. XDC Changzhou is primarily engaged in the discovery, process development and manufacturing of payload-linkers.

XDC Singapore

XDC Singapore was established under the laws of Singapore with limited liability on November 16, 2022 and is directly wholly-owned by XDC Hong Kong, a directly wholly-owned subsidiary of our Company. XDC Singapore will primarily engage in the discovery and development of drug substances and drug projects upon the commencement of its facility in Singapore by 2026.

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MAJOR ACQUISITION AND TRANSFERS DURING THE TRACK RECORD PERIOD

Transfer of XDC Wuxi

On July 5, 2021, XDC Hong Kong and Biologics Investment entered into an equity transfer agreement, pursuant to which XDC Hong Kong was transferred the entire shareholding interest in XDC Wuxi by Biologics Investment at a total consideration of RMB404.41 million. The consideration was determined with reference to the valuation of all the issued share capital of XDC Wuxi using the income approach and the market approach, and was settled on April 21, 2022. As XDC Wuxi was considered to be under the common control of our Group and the Remaining WXB Group since the beginning of the Track Record Period, the items under the financial statements in relation to XDC Wuxi have been combined into the consolidated financial statements of our Group. As such, the transfer was accounted for as a business combination under common control.

Acquisition of the Payload & Linker Business

On July 20, 2021, XDC Changzhou entered into an asset transfer agreement with STA Changzhou, pursuant to which, XDC Changzhou had acquired the Payload & Linker Business (which include the customer resources, personnel and assets relating to such business) of STA Pharmaceutical at a total consideration of RMB280 million, which was determined with reference to the valuation of the Payload & Linker Business as of December 31, 2020 using the income approach. STA Changzhou is a wholly-owned subsidiary of STA Pharmaceutical, being a controlling shareholder of our Company, and the consideration was determined (i) with reference to an asset valuation report prepared by an independent professional valuer, and (ii) based on arm’s length negotiation between our Group and STA Changzhou. The transaction was subsequently settled in April 2022.

As part of the acquisition, STA Changzhou transferred to us assets including lab and office equipment as well as other items essential for the operation of the Payload & Linker Business, such as computers, furniture and various lab and office apparatus. Furthermore, we have acquired from STA Changzhou the technical know-how of payload-linker synthesis, using chemical substances and inhibitors such as MMAE and Exatecan mesylate as payloads, and drug-linkers conjugates such as vcMMAE and McMMAF as payload-linkers. During the process of transfer, all core personnel of the Payload & Linker Business, being approximately 50 employees, including technicians and operators of the payload-linker laboratory brought with them know-how of the Payload & Linker Business (including the technical know-how on the handling and utilization of chemicals as mentioned above), have terminated their employment relationship with STA Changzhou and entered into new employment agreements with us. Such technical know-how, being intangible in nature, was recognized as goodwill of the Payload & Linker Business under the relevant accounting standards applied. We have also been transferred certain trade secrets (such as the clients/partners’ project specifications) and documents relating to the Payload & Linker Business, including customers’ contracts and information, internal reports on operational and customer practices and information on procurement, among others. We are satisfied that such transfer together with our leasing of the Changzhou facility from STA Changzhou allow us to have independent and sufficient and non-GMP payload-linker manufacturing, development and synthesis capabilities, which will be further supplemented and expanded by our new ADC facility in Wuxi which has commenced operation in September 2023.

For the financial information on the acquisition of the Payload & Linker Business of our Group, please refer to note 36 in Appendix I to this document.

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Transfer of the BCD business unit

On July 20, 2021, XDC Shanghai entered into an asset transfer agreement with Biologics (Shanghai), pursuant to which, XDC Shanghai was transferred the BCD business unit of the Remaining WXB Group by Biologics (Shanghai) at a total consideration of approximately RMB15.59 million. The assets under the asset transfer agreement have been in use by the BCD business unit in its laboratory in Shanghai and the legal rights were transferred from Biologics (Shanghai) to XDC Shanghai. The consideration was determined (i) with reference to an asset valuation report prepared by an independent professional valuer using the income approach and the market approach, (ii) the valuation of the relevant assets of the BCD business unit of the Remaining WXB Group using the cost approach; and (iii) based on arm’s length negotiation between our Group and Biologics (Shanghai). As of September 30, 2023 approximately RMB5.69 million of the consideration remained outstanding and is expected to be settled before the [REDACTED]. Biologics (Shanghai) is a wholly-owned subsidiary of WuXi Biologics, being a controlling shareholder of our Company. As the BCD business unit was considered to be under the common control of our Group and the Remaining WXB Group since the beginning of the Track Record Period, the items under the financial statements in relation to the BCD business unit have been combined into the consolidated financial statements of our Group. As such, the transfer was accounted for as a business combination under common control.

The transfers of XDC Wuxi and the BCD business unit and the acquisition of the Payload & Linker Business allowed our Group to provide “one-stop” services to better satisfy the growing demand of global customers for research and development and manufacturing services related to such new drug molecules and also simplify the CMC process and supply chain management of ADC from development to commercialization and thus, shorten the drug launching process of our business partners so as to help patients earlier.

Save as disclosed above, we have not conducted any other acquisitions, disposals, transfers or mergers that we consider to be material to us since our incorporation and during the Track Record Period.

[REDACTED] OF OUR GROUP FROM WUXI BIOLOGICS

Our Group has experienced tremendous financial growth throughout the Track Record Period and it is expected that the strong growth momentum would continue and be appealing to an investor base that focuses on high growth opportunities in the ADC CRDMO business, supported by exponential growth in the ADC drug market. In addition, our Group has already established itself as a CRDMO globally dedicated to providing integrated and comprehensive services for ADCs and other bioconjugates, the development and manufacturing processes for which proven to be challenging with high entry barriers. The [REDACTED] constitutes a [REDACTED] of our Group from WuXi Biologics under Practice Note 15 to the Listing Rules. The proposal in relation to the [REDACTED] was submitted by WuXi Biologics to the Stock Exchange for approval pursuant to Practice Note 15 to the Listing Rules and the Stock Exchange has confirmed that WuXi Biologics may proceed with the [REDACTED]. WuXi Biologics and our Company will comply with the requirements under Practice Note 15 to the Listing Rules and the applicable requirements of the Listing Rules regarding the [REDACTED].

Practice Note 15 requires WuXi Biologics to have due regard to the interests of its existing shareholders by providing them with an [REDACTED] to the Shares, either by way of a [REDACTED] of existing Shares or by way of a [REDACTED] in the [REDACTED] of existing or new Shares (the “[REDACTED]”). Practice Note 15 provides that the respective minority shareholders of WuXi Biologics may by resolution in general meeting resolve to waive the [REDACTED]. WuXi Biologics will provide the [REDACTED] to the [REDACTED] by way of the [REDACTED]. For further details of the [REDACTED], please see “Structure of the [REDACTED]”.

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In view of this, our Directors are of the view that the [REDACTED], if proceeds, is in the interests of our Group, WuXi Biologics and its shareholders as a whole and the [REDACTED] will position each of the Remaining WXB Group and our Group better for growth in their respective businesses and deliver clear benefits to both for the following reasons:

- the [REDACTED] will allow WuXi Biologics and its shareholders an opportunity to realize the value of investment in our Group under a separate standalone platform for ADC CRDMO business, and will improve the operational and financial transparency of each of the WXB Group and our Group, which will enable the market to appraise and assess the value and performance of our Group more effectively, and will in turn unlock the value of both our Group and the WXB Group;
- the Remaining WXB Group and our Group will operate in different business scope and intend to have different growth paths and different business strategies without being in competition against each other. The [REDACTED] will enable our Group to build its identity as a separately [REDACTED] group with the following benefits:
 - (i) **A more defined business focus and corporate profile.** A more defined and streamlined business will enhance our Company’s profile amongst client and partners, increase our ability to attract strategic investors interested in the ADC CRDMO business and potentially forming strategic partnerships directly with our Group;
 - (ii) **A separate fund-raising platform.** The [REDACTED] would allow our Group to gain direct access to capital markets for equity and/or debt financing to fund its existing operations and future expansion without reliance on the WXB Group, thereby improving its operating and financial management efficiencies, and also allowing the WXB Group to optimize its capital allocation; and
 - (iii) **To broaden its investor base through the [REDACTED].**
 - leveraging in the attraction of having a standalone [REDACTED] platform, the [REDACTED] will increase the brand awareness of “WuXi” and in turn benefit the businesses of our Group and the WXB Group;
 - the [REDACTED] will enable more focused development, strategic planning and better allocation of resources for our Group and the Remaining WXB Group with respect to their respective businesses. Both our Group and the Remaining WXB Group will benefit from the efficient decision-making process under the separate management structures geared towards their respective needs for seizing business opportunities, especially with a proven and dedicate management team for our Group to focus on its development, which will improve its ability to attract and motivate talents;
 - the [REDACTED] will lead to a more direct alignment of its management’s responsibilities and accountability with its operating and financial performance. This is expected to result in enhanced management focus, which should in turn lead to improved decision-making process, faster response time to market changes and increased operational efficiency. The management of our Company will be under heightened scrutiny from the investor community and it will be possible to measure their performance against the stock price performance of our Company going forward. It will also be possible to link management incentives to such performance, thereby increasing management motivation and commitment;

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- the [REDACTED] will provide clarity of the credit profile of our Group for rating agencies and financial institutions that wish to analyze and lend against the credit of the ADC CRDMO business; and
- as our Company is expected to remain as a subsidiary of WuXi Biologics upon completion of the [REDACTED] and the [REDACTED], the WXB Group will continue to benefit from any potential upside in the business of our Group through the consolidation of our Group’s accounts and receipt of dividend income from our Group.

The [REDACTED] by WuXi Biologics complies with the requirements of Practice Note 15 of the Listing Rules. The [REDACTED] is not subject to shareholder’s approval of WuXi Biologics.

PUBLIC FLOAT REQUIREMENTS

Upon completion of the [REDACTED] (assuming that [REDACTED] is not exercised), the Shares held our Controlling Shareholders will not be counted towards public float. We have applied to the Stock Exchange to request the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules, and the Stock Exchange has granted our Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules. For details, please see “[REDACTED].”

REGULATIONS ON OVERSEAS [REDACTED]

On February 17, 2023, the China Securities Regulatory Commission (the “CSRC”) released the Trial Administrative Measures of Overseas [REDACTED] and [REDACTED] by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and five supporting guidelines (together, the “**Trial Measures**”), which came into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to list overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. Specifically, following the principle of substance over form, if an issuer meets both of the following criteria, its overseas [REDACTED] and [REDACTED] will be deemed as an indirect overseas [REDACTED] and [REDACTED] by a domestic enterprise: (1) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer’s audited consolidated financial statements for the same period; and (2) its major operational activities are carried out in China or its main places of business are located in China, or a majority of the senior management in charge of operation and management of the issuer are Chinese citizens or are domiciled in China. The filing is required to be conducted within three business days after the submission of the application for [REDACTED] and [REDACTED] overseas to the overseas regulators. Our PRC Legal Advisor is of the view that this [REDACTED] shall be deemed as an indirect overseas [REDACTED] and [REDACTED] by PRC domestic enterprise, and we are required to submit filings with the CSRC within three business days after we submit application for this [REDACTED]. On October 19, 2023, the CSRC issued a notification on our completion of the PRC filing procedures for the [REDACTED] of our Shares on the Stock Exchange and the [REDACTED]. As advised by our PRC Legal Advisor, no other approvals from the CSRC are required to be obtained for the [REDACTED] of our Shares on the Stock Exchange. We will continue to seek guidance from the relevant regulator and/or legal advisors to ensure our compliance in all respects. For details, please see “Regulatory Overview — Regulations on Overseas [REDACTED]” in this document.

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M&A RULES

Under the M&A Rules issued on August 8, 2006, effective as of September 8, 2006 and amended in June 2009, a foreign investor is required to obtain necessary approvals when it:

- (a) acquires the equity of a domestic non-foreign invested enterprise thereby converting the domestic enterprise into a foreign-invested enterprise;
- (b) subscribes for the increased capital of a domestic non-foreign invested enterprise so as to convert the domestic enterprise into a foreign-invested enterprise;
- (c) establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise; or
- (d) purchases the assets of a domestic enterprise and injects those assets to establish a foreign invested enterprise.

Our PRC Legal Advisor has advised that, given that (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether the [REDACTED] and [REDACTED] of our Company is subject to this regulation and (ii) our wholly-owned PRC subsidiaries were acquired when they were foreign-invested enterprises or established by foreign-invested enterprises (as the case may be), rather than through a merger or acquisition of a domestic company as defined under the M&A Rules, they advise that the establishment and acquisition of our wholly-owned subsidiaries and the reorganization are not subject to the M&A Rules, and the [REDACTED] and [REDACTED] of our Company does not require approvals from the CSRC and MOFCOM under the M&A Rules. However, the interpretation and enforcement of the M&A Rules and other PRC laws and regulations are constantly evolving and are subject to the discretion and judgment of the administrative and judicial authorities implementing and enforcing such laws and regulations on a case-by-case basis and we cannot assure you that relevant PRC governmental authorities, including the CSRC and MOFCOM, would reach the same conclusion as our PRC Legal Advisor. For further information about the risks associated with the CSRC approval, please see “Risk Factors — Risks Relating to Conducting Business in China and Other Jurisdictions Where We Operate — Our potential growth through acquisitions in China is subject to the procedures established under China’s M&A rules, laws and certain other PRC regulations, which could make it more difficult for us to complete such acquisitions” in this document.

SAFE REGISTRATION IN THE PRC

Pursuant to the SAFE Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (“SAFE Circular 37”), promulgated by SAFE and became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident individual shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap by PRC residents, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

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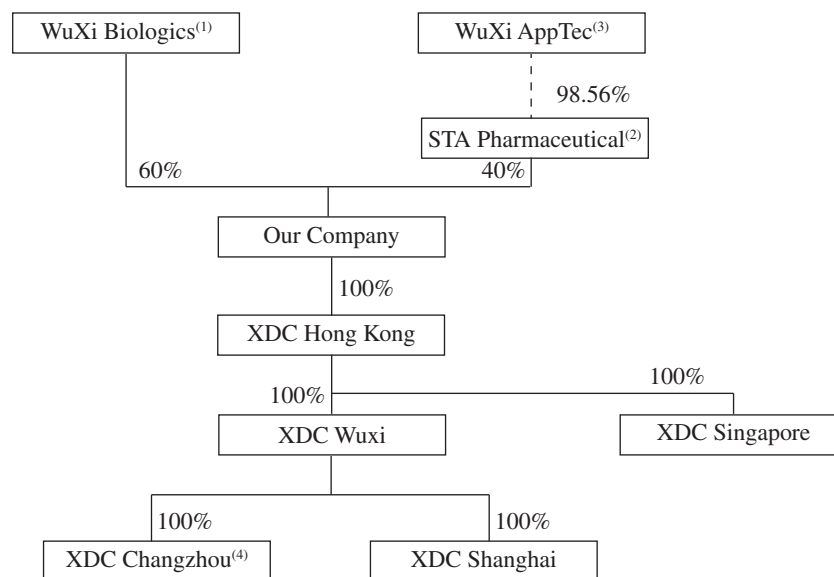
Pursuant to the SAFE Circular on Further Simplification and Improvement in Foreign Exchange Administration Policies on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通告) (“SAFE Circular 13”), which became effective on June 1, 2015 and amended on December 30, 2019, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisor, the [REDACTED], which refers to the separate [REDACTED] of the Shares on the Main Board of the Stock Exchange, does not trigger foreign exchange registrations of PRC individual shareholders of our Company pursuant to SAFE Circular 37, since the [REDACTED] does not include new offshore investment and financing and roundtrip investments by such PRC individual shareholders, being the activities regulated by SAFE in accordance with SAFE Circular 37. Further, as advised by our PRC Legal Advisor, SAFE Circular 37 is also not applicable to STA Pharmaceutical in respect of its subscription of Shares in our Company, as registrations under SAFE Circular 37 are only applicable to PRC residents in connection with their direct or indirect investment in the overseas special purpose vehicles that are directly established or indirectly controlled by such PRC residents with their legally owned domestic or offshore assets or interests. Instead, STA, as the shareholder of STA Pharmaceutical, is required under applicable PRC laws to comply with, and it has complied with, the requisite overseas direct investment procedures, including the registration and filing procedures with the Ministry of Commerce of the PRC and the National Development and Reform Commission of the PRC and/or their respective local counterparts.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately after reorganization and as at the date of this document

The following diagram illustrates our shareholding and corporate structure immediately after the reorganization and as at the date of this document:



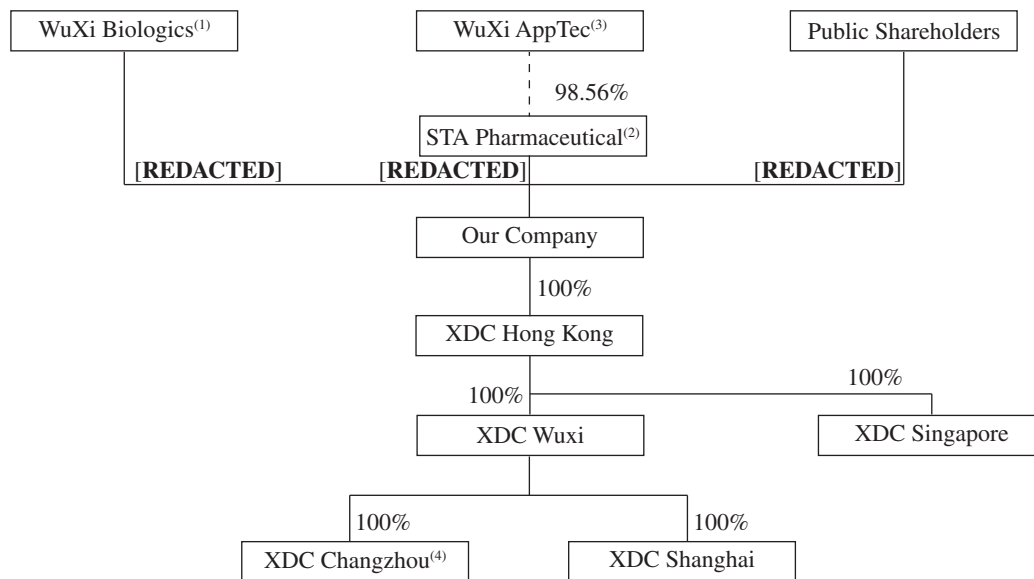
----- Denotes indirect shareholding

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (1) WuXi Biologics is a company listed on the Main Board of the Stock Exchange (stock code: 2269), and to the best of our Company’s knowledge, as of June 30, 2023, its largest shareholder is Biologics Holdings as to 13.75% shareholding interest. To the best of our Company’s knowledge, Dr. Ge Li, through Biologics Holdings, and the other founding individuals, are deemed to be interested in the shares held by Biologics Holdings in WuXi Biologics, representing approximately 13.75% of the shareholding interest in WuXi Biologics.
- (2) STA Pharmaceutical is directly wholly-owned by STA, which is in turn held as to 98.56% by WuXi AppTec (Shanghai) and WuXi AppTec (Shanghai) is directly wholly-owned by WuXi AppTec.
- (3) WuXi AppTec is a company whose A shares are listed on the Shanghai Stock Exchange (stock code: 603259) and H shares are listed on the Main Board of the Stock Exchange (stock code: 2359). To the best of our Company’s knowledge, as of June 30, 2023, Dr. Ge Li and the other founding individuals collectively control approximately 21.04% of the total voting rights of WuXi AppTec.
- (4) The business of XDC Changzhou is from the acquisition of the Payload & Linker Business. For details, please see “— Major acquisition and transfers during the Track Record Period — Acquisition of the Payload & Linker Business” and Note 36 to Appendix I of this document for the audited financials of the Payload & Linker Business during the Track Record Period.

Immediately Upon the [REDACTED] and [REDACTED]

The following diagram illustrates our shareholding and corporate structure immediately upon the completion of the [REDACTED] and [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any exercise of the share options granted under the [REDACTED] Share Option Schemes):



----- Denotes indirect shareholding

Please refer to the notes underneath the corporate and shareholding structure chart of our Group under “Immediately after reorganization and as at the date of this document” above.