OVERVIEW

We are a leading CRDMO focused on the global ADC and broader bioconjugate market and dedicated to providing integrated and comprehensive services. We are the second largest CRDMO for ADCs and other bioconjugates globally in terms of revenue in 2022, according to Frost & Sullivan. Leveraging expertise in both biologics and small molecules, we offer interdisciplinary and comprehensive services, covering bioconjugate discovery, research, development and manufacturing. We provide these services from proximately located and dedicated laboratories and manufacturing facilities, leading to significant reduction of development timeline and costs. As a fully integrated one-stop bioconjugate discovery, development and manufacturing platform, our mission is to continuously enhance our platform, propel and transform the development of the bioconjugate industry, enable global biopharmaceutical partners and benefit patients worldwide.

Our Market Opportunities

ADCs and other bioconjugate drugs constitute a separate modality distinct from small molecules or biologics. Taking ADCs as an example, they consist of a biologic component (the antibody), which is covalently attached, also referred to as conjugated, to a cytotoxic small molecule drug (the payload) via a chemical linker. ADCs are therefore designed to combine the target selectivity of antibodies and the cell-killing potency of highly cytotoxic small molecule drugs. This combinatorial design potentially reduces off-target toxicity of classic chemotherapy while enhancing the efficacy, thereby leading to an improved efficacy and therapeutic window, which is the dose range of a drug that provides safe and effective therapy. Recently, several ADCs have shown favorable efficacy for various cancers and quickly gained market share. The global sales of ADC drugs reached approximately US$7.9 billion in 2022, representing an over 40% CAGR since 2018. With constant advancement in conjugation technologies and expanding bioconjugate component library, bioconjugates are being developed for therapeutic areas in addition to oncology, including autoimmune diseases, infectious diseases, metabolic disorders and beyond.

Riding on the recent trend of transformative advancements in drug design and conjugation technologies, the ADC and bioconjugate drug market is at a growth inflection point. According to Frost & Sullivan, the global ADC drug market size is anticipated to grow to US$64.7 billion in 2030 from US$7.9 billion in 2022 at a CAGR of 30.0%. The expected growth of the global ADC drug market is considerably faster than that of the global biologics drug market (excluding bioconjugates), which is expected to grow at a CAGR of 9.2% during the same period. As of June 30, 2023, 15 ADC drugs have been approved globally, of which 11 have been approved since 2018 and four have been approved since 2021. There has also been a promising pipeline of ADC drugs. As of June 30, 2023, 231 ADC drug candidates around the globe had been advanced to the clinical stage, with 134, 79 and 18 under phase I, II and III clinical trials, respectively, and globally 57 ADC drug candidates entered clinical trials in 2022, according to Frost & Sullivan. It is worth noting that bioconjugates are extending beyond ADC by first conjugating various payloads other than chemical drugs with antibody, and then further to conjugate various carriers other than antibody with various payloads ("**XDC**"). The development of XDC beyond ADC, however, is still at a preliminary stage, facing uncertainties to progress from traditional ADCs to broader bioconjugates and application expansion in terms of timing, market acceptance and likelihood of obtaining approval.

The potential of ADCs and other bioconjugate drugs is also evidenced by high-profile acquisition and licensing activities in the space. According to Frost & Sullivan, there have been over 100 deals involving ADCs since 2022, including the recently announced acquisition of Seagen Inc., a leading biotechnology company specializing in the development of ADCs for cancer treatment, by Pfizer Inc. for a total of approximately US$43 billion. China biotechnology companies have been at the forefront of ADC out-licensing arrangements, according to Frost & Sullivan. Since 2022 and as of June 30, 2023, there had been 10 China pharmaceutical and biotechnology companies that reached 14 ADC out-licensing deals with overseas partners, totaling US$22.0 billion, according to the same source. Of these 10 China companies, eight are our customers.

The development of ADCs and other bioconjugates requires a suite of interdisciplinary capabilities in both biologics and small molecules that are beyond the reach of most biopharmaceutical companies. Therefore, the outsourcing rate of bioconjugate development reached around 70%, which is much higher than the 34% outsourcing rate for other biologics. Furthermore, the logistic difficulties in transporting different bioconjugate components, the stringent requirements for safe manufacturing and handling of cytotoxics, as well as the increasing demand for shortened development timelines, present significant challenges for a vast majority of outsourcing service providers in the space. We believe these challenges are best addressed with an comprehensive CRDMO with integrated service capabilities and geographically proximate facilities like us.

Our Capabilities

Our fully integrated, one-stop bioconjugate platform offers comprehensive CRDMO services, including discovery, process development and GMP manufacturing for bioconjugates, monoclonal antibody intermediates and payload-linkers associated with bioconjugates.

Our integrated discovery service involves protein carrier generation, payload-linker synthesis, conjugation research, *in vitro* and *in vivo* studies, among others. The seamless integration among protein sciences, small molecule and conjugation fields, as well as *in vitro*, *in vivo* efficacy and safety evaluation expertise, make our services unique in the field and allow us to propel the overall bioconjugate discovery and development for our customers and deliver PCCs within as short as 8-10 months from candidate nomination.

Supported by our extensive toolbox of technical capabilities, honed over years of experience working with a variety of bioconjugates and their components, our platform boasts a rich portfolio of conjugation technologies, extensive expertise in payload-linker synthesis and process development, industry-leading process development know-how, comprehensive analytical methods, as well as dedicated and specialized facilities. We have accumulated vast hands-on experience in bioconjugates, generating over 7,000 bioconjugate molecules for our customers incorporating over 500 protein carriers and over 600 payload-linkers. We have completed CMC development and initiated GMP manufacturing using over 10 conjugation technologies for both ADC and other bioconjugates, making our portfolio of conjugation technologies one of the richest among bioconjugate outsourcing service providers, according to Frost & Sullivan. Our patented WuXiDAR4 technologies enable customers to achieve tight control of 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. Our conjugation expertise goes beyond ADC and encompasses RDC, PDC, ACC, PEGylated protein or peptide, antibody PROTAC conjugate, AOC and fatty-acid conjugate, among others.

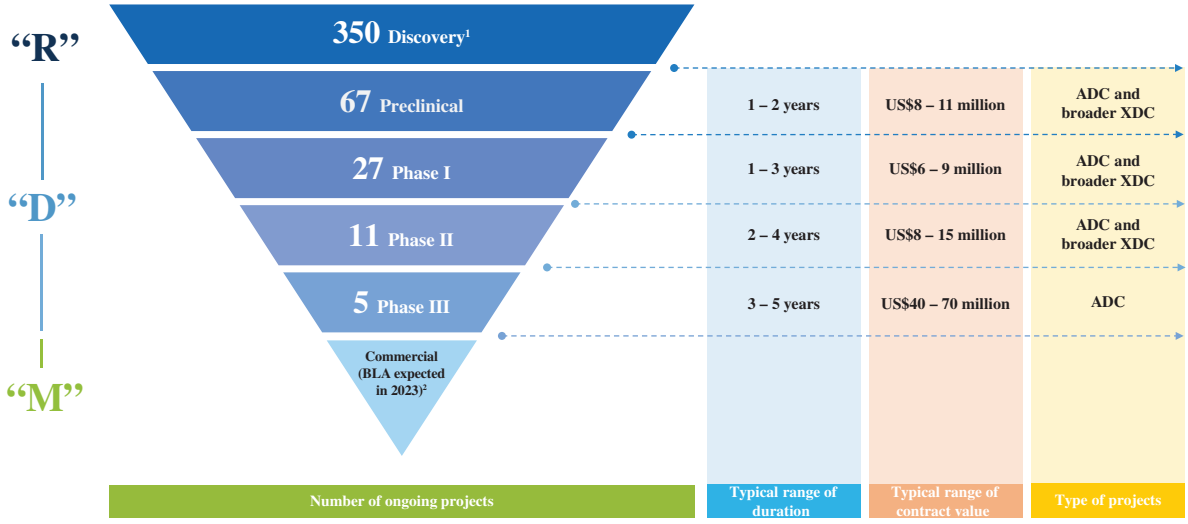
We have also built extensive expertise in payload-linkers, which are critical components of bioconjugates. We not only have developed a rich library of off-the-shelf payload-linkers, but also enable our customers to develop and manufacture a wide variety of tailor-made or proprietary payload-linkers by offering synthesis, process development and GMP manufacturing services.

Our integrated capabilities are also reflected in the one-stop GMP manufacturing of bioconjugates. We strategically offer our services from proximately located operation sites in Wuxi, Shanghai and Changzhou in China, where we have established dedicated and specialized facilities for bioconjugates. As such, we can better manage the supply chain and coordinate development and manufacturing operations, leading to expedited development timelines and improved quality and cost efficiencies for customers. For example, in general, we are able to significantly reduce the standard industry timeline from the antibody DNA sequence to bioconjugate IND filing to approximately 13 to 15 months. Our fully integrated capabilities lay a solid foundation for our comprehensive service offerings that enable our customers to bring innovative bioconjugate therapeutic solutions to patients worldwide with high quality and speed. At the forefront of the global bioconjugate development, we believe our platform will also enable us to address the industry challenges and lead the global development trends of ADCs and other bioconjugates. As an industry recognition of our capabilities, we won the runner-up prize in the "Best Contract Manufacturing (CMO) Provider" category of the 2022 World ADC Awards and the "Best Contract Development Manufacturing Organization (CDMO)" prize at the 2023 World ADC Awards.

Our Achievements

We ranked No. 2 globally and No. 1 in China among CRDMO for ADCs and other bioconjugates in terms of revenue in 2022, according to Frost & Sullivan. Our global market share by revenue increased from 1.8% in 2020 to 4.6% in 2021 and 9.8% in 2022. By the end of 2022, we had 94 ongoing integrated projects, representing over 35% of the total number of outsourced integrated projects for bioconjugates globally in the same year, according to Frost & Sullivan. With our extensive technical capabilities and impeccable track record, we have become a trusted partner leading the bioconjugate development globally with a broad, loyal and fast-growing customer base. We employ an "enable, follow and win the molecule" strategy to not only grow with our existing customers by providing services from an early stage of their product development cycle, but also win new customers as their bioconjugates progress. As of the end of 2020, 2021, 2022 and June 30, 2023, as the result of our "enable" strategy, we had cumulatively progressed 9, 12, 24 and 30 ADC candidates, respectively, from discovery to CMC development. As the result of our "win the molecule" strategy, among the 110 ongoing integrated projects we had as of June 30, 2023, 36 were transferred to us from our customers or their outsourcing service providers. Our diverse and growing customer base includes both innovative biotechnology companies and global pharmaceutical companies, many of which are leading players in the ADC and bioconjugate space with potentially first-in-class or best-in-class pipeline programs. The number of our customers grew significantly from 49 in 2020 to 115 in 2021, 167 in 2022 and 169 in the six months ended June 30, 2023. As of June 30, 2023, we had served 304 customers cumulatively, including most of the major players in the global ADC and bioconjugate market. As of the same date, we had won ADC development contracts for all ADC candidates in China with dual filing of IND and/or BLA in China and the United States, and eight out of the 10 China-based companies that out-licensed their ADC pipelines overseas since 2022 are our customers.

We have a large number of integrated projects for ADCs and other bioconjugates. As of June 30, 2023, we had 110 ongoing integrated projects and helped customers to submit IND applications for 47 ADC candidates globally, and in 2022 alone, we helped customers submit IND applications for 18 ADC candidates globally. We have executed 350 discovery projects since our inception and as of June 30, 2023. The following funnel diagram sets forth the developmental stages and other details of ongoing integrated projects as of June 30, 2023. The duration and contract value of discovery projects can vary significantly due to their nature.



1. It is the cumulative number of discovery projects since our inception and as of June 30, 2023.
2. We have completed process validation, which is a critical step before the BLA submission, for two integrated projects.

We attribute our success to our visionary team of seasoned senior management supported by a pool of talented scientists. We are led by Dr. Jincai Li, our chief executive officer, who is supported by members of our senior management team, all of whom have extensive experience and diverse expertise in the pharmaceutical industry both domestically and internationally. We also benefit from a strong shareholder support from the WXB Group and the WXAT Group. Our heritage brings us with a strong trust from industry participants in our field-tested capabilities and world-class quality.

Our Financial Performance and Path Forward

We experienced robust growth in our revenue during the Track Record Period. For the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, our revenue amounted to RMB96.4 million, RMB311.1 million, RMB990.4 million and RMB993.5 million, respectively. We recorded net profit of RMB26.3 million, RMB54.9 million, RMB155.7 million and RMB177.2 million for the same periods, respectively. Our adjusted net profit (non-IFRS measure) amounted to RMB32.8 million, RMB77.1 million, RMB194.4 million and RMB216.4 million in the same periods, respectively. See "Financial Information — Non-IFRS Measures." Our backlog amounted to US$318.0 million as of December 31, 2022 and US$410.6 million as of June 30, 2023. As of the same date, we had 67 ongoing preclinical bioconjugate projects and 43 ongoing post-IND bioconjugate projects. As pre-IND projects advance into the post-IND stage and post-IND projects progress across clinical and commercial stage, the typical range of project contract values is also expected to increase, providing a robust revenue growth momentum and visibility.

Going forward, we look to capitalize on the opportunities and solidify our leading position in the global ADC and broader bioconjugates outsourcing services market. We plan to continue expanding our capability beyond ADCs, strengthen our in-house discovery and development capabilities and manufacturing capacity, deepen our relationship with existing customers and attract new customers, as well as continue to invest in cutting-edge technologies. We strive to continuously enhance our fully integrated one-stop bioconjugate platform and become a partner of choice for global industry participants seeking to develop and manufacture bioconjugate therapeutics.

OUR STRENGTHS

Uniquely positioned to capture the growth in the global ADC and broader bioconjugate market

We are a CRDMO dedicated to providing integrated and comprehensive services for ADCs and other bioconjugates, and therefore uniquely positioned to capture opportunities in the fast-growing global ADC and broader bioconjugate market.

The ADC and broader bioconjugate drug market is at a growth inflection point. As of June 30, 2023, 15 ADC drugs have been approved globally, of which 11 have been approved since 2018 and four have been approved since 2021. According to Frost & Sullivan, the global ADC drug market size reached approximately US$7.9 billion in 2022, representing an over 40% CAGR since 2018, and is anticipated to continue to grow rapidly to US$64.7 billion in 2030, representing a CAGR of 30% from 2022 to 2030.

The in-depth interdisciplinary expertise required in developing a bioconjugate leads to the high outsourcing rate* of approximately 70% for the ADC development, which is significantly higher than the approximate 34% outsourcing rate for other biologics in 2022, according to Frost & Sullivan. Furthermore, the collection of capabilities required for the research, development and manufacturing of bioconjugates are lacking in most outsourcing service providers in this space. Therefore, a single ADC is typically outsourced to multiple different outsourcing service providers to handle different development and manufacturing steps. As of June 30, 2023, 13 out of the 15 approved ADC drugs have been developed and manufactured using outsourcing service providers, with the majority of them being outsourced to multiple outsourcing service providers. However, such a fragmented and extensive outsourcing service provider network for the highly regulated products is prone to multiple disadvantages, such as complexities in the communication and coordination of logistics, testing and quality control, potential delays and disruptions in the supply chain, potential loss of accountability during handover of projects from one outsourcing service provider to another, as well as a long overall development and manufacturing cycle.

We believe a fully integrated one-stop bioconjugate research, development and manufacturing platform like ours is the precise solution to these industry challenges. Our platform ensures that the different teams involved in a bioconjugate project collaborate seamlessly to achieve an industry-leading development speed while eliminating potential loss of accountability resulting from multiple service providers.

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* According to Frost & Sullivan, the outsourcing rate is calculated by dividing the size of the relevant outsourcing services market of a modality by the total outsourceable research, development and manufacturing expenses on that modality.

We were an early player in the space and have been offering specialized CRDMO services for ADCs and other bioconjugates since 2013. Over the years, we have built a strong reputation in the industry, accumulated deep know-how that enabled hundreds of customers through delivery of quality, tailored and innovative solutions, and won a growing and loyal global customer base. We believe these advantages serve as important entry barriers and will further solidify our leadership position in the global bioconjugate outsourcing services industry and empower us to further propel the development of the global bioconjugate industry.

Leading global CRDMO dedicated to ADCs and other bioconjugates with fully integrated, one-stop service capabilities

We are a leading player in the global ADC and bioconjugate outsourcing services market. We ranked No. 2 globally and No. 1 in China among CRDMO for ADCs and other bioconjugates in terms of revenue in 2022, according to Frost & Sullivan. We have a large number of discovery projects and integrated projects for ADCs and other bioconjugates. Integrated projects constitute a critical component of our business because a customer typically commits to us once an integrated project is initiated, which we believe translates to significant customer stickiness and naturally embodies our "enable, follow and win the molecule" strategy. By the end of 2022, we had 94 ongoing integrated projects, which represented over 35% of the total number of outsourced integrated projects for bioconjugates globally in the same year, according to Frost & Sullivan.

We have established a fully integrated one-stop research, development and manufacturing platform dedicated to ADCs and other bioconjugates. Supported by world-class capabilities in small molecule compounds, large molecule moieties and conjugation technologies, our comprehensive service offerings span each critical step of bioconjugate development and manufacturing, including discovery, process development and GMP manufacturing for bioconjugates, monoclonal antibody intermediates and payload-linkers associated with bioconjugates. According to Frost & Sullivan, we are one of the very few CRDMOs worldwide, if not the only one, in possession of such extensive service capabilities.

Our fully integrated service offering platform, single-source solution and extensive experience enable us to conduct multiple steps in parallel and run iterations seamlessly to improve the overall productivity and efficiency. We assume the full project management responsibility for the projects, which ensure the service quality and speed of delivery. In addition, these services are delivered from proximately located operation sites within a 200-kilometer radius in Shanghai, Changzhou and Wuxi in China, making us globally the only CRDMO dedicated to ADCs and other bioconjugates that provides full-spectrum services from proximately located facilities, according to Frost & Sullivan. With these strategically located operation sites, we are able to better coordinate development and manufacturing operations, manage the supply chain and ensure seamless technology transfer and quality assurance as compared to a typical fragmented third-party service network with services provided from geographically dispersed locations. As such, we expedite development timelines and enhance quality and cost efficiencies for our customers. For instance, in general, we are able to drastically reduce the traditional ADC development period to an average of 13 to 15 months from the antibody DNA sequence to bioconjugate IND filing, a significantly shorter timeline relative to the industry average of 24-30 months. We also reduce the typical GMP production cycle of an ADC product, including manufacturing of the monoclonal antibody intermediate for bioconjugate, payload-linker, ADC drug substance and ADC drug product, of approximately one and half years to a few months. In addition to the expedited timeline, we operate our business with a field-tested quality control and assurance system to ensure that we consistently deliver our comprehensive, fully integrated services in top quality.

Industry-leading technical capabilities and integrated capacity

Our fully integrated, one-stop bioconjugate platform offers comprehensive CRDMO services, including discovery, process development and GMP manufacturing for bioconjugates, monoclonal antibody intermediates and payload-linkers associated with bioconjugates. It boasts a rich portfolio of conjugation technologies, extensive expertise in payload-linker synthesis and process development, industry-leading process development know-how, comprehensive analytical methods, as well as dedicated and specialized facilities. In particular, we seamlessly integrate the multidisciplinary expertise in both biologics and small molecules critical to comprehensive discovery, development and manufacturing of ADCs and other bioconjugates. As of June 30, 2023, we have generated over 7,000 bioconjugate molecules for customers incorporating over 500 protein carriers and over 600 payload-linkers.

Rich Portfolio of Conjugation Technologies. We have invested heavily in our technology platform, mastering over 10 conjugation technologies, making our portfolio of conjugation technologies one of the richest among bioconjugate outsourcing service providers, according to Frost & Sullivan. Our platform not only contains our in-house developed conjugation technologies but also provides access to a variety of technologies through our expanding collaborations with third-party partners, including GeneQuantum Healthcare and SyntaBio. This equips us to handle challenging discovery scenarios, fulfill unmet needs in the payload-linker development and deliver bioconjugates with desired properties for our customers. For example, our in-house developed, patented WuXiDAR4 conjugation technologies achieves tight control of product homogeneity and lot-to-lot consistency, which in turn improve the pharmacokinetics profile and stability of bioconjugate products and potentially results in better clinical outcomes.

Extensive Expertise in Payload-linker Synthesis and Process Development. With our decade-long experience and specially designed laboratory to safely handle highly potent compounds, we provide synthesis and process development services for customer-specific payload-linkers, including many with challenging chemical synthesis processes. We have also generated a growing library of off-the-shelf payload-linkers. Many of the ready-made payload-linkers have drug master files ("**DMFs**") filed with the FDA, which helps to effectively shorten development lead time and expedite regulatory submission of bioconjugates incorporating them. In addition, we provide customers with access to a large variety of proprietary payload-linkers through our growing collaboration with partners.

Industry-leading Process Development Know-how. We have developed specialized know-how and unique insights in process development, including scale-up processes, for various types of bioconjugates. Our process development expertise ensures optimization of critical quality attributes, including drug load ratio (DAR), free drug removal, process efficiency and consistency. As a demonstration of our capabilities, we have initiated GMP manufacturing of bioconjugates involving several conjugation technologies, including non-natural amino acid ("**NNAA**") site-specific conjugation, tyrosine tubulin ligase-assisted conjugation, sortase-assisted conjugation, farnesyltransferase-assisted conjugation, and traceless affinity peptide labeling conjugation. We also initiated GMP manufacturing using our patented WuXiDAR4 technologies.

Comprehensive Analytical Methods. Our strong in-house expertise in method development across a full array of analytics also sets us apart from other outsourcing service providers. These capabilities support precise characterization, identification and potency assessment of intermediates and final products along the entire bioconjugate development and manufacturing process. These assessments shed critical light on the conjugation process and the quality of the resulting bioconjugates. For instance, our analytical

panel allows us to perform in-process testing for immediate analysis and speedy in-process control testing of critical parameters, such as protein concentration, DAR, residual content (including free drug) and endotoxin level. In addition, we enable customers to evaluate the conjugatability and developability of the bioconjugates to determine the most suitable lead candidate for further development.

Dedicated and Specialized Facilities. Our dedicated facilities enable manufacturing of ADCs and other bioconjugates at different scales and in different formulations. Our facilities are equipped with single-use reactor systems with capacity of producing up to tens of kilograms of bioconjugate drug substance in each batch. Our drug product filling line contains fully isolated, automated aseptic system which can fill liquid and lyophilized products in multiple vial sizes. As payloads often are highly potent substances, our laboratories and GMP manufacturing facilities for payload-linkers, conjugate drug substances and drug products feature special engineering designs and proper containment systems, such as isolators designed to accommodate handling of OEB5-rated compounds* ranging from several milligrams to tens of kilograms. All our dedicated and specialized facilities are located within 200-kilometer radius, ensuring coordinated development and manufacturing, a well-managed supply chain, and seamless technology transfer. Our operations adhere to the well-regarded quality control and assurance system of the WXB Group.

CRDMO of choice with broad, loyal and fast-growing customer base

We are a trusted partner leading the bioconjugate development globally with a diverse, loyal and fast-growing customer base. We won the runner-up prize in the "Best Contract Manufacturing (CMO) Provider" category of the 2022 World ADC Awards and the "Best Contract Development Manufacturing Organization (CDMO)" prize at the 2023 World ADC Awards, a testament to our flawless operational record during the Track Record Period. Our diverse and growing customer base includes both innovative biotechnology companies and global pharmaceutical companies. The number of our customers grew significantly from 49 in 2020 to 115 in 2021, 167 in 2022 and 169 in the six months ended June 30, 2023. As of June 30, 2023, we had served 304 customers cumulatively, including most of the major players in the global ADC and bioconjugate market.

Our customer base is also geographically diverse with a global footprint. In the first six months of 2023, 37.0%, 35.9%, 23.1% and 4.0% of the total revenue from ultimate customers from North America, China, Europe and the rest of the world, respectively, based on the location of the customers' headquarters.

We believe our ability to establish such a broad and diverse customer base results from our constant pursuit of fast, smooth and high-quality project execution to propel their global development efforts or out-licensing or acquisition strategies. As of June 30, 2023, we had won ADC development contracts for all ADC candidates in China with dual filing of IND and/or BLA in China and the United States, and eight out of the 10 China-based companies that out-licensed their ADC pipelines overseas since 2022 are our customers, according to Frost & Sullivan. We have enabled innovative biotechnology companies, such as Ambrx, DualityBio and NBE Therapeutics (now a Boehringer Ingelheim company), to expediently advance their pipeline programs in the fast-growing and competitive ADC and broader bioconjugate market. Our expertise and capabilities also helped us win projects from global leading pharmaceutical companies, including Merck Sharp & Dohme ("**MSD**").

* OEB5-rated compounds are active pharmaceutical ingredients that have been assigned to an occupational exposure band ("**OEB**") of 5, the most severe rating in the 5-band OEB system developed by the U.S. National Institute for Occupational Safety and Health, indicating the highly hazardous nature of the compounds.

We employ an "enable, follow and win the molecule" strategy to not only grow with our existing customers by providing services from an early stage of their product development cycle, but also win new customers as their bioconjugates progress. As of the end of 2020, 2021, 2022 and June 30, 2023, as the result of our "enable" strategy, we had cumulatively progressed 9, 12, 24 and 30 ADC candidates, respectively, from discovery to CMC development. We believe that growing with our customers enhances our customer stickiness and loyalty as they see us not only as outsourcing service providers for specific development stages of their drug candidates, but as a long-term partner in advancing their product pipelines. Since our inception in 2013 and up to June 30, 2023, nearly all our customers for bioconjugate discovery or integrated projects advancing their bioconjugate candidates along the development process have stayed with us. As such, we have cultivated long-term relationships with our customers. Winning customers is another key driver of our future growth. As our fully integrated one-stop bioconjugate platform gains increasing industry recognition, we are winning new customers at the CMC stage. As of June 30, 2023, 36 of our integrated projects were transferred to us from our customers or their outsourcing service providers after the initial discovery stage. With our continuous efforts to enable our customers to smoothly develop their pipeline programs and capture the market opportunity, we expect to win more customers and molecules going forward.

While we did not have commercial-stage manufacturing projects during the Track Record Period, we have completed process validation for two integrated projects and are helping to prepare for the BLA submissions. As of June 30, 2023, we had 67 ongoing preclinical bioconjugate projects and 43 ongoing post-IND bioconjugate projects. As pre-IND projects advance into the post-IND stage and post-IND projects progress across clinical and commercial stage, the typical range of project contract values is also expected to increase, providing a robust revenue growth momentum and visibility.

Seasoned management team supported by a diversified and strong talent pool and shareholders

We are led by our team of seasoned senior management who possess extensive experience and diverse expertise in the pharmaceutical industry both domestically and internationally. Dr. Jincai Li, our executive director and chief executive officer, has over 20 years of experience in biologics process development, scale-up and GMP manufacturing. Mr. Xiaojie Xi, our executive director and chief financial officer, has close to 20 years of experience in the capital market, financing, corporate strategy advisory and investments. Mr. Jerry Jingwei Zhang, our executive director and chief operating officer, has over 20 years of experience in the management of business operations, supply chains, sales and product profit and loss. Dr. Marie Meiying Zhu, our chief technology officer, is a well-regarded expert and executive with over 28 years of drug development experience in the biotechnology industry and 15 years of experience in the ADC development. Dr. Jianjun Luo, our vice president supervising drug product formulation development and manufacturing, has over 20 years of experience in formulation, drug product development and aseptic manufacturing. Our chairman of the board, Dr. Zhisheng Chen, who is also the chief executive officer of our parent company WuXi Biologics, has over 20 years of experience in the development of monoclonal antibodies, therapeutic proteins and vaccines, and assists our senior management team to establish visionary strategies to propel our continued growth.

Our senior management team is supported by a pool of experienced, talented employees with strong execution capabilities. As of September 30, 2023, we had 1,110 employees, among whom 557 have a science background with a master's or doctorate degree in biology, chemistry, chemical engineering and other relevant fields. Many of our employees also had prior work experience at pharmaceutical or biotechnology companies in China or overseas. We also achieved a high employee retention rate of over 90% in 2022, which is calculated by dividing the number of employees who were with us as of December

31, 2021 and remained our employees as of December 31, 2022 by the number of our employees as of December 31, 2021. As ADCs and other bioconjugates represent a unique class of modality and the success of our projects heavily relies on the expertise and experience of our staff, we believe that this strong talent pool has enabled and will continue to allow us to clearly appreciate our customers' needs and efficiently undertake projects at any suitable development stage.

We also benefit from strong shareholder support from the WXB Group and the WXAT Group. Our heritage empowers us with expertise from the WXB Group, a global leading CRDMO for biologics, with respect to large molecule moieties such as antibodies, as well as from the WXAT Group, a global leading CRDMO for small molecule chemicals, with respect to payload-linkers.

OUR STRATEGIES

Leverage our fully integrated platform to further solidify industry leading position as we continue to focus on integrated projects and comprehensive service capabilities

We look to further solidify our leading position and expand our market share by leveraging our fully integrated one-stop bioconjugate research, development and manufacturing platform.

Integrated projects will be our key focus in the near future, and we intend to strengthen our leadership position as an outsourcing service provider for integrated projects of ADCs and other bioconjugates on a global scale. We plan to fully utilize established multidisciplinary expertise, technologies and facilities to continuously deliver quality results to our existing customers and actively promote our service capabilities to win over new customers for integrated services. As our integrated projects advance into commercial stage, our revenue and market share are expected to grow accordingly. We expect to launch our first ADC drug commercial manufacturing project in the near future. We will seek to keep and win more projects for late-stage or commercialized products.

Besides integrated projects, we will also continue to enhance our services in discovery by providing more innovative payload-linkers and conjugation technologies to expand our customer pool and capture future upsides of emerging ADC and other bioconjugate pipelines. We plan to continue investing in technologies and facilities that support efficient bioconjugate discovery efforts. We aim to both support our existing customers' new project initiatives and attract new customers with an expedited development timeline and high efficiency.

Moreover, we plan to further promote our brand recognition as the CRDMO with integrated and comprehensive service offerings dedicated for ADCs and other bioconjugates globally. We will also maintain our high service standards to firmly establish that we are the partner of choice for the discovery, development and manufacturing of bioconjugates and payload-linkers.

Expand manufacturing capacities globally to meet growing demands

In anticipation of strong demands from our customers globally, we are building more manufacturing capacity to support our future growth. For example, we are supplementing manufacturing lines for antibody intermediates associated with bioconjugates, payload-linkers and bioconjugate drug substances in our Wuxi site with capacities ranging from 200 liters to 2,000 liters per batch for antibody intermediates and up to 2,000 liters of bioconjugate drug substance per batch for conjugation manufacturing. We are also enhancing our manufacturing capacity for drug products to prepare us for additional late-stage and

commercialization manufacturing projects, as we continuously help our customers to advance their pipeline programs to the next stage. While we did not have commercial-stage manufacturing projects during the Track Record Period, we have completed process validation for two integrated projects and are helping to prepare for the BLA submissions.

As our "global dual sourcing" strategy, we started the plan to establish a manufacturing base in Singapore, a vibrant biomedical hub, to better serve global customers and ensure that we always have two facilities at different geographic region to manufacture each commercial product. Our Singapore site is designed to include the commercial production facilities similar to the ones at our Wuxi site for monoclonal antibody intermediate associated with bioconjugate, bioconjugate drug substance and drug product, with a manufacturing capacity of up to 2,000 liters of monoclonal antibody intermediate, up to 2,000 liters of bioconjugate drug substance per batch for conjugation manufacturing and up to eight million vials per annum for liquid or lyophilized drug products. It is expected to commence operation by 2026.

Continue to focus on cutting-edge technologies through internal R&D and strategic partnerships

We will continue to invest in cutting-edge technologies and enhance our R&D capabilities, so we remain at the forefront of the technological frontier and continue delivering high quality results to our customers. For instance, we will continue to refine or upgrade the WuXiDAR4 technologies and extend their application to other XDC modalities. We also intend to continue establishing high-throughput approaches for the generation and screening of all intermediates and bioconjugates under one project management system.

We may also selectively pursue strategic alliances, licensing arrangements, investments and bolt-on acquisitions in the future to enrich our technology toolboxes and service offerings and become the bioconjugate research, development and manufacturing platform of the choice. For instance, in 2022 we entered into a strategic collaboration with GeneQuantum Healthcare (啟德醫藥), an innovative biotechnology company dedicated to the development of the next generation bioconjugate drugs. Pursuant to the collaboration we undertook to actively promote GeneQuantum's proprietary iLDC (intelligent ligase-dependent conjugation) and iGDC (intelligent glycotransferase-dependent conjugation) platforms globally to enable innovative bioconjugate development. This collaboration with GeneQuantum Healthcare has enriched the conjugation technologies at our disposal and further strengthened our competitiveness.

Deepen relationship with existing customers and broaden customer base

We believe that the breadth and depth of our integrated service capabilities will continue to enhance our customer stickiness, drive our revenue growth and solidify our leading position in the global ADC and other bioconjugate outsourcing services space. We will strive to maintain a high customer satisfaction, which we believe will help us win new projects from our existing customers and further support the progression of their pipeline programs with our integrated platform. We also look to attract new customers through recommendations as well as active promotions of our comprehensive capabilities and well-regarded brand.

As the industry interest in and market for ADCs and other bioconjugates continue to grow, we aim to continue to support both innovative biotechnology companies and global pharmaceutical companies to advance their ADC and other bioconjugate pipeline programs in an expedited and cost-efficient way.

We plan to further enhance our presence in the United States and Europe by continuously expanding our business development and technical support force in those markets, enhancing our brand awareness and formulating detailed plans in accordance with our sales efforts and the demand of our services. We expect to continue to maintain a diversified customer base across geographic locations.

Pioneer through the industry development from ADC to XDC

The scope of bioconjugates extends beyond ADCs through the conjugation of various payloads other than chemical drugs with antibodies and reaches "XDC" when various carriers other than antibodies are used to generate the bioconjugates. For example, antibody conjugated with radioisotopes ("**ARC**") is a novel therapy in radiopharmaceutical space and PDCs have emerged as the next generation of targeted therapy other than ADCs. We have supported our customers regarding the discovery and development of other bioconjugates such as AOC, ACC and PDC, among others. With our accumulated hands-on experience, interdisciplinary expertise and industry-leading technical capabilities in ADCs, we are well positioned to extend our services to "XDC" by linking various types of carriers with various types of payloads, an aspiration that is embedded in our company name.

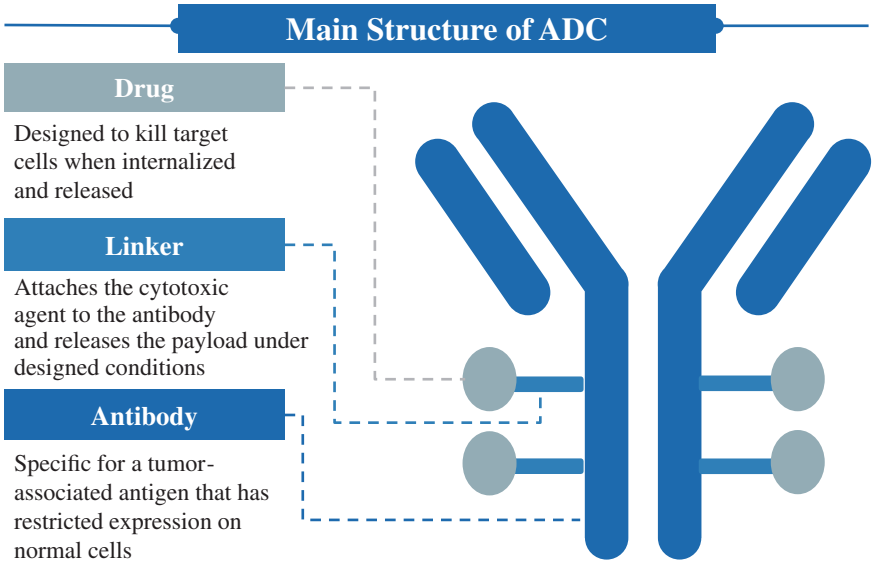
As innovations in the XDC field continue to emerge, we believe opportunities for us as a CRDMO will follow. We intend to adopt a multifaceted approach to further delve into the XDC space. For example, in addition to monoclonal antibodies, namely the "A" in "ADC," we intend to further establish capabilities in incorporating different types of carriers, such as antibody fragments, nanobodies, bi-specific antibodies, peptides and synthetic polymers, among others, to improve the specific targeting of diseased cells. With respect to the payloads, or "D" in "XDC," we plan to continue developing capabilities in other types of modalities with differentiated mechanisms of action, including nucleotides, steroids, chelators, biotin, enzymes or targeted protein degradation agents such as proteolysis targeting chimeras (PROTACs). Last, we will strive to invest in the research and application of innovative technologies for conjugation, or "C" in "XDC," to enhance the stability and homogeneity of XDCs and efficiency in scaling-up and manufacturing.

OUR BUSINESS MODEL

Who We Are and What We Do

We are a leading CRDMO focused on the global ADC and broader bioconjugate market and dedicated to providing integrated and comprehensive services. We are the second largest CRDMO for ADCs and other bioconjugates globally in terms of revenue in 2022, according to Frost & Sullivan. Leveraging expertise in both biologics and small molecules, we offer interdisciplinary and comprehensive services, covering discovery, process development and GMP manufacturing of bioconjugates and payload-linkers.

During the Track Record Period, a substantial part of our business has been related to ADCs. An ADC is a conjugate of a biologic component (e.g., an antibody) and a small molecule drug (e.g., a cytotoxic payload) through a chemical linker. A typical ADC drug utilizes the antibody to bind to the tumor-specific antigen target on the surface of cancerous cells, delivers the payload to the cell and releases the payload inside the cell to kill it. The antibody plays the roles of targeting tumor cells and carrying the payload into the tumor cells, while the payload kills the tumor cells. This combinatorial design potentially reduces off-target toxicity of classic chemotherapy and leads to an improved safety and efficacy.



Note: For illustrative purposes, the above graph is a schematic representation of an ADC molecule showing payload-linkers attached to an antibody. In reality, payload-linkers can be attached to different regions of an antibody.

ADCs and other bioconjugates constitute a separate modality distinct from both biologics and small molecules. There are multiple distinct challenges inherent in the major steps of ADC drug development, including payload-linker generation, bioconjugate process development and GMP manufacturing and quality assurance of drug substances and drug products. For additional information about ADCs and other bioconjugates and the challenges associated with the research, development and manufacturing of those modalities, see "Industry Overview." Globally, few companies have in-house capabilities required to address all the challenges involved in ADC development in house. Even for companies with in-house capabilities, they may not be able to conduct all activities in an economically efficient manner. For example, carrying out the ADC development process in geographically scattered facilities may pose considerable challenges for supply chain management, technology transfer and quality assurance and could increase the total costs significantly.

We have established a fully integrated one-stop research, development and manufacturing platform dedicated to ADCs and other bioconjugates. Supported by world-class capabilities in small molecule compounds, large molecule moieties and conjugation technologies, our comprehensive service offerings span each critical step of bioconjugate development and manufacturing, including discovery, process development and GMP manufacturing for bioconjugates, monoclonal antibody intermediates and payload-linkers associated with bioconjugates. We provide tailored solutions to our customers at any stage of the bioconjugate development process. We have accumulated vast hands-on experience in bioconjugates, generating over 7,000 bioconjugate molecules for our customers incorporating over 500 protein carriers and over 600 payload-linkers. We have completed CMC development and initiated GMP manufacturing using over 10 conjugation technologies for both ADC and other bioconjugates. See "— Our Services" for a more detailed description of our service offerings.

We believe a fully integrated one-stop bioconjugate research, development and GMP manufacturing platform like ours is the precise solution to industry challenges associated with a traditionally fragmented and extensive outsourcing service provider network. Our approach to the development of ADC and other bioconjugates is to provide all services with one source, one platform and one team, as further outlined below. We provide services from proximately located and dedicated laboratories and manufacturing facilities, leading to significant reduction of development timeline and costs. As an industry recognition of our capabilities, we won the runner-up prize in the "Best Contract Manufacturing (CMO) Provider" category of the 2022 World ADC Awards and the "Best Contract Development Manufacturing Organization (CDMO)" prize at the 2023 World ADC Awards.

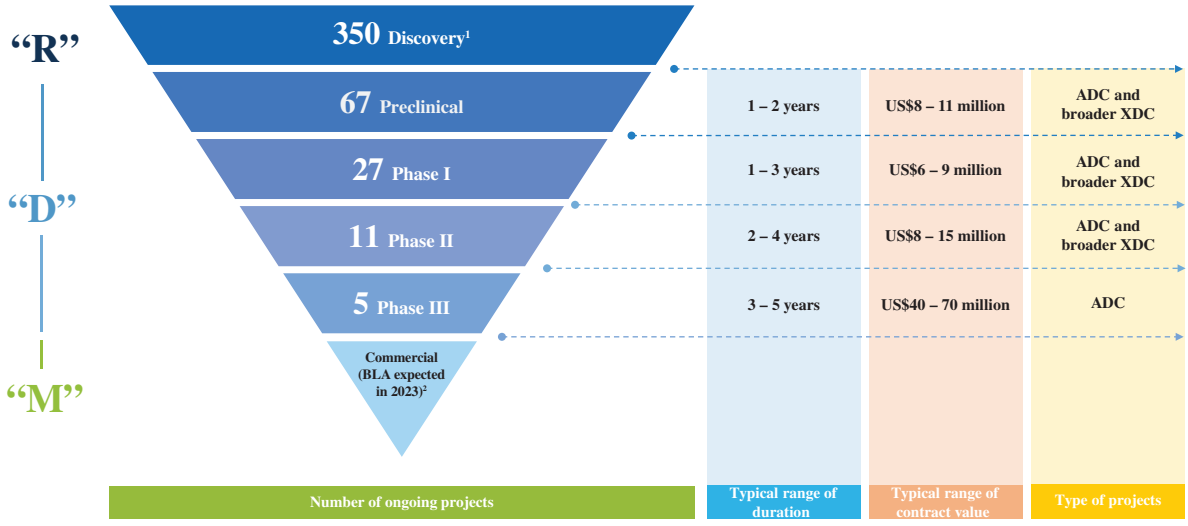
- *One source*. Leveraging our integrated capabilities in bioconjugate development and our close relationship with industry-leading outsourcing service providers for small- and large-molecule development, such as the WXAT Group and the WXB Group, we enable customers to source key raw materials in the value chain of bioconjugate development, including payload-linkers and antibodies, singly from or through us, which we believe would contribute to yielding consistent and high-quality bioconjugates and the final drug products.

- *One platform*. Our service offerings, which stem from our fully integrated one-stop platform, empower our customers to conquer major steps of bioconjugate development, spanning from discovery, process development to GMP manufacturing. We believe our fully integrated one-stop platform effectively addresses industry challenges associated with bioconjugate development using a fragmented and extensive outsourcing service provider network, and ultimately enables customers to expedite development timelines and enhance quality and cost efficiencies.

- *One team*. Our team members with different functions, from service and support to product management and project accountability, seamlessly collaborate and strive to deliver a high level of customer experience and service.

We employ an "enable, follow and win the molecule" strategy to not only grow with our existing customers by providing services from an early stage of their product development cycle, but also win new customers as their bioconjugates progress. We have been able to achieve a high customer retention because of our service quality, industry-leading development timeline, world-class and innovative process development technology and proven GMP manufacturing capabilities. Since our inception in 2013 and up to June 30, 2023, nearly all our customers for bioconjugate discovery or integrated projects advancing their bioconjugate candidates along the development process have stayed with us. Winning customers at the CMC stage is another key driver of our future growth. Also due to the aforementioned factors, we expect to continuously win over customers and integrated bioconjugate projects going forward. Our global market share by revenue increased from 1.8% in 2020 to 4.6% in 2021 and 9.8% in 2022.

Figuratively, we view our pipeline programs as sitting at different stages of a cone-shaped "funnel," where the opening of the funnel is wider and represents projects that are at an early stage of the development process, including discovery projects. When a project advances through the development process, it moves deeper into the funnel and eventually may reach the end of the funnel that represents commercial manufacturing. We have executed 350 discovery projects since our inception and as of June 30, 2023. The following funnel diagram sets forth the developmental stages and other details of ongoing integrated projects as of June 30, 2023. The duration and contract value of discovery projects can vary significantly due to their nature.



1. It is the cumulative number of discovery projects since our inception and as of June 30, 2023.
2. We have completed process validation, which is a critical step before the BLA submission, for two integrated projects.

The following table sets forth the details of ongoing projects by each development stage during the Track Record Period. As of December 31, 2020, 2021 and 2022 and June 30, 2023, nil, 3, 20 and 7 ongoing post-IND projects were advanced in the year/period from the pre-IND stage leveraging our CRDMO services.

		As of December 31, 2020			As of December 31, 2021			As of December 31, 2022			As of June 30, 2023		
Development Stage	Typical Duration	Number of Ongoing Projects[3]	Type of Projects	Number of New Projects[5]	Number of Ongoing Projects[3]	Type of Projects	Number of New Projects[5]	Number of Ongoing Projects[3]	Type of Projects	Number of New Projects[5]	Number of Ongoing Projects[3]	Type of Projects	Number of New Projects[5]
Discovery	N/A[1]	100[4]	ADC(78) and XDC(22)	52	176[4]	ADC(148) and XDC(28)	76	299[4]	ADC(244) and XDC(55)	123	350[4]	ADC(283) and XDC(67)	51
Preclinical	1-2 years	28	ADC(24) and XDC(4)	12	45	ADC(38) and XDC(7)	20	57	ADC(51) and XDC(6)	33	67	ADC(59) and XDC(8)	17
Clinical	Multiple years[2]	12	ADC(11) and XDC(1)	–	15	ADC(13) and XDC(2)	–	37	ADC(33) and XDC(4)	2	43	ADC(39) and XDC(4)	–

1. The duration of discovery projects can vary significantly in light of their ad hoc nature and depends on the types of projects at issue. Therefore, there is not a typical range for discovery projects.
2. The typical duration of projects in Phase I, II and III stages are 1-3 years, 2-4 years and 3-5 years, respectively.
3. "Number of ongoing projects" is the number of integrated projects excluding the number of integrated projects that are inactive or for which the customers notify us that they do not intend to further pursue. We deem an integrated project inactive if we have not been requested to provide services for three years.

4. It is the cumulative number of discovery projects since our inception and as of the indicated date. Because the duration and chance of success of discovery projects can vary significantly due to their early-stage nature, we present the cumulative number, instead of the ongoing project number, of discovery projects to demonstrate our experience in bioconjugate discovery.
5. For preclinical-stage integrated projects, "number of new projects" is the number of preclinical projects that we were able to "enable" (advance from the discovery-stage) or "win" (bring into our project pipeline) during the year/period ended on the indicated date. For discovery and clinical-stage projects, "number of new projects" is the number of projects that we were able to "win" (bring into our project pipeline) during the year/period ended on the indicated date. We do not count clinical projects that we "follow" (advance from preclinical stage to clinical stage) as new clinical projects, as we deem an integrated project, regardless of its developmental stage, as one project.

The cone shape of the funnel reflects the fact that customers may strategically advance selected ADC or other bioconjugate candidates along the development process. The closer a bioconjugate candidate is to the end of the funnel, the more commercial visibility it brings to the customers. As bioconjugate candidates progress deeper into the channel, services required to enable such advancement change accordingly, and typically the size of the projects increase, leading to a greater revenue for us on a particular project. Typically, as depicted in the diagram above, we charge varied total fees for our projects in consideration of, among others, the nature of the projects and the expected workload and technical requirements of the projects.

During the Track Record Period, we generated revenue from a mix of bioconjugate projects in various development stages, which can be broadly categorized into (i) revenue from pre-IND projects, primarily bioconjugate discovery projects at the drug discovery stage and preclinical development stage, and (ii) revenue from post-IND projects, primarily for clinical and commercial stage projects. The following table lays out a breakdown of our revenue by the development stages of projects for the periods indicated, both in actual terms and as a percentage of total revenue.

	For the year ended December 31,						For the six months ended June 30,			
	2020		2021		2022		2022		2023	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(unaudited)			
Pre-IND services	53,122	55.1	152,506	49.0	381,071	38.5	99,267	30.1	371,273	37.4
Post-IND services	43,231	44.9	158,625	51.0	609,352	61.5	230,169	69.9	622,195	62.6
Total	**96,353**	**100.0**	**311,131**	**100.0**	**990,423**	**100.0**	**329,436**	**100.0**	**993,468**	**100.0**

During the Track Record Period, we generated a significant amount of revenue from overseas ultimate customers (based on the locations of their headquarters), who contributed to RMB27.7 million, RMB182.7 million, RMB684.2 million and RMB637.4 million in revenue, accounting for 28.7%, 58.7%, 69.1% and 64.1% of our total revenue during the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. For additional information, see "Financial Information — Key Components of Our Results of Operations — Revenue."

We expect to maintain a fast-growing revenue stream in the coming years. As of June 30, 2023, we had 67 ongoing preclinical bioconjugate projects and 43 ongoing post-IND bioconjugate projects, representing a significant total amount of service fee for services contracted yet to be performed. We also expect commercial manufacturing projects to gradually become a significant source of our future revenue with the launch of our first ADC drug commercial manufacturing project in the near future.

Our Fee Models

Our service fee arrangement can be primarily divided into two types: (i) fee-for-service model and (ii) full-time-equivalent model.

Fee-for-service Model

During the Track Record Period, we generated fee income primarily on a fee-for-service, or FFS, basis for the services provided. We generally receive payments in accordance with a pre-agreed payment schedule specified in the contract or work order. The payment schedule sets out the fees for services we provide at relevant discovery, development or manufacturing steps that fall under the scope of work in the contract or work order. We determine the fee level based on the scope of the services, the estimated costs and expenses, the estimated amount of time to deliver our services, and the prices charged by our competitors for similar services, among others. Our service contracts and work orders under the FFS model typically include a detailed schedule that sets forth specifications of and anticipated time required for completing each step as well as the corresponding payment.

The fee-for-service model is our default fee model for a vast majority of our projects during the Track Record Period. Fees received from our service contracts and work orders under the FFS model contributed 100.0%, 100.0%, 98.4% and 98.7% of our revenue in the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. A small number of our projects also incorporate a milestone fee structure that is designed to incentivize us to reach predefined milestones expediently, particularly for projects which utilize our proprietary technologies such as WuXiDAR4. During the Track Record Period, we have seven projects with milestone fee structure. The milestone payments are tied to specific milestone events during the research, development, manufacturing and commercialization of ADCs, such as the dosing of the first patient in different clinical trial phases and the obtainment of regulatory approvals in different jurisdictions. The revenue recognition mechanisms for projects with milestone payments are basically the same as that of FFS model. See "Financial Information — Critical Accounting Policies, Judgments and Estimates — Revenue" for details. During the Track Record Period, we recorded a small amount of milestone fee income, and we do not expect significant revenue from milestone fees going forward.

Full-time-equivalent Model

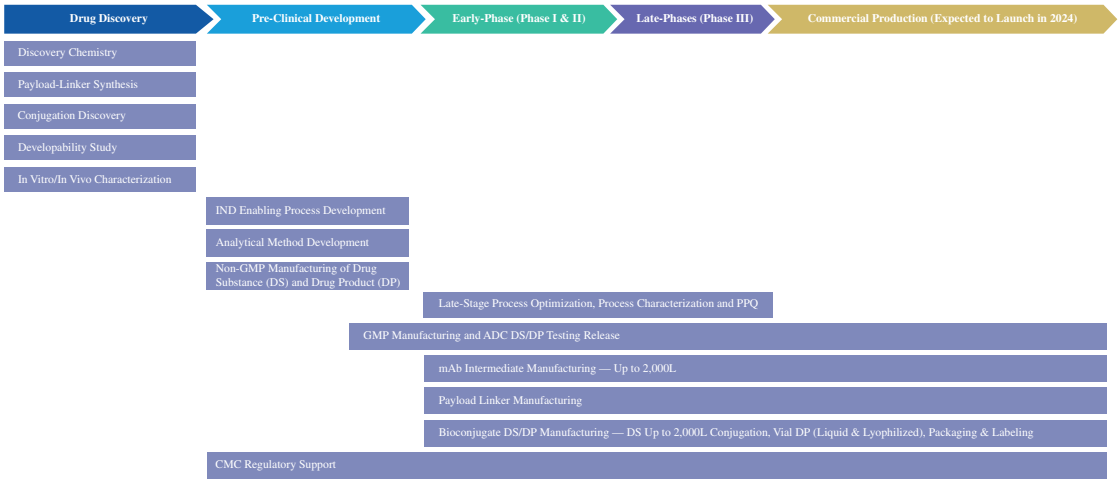
We also generate income under the full-time-equivalent, or FTE, model. Under the FTE model, we designate employees to the customer's projects at a fixed rate per FTE employee per period of time. We determine the amount of service fees based on the number of employees and the amount of time required for completing the project, among others. Our relationship with customers under the FTE model may last several years, and the FTE arrangements are subject to annual review. We only adopt this fee model where a customer requests us to assign a team of employees to its project and strongly prefers the FTE model or where the work scope of a project makes it difficult for us to estimate the cost and adopt the FFS model. Fees received from our service contracts under the FTE model contributed nil, nil, 1.6% and 1.3% of our revenue in the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively.

For details of the payment terms of our fee models, see "— Our Customers — Payment Terms." For details on our revenue recognition mechanism, see "Financial Information — Critical Accounting Policies, Judgments and Estimates — Revenue from Contracts with Customers."

OUR SERVICES

Overview

We are committed to continuously enhancing our platform, propelling and transforming the development of the bioconjugate industry, enabling global biopharmaceutical partners and benefiting patients worldwide. With our fully integrated, one-stop bioconjugate platform that covers key aspects of bioconjugate CRDMO services, including discovery, process development and GMP manufacturing for bioconjugates, monoclonal antibody intermediates and payload-linkers associated with bioconjugates, we empower our customers at any stage of the development process to advance their projects. The following diagram depicts our bioconjugate CRDMO services.



Abbreviations: PPQ = process performance qualification; DS = drug substance; DP = drug product; mAb = monoclonal antibody.

Note: ADC/Bioconjugate CMC scope (process development, analytical method development, manufacturing) includes mAb intermediate for bioconjugate, payload-linker and bioconjugate DS and DP.

Our experience in bioconjugate development extends beyond ADCs. We are exploring new technologies and modalities that we believe are promising to address unmet medical needs and could allow us to eventually provide CRDMO services for "XDC" drugs, an aspiration that is embedded in our company name. For example, in addition to monoclonal antibodies, namely the "A" in "ADC," we intend to further establish capabilities in handling antibody fragments, nanobodies, bi-specific antibodies, peptides and synthetic polymers such as nanoparticles, among others, to improve specific targeting of diseased cells or organs. With respect to the payloads, or "D" in "XDC," we plan to assess other types of modalities with differentiated mechanisms of action, including nucleotides, steroids, chelators, biotin, enzymes or targeted protein degradation agents such as proteolysis targeting chimeras (PROTACs). We also have experience in and plan to further explore conjugation of labels and reporter groups such as fluorophores in labeling and imaging applications. Last, we will strive to invest in the research and application of innovative technologies for conjugation, or "C" in "XDC," to enhance the stability and homogeneity of XDCs and efficiency in scaling-up and manufacturing. As of June 30, 2023, we had 67 non-ADC discovery projects and 12 non-ADC integrated projects, including four RDC projects, four PEGylation projects, three antiviral conjugate ("**AVC**") projects and one other project.

Drug Discovery

Discovery Chemistry

We have been investing heavily in enriching our technology platform with cutting-edge payload-linkers and conjugation mechanisms to equip ourselves with a vast catalog of discovery chemistry solutions for customers. Through our discovery chemistry solutions, we empower customers to conduct screenings of a variety of chemical payloads and linkers to select payloads with desired mechanism of action ("**MOA**") and linkers with different release MOA and physicochemical properties, and ultimately identify the proof-of-concept bioconjugate molecules for further optimization and development.

We are also experienced in new chemical entity ("**NCE**") medicinal chemistry support and optimization for payload-linkers. Beyond commonly used payloads, such as auristatins, camptothecin, pyrrolobenzodiazepine, mytansinoids, and commonly used linkers, such as maleimidocaproyl (MC)-L-valine (V)-L-citrulline (C)-p-aminobenzyl alcohol ("**MC-VC-PAB**") and succinimidyl-4-(N-maleimidomethyl) cyclohexane-1-carboxylatedisulfide ("**SMCC**"), we enable our customers to make structural modifications of linkers and payloads to further refine the physicochemical properties, *in vitro* biological characterization, *in vivo* efficacy, pharmacokinetics properties and toxicity of bioconjugates to finally determine the optimal linker and payload combination with the designated monoclonal antibody. Our customers may also obtain various ready-made payload-linkers from us, which include vcMMAE, mcMMAF, MC-GGFG-DXd, MC-GGFG-Exatecan, CL2A-SN38, Tesirine, SPBD-DM4 and SMCC-DM1.

Conjugation Discovery

We have conducted conjugation discovery using over 10 conjugation technologies. Our portfolio of conjugation technologies is one of the richest in the industry, according to Frost & Sullivan. These conjugation technologies include non-site-specific ones such as lysine or cysteine based random conjugations, and site-specific ones that involve engineered cysteine, glycan remodeling, disulfide re-bridging, and enzyme-assisted or peptide-affinity-assisted site-specific conjugations, which has empowered our customers to explore and assess the optimal conjugation technologies for their respective bioconjugate candidates.

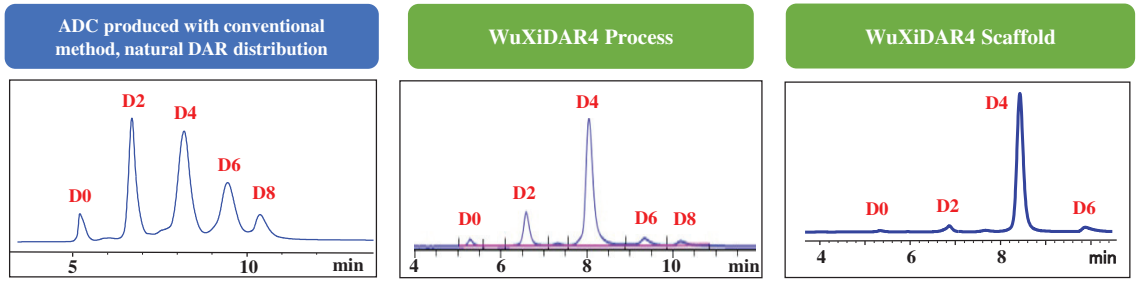
We are experienced in the conjugation of different carrier and payload-linker combinations. In addition to commonly used cytotoxic payloads, we enable our customers to conjugate proteins with non-toxin moieties, including proteolysis-targeting chimeric molecules (PROTACs), polyethylene glycol (PEG), peptides, chelators and oligonucleotides. Conjugation of these moieties potentially allows our customers to develop innovative modalities beyond ADCs with desired properties.

WuXiDAR4 — Our proprietary conjugation technologies

Homogeneity of bioconjugates has significant implications to the complexity and the cost of manufacturing process. While our comprehensive capabilities allow our customers to explore and assess various DARs and to develop their ADC candidates with the most favorable DAR, we have developed proprietary WuXiDAR4 technologies to tightly control the distribution of species with varied drug-to-antibody ratio ("**DAR**"), thereby significantly increasing the homogeneity of the bioconjugates with lot-to-lot consistency.

Our WuXiDAR4 technologies include both WuXiDAR4 Process that works on native antibodies without any need for engineering and WuXiDAR4 Scaffold that includes simple engineering of antibodies. The conjugation products can achieve a high homogeneity (over 65%) of DAR4 species out of the total ADC product using native antibodies through our WuXiDAR4 Process, which can be further improved to over 95% by additional polishing steps. WuXiDAR4 Scaffold can make the content of DAR4 species higher than 85%. Both processes employ simple steps, which would lower the manufacturing costs for our customers.

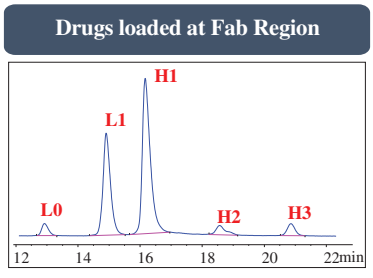
Below is a comparison of the DAR4 homogeneity in terms of DAR distribution using conventional method compared to our WuXiDAR4 technologies:



Note: Different species of ADCs generated from one synthesis reaction are separated using hydrophobic interaction chromatography (HIC), with more hydrophilic species (i.e., ADC with low DAR values) eluted first. Each peak in the graph represents a distinct species. The vertical axis represents the abundance of different species of ADC molecules. "Min" on the horizontal axis means "minutes." "D" with a number above each peak denotes the DAR value, i.e., the number of payloads attached to each antibody through linkers. For example, ADCs in which four payload molecules are attached to each antibody is denoted D4.

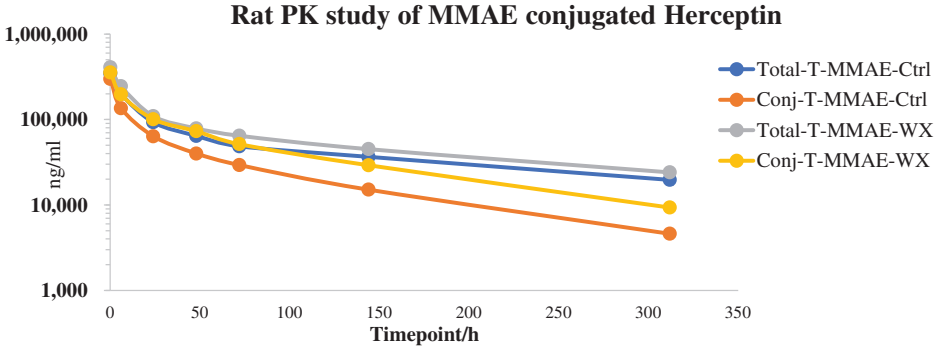
Left: ADCs produced with conventional methods contain multiple species with different DAR values, with D2, D4 and D6 being prominent species. Middle and Right: ADCs produced with our WuXiDAR4 technologies have a predominant species with the DAR value of 4, suggesting an improved homogeneity profile.

Through our WuXiDAR4 technologies, the payload-linkers are attached to the Fab region of the antibody without disrupting the interaction between the Fab region and corresponding tumor antigen, demonstrating a high level of homogeneity in terms of conjugation location as demonstrated in the diagram below:



Note: H = heavy chain; L = light chain. The numbers depict the number of payload-linkers attached to the respective fragments. An antibody consists of two heavy chains and two light chains.

WuXiDAR4 technologies in turn contribute to a favorable pharmacokinetics profile. As shown in the following graph, MMAE conjugated Herceptin produced with WuXiDAR4 is more stable over time in circulation as compared to the control, potentially contributing to a longer-lasting therapeutic effect.



Note: "Total" denotes both unconjugated antibodies, from which payload-linkers are detached in circulation, and conjugated ADCs. "Conj" denotes the conjugated ADCs. PK = pharmacokinetics; MMAE = monomethyl auristatin E; h = hour.

The above graph illustrates the pharmacokinetic profile of the total MMAE conjugated Herceptin (which may include naked antibodies) and Herceptin with conjugated MMAE (excluding naked antibodies) in rat. There is a marginal difference between the half-life of the total group generated with traditional methods (Total-T-MMAE-Ctrl, blue line/dots) and the half-life of the total group generated by WuXiDAR4 technologies (Total-T-MMAE-WX, gray line/dots). In contrast, the conjugated Herceptin generated using WuXiDAR4 technologies (Conj-T-MMAE-WX, the yellow line/dots) demonstrated a longer half-life than conjugated Herceptin generated using traditional methods (Conj-T-MMAE-Ctrl). At each time point, the concentration of Conj-T-MMAE-WX is higher than that of Conj-T-MMAE-Ctrl in rat *in vivo* studies.

Besides DAR4, we are exploring application of the same basic technologies to control the predominant DAR at different values, so that the conjugation product can achieve high homogeneity while developing their ADC candidates with the most favorable DAR.

Other Technologies

In addition to site-specific conjugation technologies for ADC generation, we developed high-throughput conjugation technology to support the antibody selection needs in ADCs discovery projects. With this technology, large number but small amount (tens to hundreds of micrograms) of ADCs can be generated regardless of the initial concentrations and purities of the antibodies in hybridoma culture. The high purity products generated by this way are sufficient to support the following cytotoxicity assays.

In Vitro and In Vivo Characterization

Following conjugation discovery, we provide single-sourced services with multiple *in vitro* and *in vivo* characterization methods within our extensive array of characterization panel to evaluate the bioconjugate candidates. By applying these methods, such as ELISA, flow cytometry or surface plasmon resonance, we evaluate physicochemical properties such as the affinity and specificity of the bioconjugate candidates for certain antigens or cell lines of interest. Well-reserved affinity and specificity are the key features of bioconjugates to ensure that they target desired diseased cells while sparing other healthy cells. With respect to *in vitro/in vivo* studies, we work with our customers to investigate bioconjugate candidates in relevant xenograft models or through various cellular assays, including cytotoxicity assays, internalization assays, apoptosis assays and angiogenesis assays, on their efficacy, pharmacokinetics and pharmacodynamics profiles and toxicity. The Fc effector functions are also assessed through ADCC assays, CDC assays and phagocytosis assays. These studies assist our customers to assess whether their drug candidates are appropriate as preclinical candidates.

Developability Study

After the *in vitro* and *in vivo* characterization, we apply developability study to bridge proof-of-concept studies and lead selection to facilitate the selection of suitable preclinical candidates that potentially enable a smooth transition to subsequent development. Through physicochemical and developability characterization, we gain a better understanding of certain properties of the products, including their stability, solubility and conjugability.

Early-stage Process Development

Bioconjugate Drug Substance Process Development

We view process development for bioconjugate drug substance as one of our key competencies. Our in-depth experience in over 10 conjugation technologies for both ADC and broader bioconjugates empowers us to optimize the process development of various types of bioconjugates, develop scale-up processes and support technology transfer to proceed to GMP manufacturing, IND filing and beyond.

With the support of a full array of analytics, we are able to develop methods and perform in-process testing to monitor crucial steps of conjugate process development and manufacturing. Critical parameters, such as concentration, DAR, purity, residual content (including free drug) and endotoxin, are routinely tested and monitored during the process development.

We have been continuing to establish comprehensive expertise in various carrier-specific and payload-linker-specific conjugation technologies, so that all bioconjugates of our customers can be suited for process development and GMP manufacturing. We are rich in experience and committed to advancing our customers' bioconjugate drug substance development through conjugation technologies, such as the non-site-specific ones involving lysine or inter-chain cysteine, and site-specific ones involving engineered cysteine, engineered NNAA and enzyme-assisted conjugation. We have initiated GMP manufacturing using several conjugation technologies, including NNAA site-specific conjugation, tyrosine tubulin ligase-assisted conjugation, sortase-assisted conjugation, farnesyltransferase-assisted conjugation, and traceless affinity peptide labeling conjugation, as well as our own patented WuXiDAR4 conjugation, according to Frost & Sullivan.

Our process development efforts are based on the contemporary concept of quality by design and focus on critical quality attributes to optimize processes. For example, the DAR ratio is a critical quality attribute for conjugation reactions and bioconjugates themselves. However, the conventional conjugation processes always result in a very heterogeneous mixture of molecules where the drug moieties are attached at several different sites on the antibody. The heterogeneous mixture is so complex that it is difficult and expensive to characterize and purify. Each conjugation product in such a mixture potentially has different pharmacokinetic, distribution, toxicity and efficacy profiles. Through our expert process development efforts, we have helped our customers to achieve consistent and favorable DAR for their products.

Our focus on bioconjugate drug substance process development extends beyond the conjugation reactions. To control impurity, we have developed an extensive collection of purification steps for a wide variety of different bioconjugates. These purification schemes include ultrafiltration and diafiltration, as well as column purification technologies, such as ion exchange chromatography, hydrophobic interaction chromatography and Protein A affinity chromatography, which can be deployed as needed for different scales of varied types of bioconjugates.

Bioconjugate Formulation Process Development

We offer a broad spectrum of services for conjugation formulation process development for both highly potent and non-potent bioconjugate drug products with concentration of up to 150 mg/ml. These services facilitate early-stage molecular assessments and develop proper formulations for first-in-human clinical trials and commercial product launches. Our versatile capabilities also enable our customers to choose from various dosage forms including liquid, frozen and lyophilized forms. Lyophilization of ADC products enhances their stability and requires a more complex process. Over 30 lyophilized products that we contributed to develop have entered the clinical stage. We also offer special dosage forms for products containing nanoparticles or other molecular complexes. The following list outlines representative services that we provide to help customers develop formulations and drug products:

- forced degradation studies to identify product degradation pathways;
- high-throughput screening for formulation process development utilizing biophysical methods;
- design of experiments to identify the optimal formulations;
- container and closure selection and integrity testing;
- end-to-end fill process development from drug substance thawing through mixing, filtration, filling, stoppering and capping to final visual inspection;
- processes development for isolator-based filling systems;
- pilot-scale (non-GMP) fill finish and lyophilization services for preclinical toxicology studies, non-GMP stability studies and scale-down process development;
- lyophilization cycle development and optimization;
- fill finish and lyophilization process scale-up and/or technology transfer, from development to clinical phase or commercial manufacturing;
- in-use compatibility and stability studies to support clinical administration or toxicology studies; and
- stability studies to support formulation and process development under long-term, accelerated or stressed conditions.

Analytical Method Development

Analytical characterization is the key for bioconjugate development. We leverage in-house expertise and analytical equipment to characterize the intermediates, including monoclonal antibodies or other proteins, payload-linkers, and the bioconjugate molecule at various stages of development. Analytical methods that we utilize to assess and characterize these molecules include high-performance liquid chromatography, ELISA, cell-based bioassay and liquid chromatography-mass spectrometry ("**LC-MS**"), among others. With these methods, we measure key parameters that shed critical light on the conjugation process and the quality of the resulting bioconjugates. Those parameters include, but are not limited to, purity, identity, protein concentration, isoelectric point, and potency. The following table sets forth some of our analytical capabilities to characterize ADCs and other bioconjugate molecules.

	Analytical Capability		
	Purity measurements	**Identity, determined by**	**Potency, determined by**
ADC	• DAR • HMW and LMW species* • Charge variants • Residual free drug	• High order structure • Capillary isoelectric focusing • Peptide mapping • Drug load distribution • Conjugation site analysis	• Binding assays • Functional assays • Cell-based assays
Other Bioconjugates	• Payload loading • HMW and LMW species • Residues	• Molecular weight • Polydispersity • Particle size	• Binding assays • Functional assays

* *HMW = high molecular weight; LMW = low molecular weight*

To support the process development and manufacturing of payload-linker, we also leverage various sophisticated and precision tools for separation and analytical chemistry at our disposal to ensure delivery of phase-appropriate quality results to our customers. Those tools include silica gel column chromatography, medium and high-pressure liquid chromatography, high-performance liquid chromatography, infrared spectroscopy, differential scanning calorimetry, X-ray powder diffraction and nuclear magnetic resonance, among others.

Late-stage Development and Process Validation

To help our customers evaluate the late-stage readiness of the developed process, we leverage our in-depth expertise in process development and offer late-stage development and process validation services, including process characterization and process performance qualification. These services aim to ensure that not only optimized processes are developed to achieve more robust performance and better fit the commercial manufacturing facility, but also regulatory requirements are met with established scientific and documentary evidence.

The process characterization services aim to enable customers to understand the impact of process input (operating parameters) on process output (performance parameters) and identify key operating and performance parameters during the bioconjugate manufacturing. We work with customers to define critical quality attributes and process ranges, as well as conduct risk assessment, small scale model development and qualification, and parameters classification. We also offer process performance qualification studies under GMP conditions as part of the process validation to collect and evaluate various data related to manufacturing. Through these studies and the associated adjustments to the process, we enable customers to ensure that all assay methods, raw materials, equipment and cleaning methods are validated, and the developed process for bioconjugate manufacturing delivers consistent product yield and purity within the entire operating range.

Manufacturing of Drug Substance and Drug Product

We offer both non-GMP and GMP-compliant manufacturing of bioconjugate drug substance and drug product to cater to our customer's varied needs from the preclinical stage to the post-IND stage. We also expect to launch the commercial GMP manufacturing of ADC products in the near future. As antibody intermediates are critical components of ADCs and certain other types of bioconjugates, we are expanding our capacity in the production of antibodies used for conjugation through facility expansion in Wuxi, China and construction of a new facility in Singapore. For additional information about our expansion plans, see "— Our Facilities." With respect to antibody intermediates used for conjugation, in addition to sourcing from us, our customers have the option to supply their own antibody components or procure those from other third parties.

We provide manufacturing services at different scales, including laboratory scale, non-GMP pilot scale and cGMP-compliant commercial scale, to support our customers' non-clinical, clinical and commercialization needs. Overall, we are able to produce 500 liters of bioconjugate drug substance per batch. With our existing filling lines, we are able to produce vialed drug products in liquid or lyophilized form of up to approximately three million vials per annum. We will expand our facilities and increase our manufacturing capacity. For additional information, see "— Facilities — Our Facility Expansion Plans."

All of our manufacturing operations are conducted in accordance with our comprehensive quality system that has been audited by multiple regulatory agencies, including the FDA, the EMA and the NMPA, among others.

Following bioconjugate drug substance and drug product manufacturing, we perform lot release testing to confirm that the manufacturing of every batch is performed correctly and the product from every batch meets the relevant anticipated quality requirements.

CMC Regulatory Support

Our customers typically need to make filings to the relevant authorities before they can initiate clinical trials for their bioconjugates or commercialize their bioconjugates. We support our customers' regulatory filings by drafting filing dossiers, addressing regulatory questions and conducting cGMP readiness assessments for them. We possess extensive knowledge and experience with regard to regulatory filings in major jurisdictions including China, the United States and Europe. In addition, as a number of payload-linkers in our library have maintained drug master files ("**DMFs**") with the FDA, they are ready for IND filings.

FACILITIES

Our Current Facilities

We are headquartered in Wuxi, China. As of the Latest Practicable Date, we operated three sites in Wuxi, Shanghai and Changzhou. These sites are proximately located within a 200-kilometer radius, or approximately a two-hour drive. Generally, each of these operation sites focuses on differentiated segments of the bioconjugate discovery, development and manufacturing value chain, and they collectively enable us to provide integrated and comprehensive service offerings for ADCs and other bioconjugates.

We believe that our proximately located sites in China can effectively reduce logistical challenges, shorten ADC production time with assured quality and potentially reduce the overall costs. For instance, we are able to transfer components for bioconjugates across our sites without going through long distances or long periods and with less release or receiving testings. While the development timelines for different ADCs vary, these benefits may in certain cases save months of development period. We are also able to better coordinate development and manufacturing operations at different closely-located sites to conduct multiple steps in parallel and run iterations seamlessly to improve the overall productivity and efficiency, which potentially contributes to a shortened overall development time. With proximately located facilities, we can more easily assume the full project management responsibility for the projects and enable seamless technology transfer and quality assurance, which ensure the service quality and speed of delivery. In general, we are able to reduce the standard industry timeline and process from the antibody DNA sequence to bioconjugate IND filing in approximately 13 to 15 months. We are also able to reduce the typical GMP production cycle of an ADC product from approximately one and half years to a few months.

The following table sets forth a summary of certain key information about our facilities as of the Latest Practicable Date. For more property information about these sites, see "— Properties."

Site	Site Area (sq.m.)	Owned/Leased	Primary Use	Capacity	Utilization Rate[1]
Wuxi	48,067	Owned	**Drug Substance/Drug Product** • GMP-compliant production • Formulation and analytical development • QC release and stability testing **Antibody Intermediates for Bioconjugates** • GMP-compliant production	**Conjugation drug substance and antibody intermediates production** • Conjugation drug substance production line ("XBCM1") with single-use reactor systems ranging from five liters to 500 liters to produce up to 500 liters of conjugation drug substance. • The dual-function production line for antibody intermediates for bioconjugates and drug substance ("XmAb/XBCM2") is designed with capacities ranging from 200 liters to 2,000 liters per batch for monoclonal antibody intermediates or up to 2,000 liters of bioconjugate drug substance per batch. **Conjugation drug product production** • The conjugation drug product ("XDP1") facility is designed to produce the liquid and lyophilization dosage forms with the annual capacity of up to three million vials in an isolated filling line equipped with one 5 sq.m. lyophilizer and one 20 sq.m. lyophilizer. • The conjugation drug product ("XDP2") facility is designed to produce the liquid and lyophilization dosage forms with the annual capacity of up to five million vials in an isolated filling line equipped with one 5 sq.m. lyophilizer and one 20 sq.m. lyophilizer.	**Conjugation drug substance production** • 51% (2020) • 73% (2021) • 85% (2022) **Conjugation drug product production** • 38% (2020) • 57% (2021) • 78% (2022)

Site	Site Area (sq.m.)	Owned/Leased	Primary Use	Capacity	Utilization Rate[1]
Shanghai Waigaoqiao . . .	8,927	Owned	**Bioconjugate discovery and process development** • Bioconjugate discovery, research and process development • Analytical and formulation development • Scale-up conjugation	**Discovery lab** • Laboratories for bioconjugate discovery and process development. **Bioconjugate process development lab** • Laboratory-scale sample preparation to pilot-scale manufacturing of ADCs and other bioconjugates.	N/A
Changzhou	819	Leased	**Payload-linker** • Discovery, research and process and analytical development • Pilot-scale synthesis • GMP-compliant production	**Payload-linker** • Laboratory with a field-tested containment design to safely handle highly potent compounds that are OEB5-rated materials. • Equipped with reaction kettles for GMP-compliant production with capacity of up to 150 liters, enabling kilogram-scale production of payload-linkers.	N/A

(1) The utilization rate for a particular year is calculated using the actual days in that year that our facilities are in operation to carry out manufacturing projects for customers (including the actual manufacturing and the necessary clean-up steps) divided by the theoretical maximum days in a year that the manufacturing facilities can be in operation assuming non-stop operations (being 350 days, taking into account total downtime of 15 days for necessary equipment maintenance).

We do not calculate the utilization rate for the Shanghai Waigaoqiao or Changzhou sites, as those sites are primarily laboratories, instead of manufacturing facilities, for bioconjugate discovery, process development and payload-linkers. The production lines XmAb/XBCM2 and XDP2 in our Wuxi site commenced operation in September 2023 and are therefore not taken into account in the calculation of utilization rate for 2020, 2021 and 2022.

Wuxi Site

Our Wuxi site houses our manufacturing facilities for antibody intermediates for bioconjugates, bioconjugate drug substances and drug products, providing services such as cGMP-compliant manufacturing of ADCs and other complex protein conjugates, formulation and process development, technology transfer, lot release testing, stability studies, drug product formulation, fill and finish, and regulatory support.

We have built a conjugation production line at the Wuxi site with single-use reactor systems ranging from five liters to 500 liters, purification systems leveraging filtration and chromatography technologies, a temperature control unit with agile operation and high accuracy, and a well-developed rapid cooling system for specific products. We have also built a dual-function production line, which commenced operation in September 2023, for antibody intermediaries for bioconjugates and drug substance with designed capacities up to 2,000 liters per batch. We expect the dual-function production line to enable us to meet a large portion of our own antibody intermediate requirements. Our Wuxi site also has other equipment that can be adapted as needed in accordance with our customers' needs. We believe compared to traditional stainless-steel reactors, single-use reactors possess many advantages, including shorter downtimes, reduced cleaning and sterilization efforts, a significantly lower risk of cross contaminations, flexibility and easy shifts in portfolios based on market needs.

The filling line at our Wuxi site adopts a fully isolated and automatically aseptic filling system, which is compatible with liquid and lyophilized product forms and multiple vial sizes from two milliliters to 50 milliliters. The Wuxi site also houses five-square meter and twenty-square meter lyophilizers with fully automated loading and unloading systems. We have also set up pilot plants for the process development of conjugation and drug product and carry out scale-up activities.

The utilization rate of our facilities at Wuxi site for bioconjugate drug substance manufacturing was 51%, 73% and 85% in 2020, 2021 and 2022, respectively. For bioconjugate drug product manufacturing, the utilization rate of the relevant facilities at Wuxi site was 38%, 57% and 78% in 2020, 2021 and 2022, respectively. The utilization rates do not take into account production lines XmAb/XBCM2 and XDP2 in our Wuxi site, which commenced operation in September 2023. The utilization rate for a particular year is calculated using the actual days in that year that our facilities are in operation to carry out manufacturing projects for customers (including the actual manufacturing and the necessary clean-up steps) divided by the theoretical maximum days in a year that the manufacturing facilities can be in operation assuming non-stop operations (being 350 days, taking into account total downtime of 15 days for necessary equipment maintenance). According to Frost & Sullivan, there is no unified industry practice or common method of measurement for calculating the capacity or utilization rate of manufacturing facilities for CRDMOs like us.

Shanghai Site

Our Shanghai site in the Waigaoqiao Free Trade Zone houses our laboratories for bioconjugate discovery and process development, as well as facilities for laboratory-scale sample preparation to pilot-scale manufacturing of ADCs and other bioconjugates. Through these facilities, we support our customers in exploring combinations of biologic and small molecule components, identifying suitable conjugation technologies and processes, and establishing purification, analytical and validation methods, among others. We also carry out scale-up conjugation production to identify any potential production challenges and generate sufficient amount of bioconjugate products for subsequent CMC and other studies.

We utilize various equipment at our Shanghai site. For example, we use AKTA chromatography systems and ultrafiltration/diafiltration systems to purify conjugation products. We also deploy mass-spectrometers and high-performance liquid chromatography to analyze the various intermediates and products for characterization and quality control purposes. Our Shanghai site is also equipped with other analytical or protective instrumentation, which are utilized to test bioconjugates, ensure aseptic production and handle highly potent compounds.

Changzhou Site

As part of our acquisition of the Payload & Linker business unit from STA, we have leased from STA and operated the relevant operation site in Changzhou. The Changzhou site houses payload-linker facilities, providing services such as the discovery, research, process development and analytical development of payload-linkers. We also carry out pilot-scale synthesis or GMP-compliant production of payload-linkers to support our comprehensive bioconjugate discovery, development and manufacturing services, as well as to offer off-the-shelf payload-linkers for customers in need.

The Changzhou site includes a laboratory with a GFA of approximately 600 sq.m. with a field-tested containment design to safely handle highly potent compounds that OEB5-rated materials. The site is also equipped with reaction kettles for GMP-compliant production with capacity of up to 150 liters, enabling us to produce payload-linkers at a kilogram scale. The Changzhou site is capable of carrying out a wide variety of chemical reactions, including hydrogenation and temperature-sensitive or light-sensitive reactions pertaining to high-potent compounds. It is equipped with isolation and purification instruments, such as HPLC purification and lyophilization systems that can work under GMP conditions. At the Changzhou site, we also develop quantitative analytical methods for payload-linkers and conduct release tests and stability studies to ensure product quality.

Our Facility Expansion Plans

The following table sets forth a summary of certain key information about our facility expansion plans as of the Latest Practicable Date.

Site	Site Area (sq.m.)	Owned/Leased	Primary Use	Designed Capacity
Wuxi	48,067 (the new facility will be hosted in an existing building)	Owned	Clinical or commercial manufacturing of payload-linker, in addition to existing clinical or commercial manufacturing of antibody intermediates, drug substance and drug product	**Payload-linker production line (XPLM1)** • Equipped with reaction kettles with capacity of 5 to 100 liters
Singapore.	18,500	Land acquisition in process	Clinical or commercial manufacturing of antibody intermediates, drug substance and drug product	**Antibody intermediates and drug substance production** • Dual-function XmAb/XBCM3 production line with capacity of producing 200 liters to 2,000 liters per batch for monoclonal antibody intermediates and up to 2,000 liters per batch of bioconjugate drug substance • XBCM4 production line with capacity of up to 500 liters of bioconjugate drug substance per batch **Conjugation drug product production** • Two drug product manufacturing lines with annual capacities of up to eight million vials and three million vials, respectively

Wuxi Site

We seek to expand our manufacturing capabilities and capacity at the Wuxi site, so that our capabilities encompass the full-spectrum from antibody intermediates to drug products to achieve self-sufficient operations, and our capacity meets the needs of multiple late-stage bioconjugate development and manufacturing projects. We believe our expansion plan for the Wuxi site would allow us to further integrate manufacturing functions, expedite timelines and facilitate quality assurance, and to enable us keep pace with the growing global demand for bioconjugate outsourcing services.

In particular, we are building additional facilities in Wuxi for clinical or commercial manufacturing, including a kilogram-scale payload-linker production line ("**XPLM1**"), which will be equipped with reaction kettles for GMP-compliant production with capacity of 5 to 100 liters. XPLM1 will be hosted in an existing building at the Wuxi site, therefore no additional regulatory approvals are required for the facility expansion. We expect that the XPLM1 facility will commence GMP-compliant operations in the fourth quarter of 2023.

We will continue to assess our manufacturing capacity from time to time based on the projects in our pipeline and the utilization rate of our manufacturing facilities in operation. Should the need arise, we will plan and build additional manufacturing facilities at our Wuxi site ahead of time.

Singapore Site

Outside of China, we are planning to establish a manufacturing base in Singapore to meet the growing demand from customers worldwide for comprehensive bioconjugate CRDMO services and implement a "global dual sourcing" strategy, which supports continuous and timely provision of services to our customers around the globe. We selected Singapore as the location of our new manufacturing facility because Singapore is a vibrant hub of the global biopharmaceutical industry that may bring us significant opportunities in brand promotion and customer acquisition.

The planned Singapore site with a total site area of approximately 18,500 sq.m. will be located in the new CRDMO center in Tuas, Singapore.

Four production lines are planned to be established at the Singapore site for clinical and commercial manufacturing, including a dual-function production line for antibody intermediates for bioconjugates and drug substance ("**XmAb/XBCM3**"), a production line for drug substance ("**XBCM4**"), as well as two drug product manufacturing lines ("**XDP3**" and "**XDP4**"). The dual-function XmAb/XBCM3 facility is designed with capabilities ranging from 200 liters to 2,000 liters per batch for monoclonal antibody intermediates or up to 2,000 liters of bioconjugate drug substance per batch. The XBCM4 facility is designed with capabilities of up to 500 liters of bioconjugate drug substance per batch. The conjugation drug product facilities XDP3 and XDP4 are designed to produce the liquid and lyophilization dosage forms with the annual capacity of up to eight million vials and three million vials in isolated filling lines equipped with one 10 sq.m. lyophilizer and two 30 sq.m. lyophilizers, and one 5 sq.m. lyophilizer and one 10 sq.m. lyophilizer, respectively. Our facilities in China will supply the payload-linkers needed for Singapore site's operations. We do not expect the transport of such payload-linkers will significantly increase the operating costs of our facilities, as the transportation of payload-linkers is generally uncomplicated, and we plan to utilize bulk shipment to lower potential transportation and logistics expenses. We have started the design of the site and expect to commence GMP-compliant operations by 2026.

As of the Latest Practicable Date, the WXB Group had secured a land offer from the relevant authority in Singapore for its Singapore expansion as well as our Singapore site. We were formulating the detailed construction plan as of the same date. We are not aware of any existing or potential legal impediments in connection with the planned construction. We intend to fund the establishment of the Singapore site by using part of the [**REDACTED**] from the [**REDACTED**]. For additional information, see "Future Plans and [**REDACTED**]" in this document.

RESEARCH AND DEVELOPMENT

We believe research and development is critical to bolster our fully integrated one-stop bioconjugate discovery, development and manufacturing platform and propel our future growth to remain competitive in the global bioconjugate outsourcing services market. Our research and development activities are mainly focused on (i) developing and applying technologies that enhance our integrated and comprehensive services, in particular to enrich our discovery capabilities, build and apply conjugation technologies, novel carriers and payload-linkers, and deepen process development expertise including drug product formulations, among others, and (ii) improving the quality and efficiency of our services and minimizing costs. Our research and development activities regarding conjugation technologies and novel carriers and payload-linkers mainly involve expanding the scope of our capabilities in generating and developing proper processes for different types of bioconjugates, which we refer to as "XDCs," and improve the overall quality of those XDCs. During the Track Record Period, we researched and developed a rich portfolio of conjugation technologies, including optimizing and expanding the application of our proprietary conjugation technologies, as well as deployed various types of payload-linkers. We have completed CMC development and initiated GMP manufacturing using over 10 conjugation technologies for both ADC and other bioconjugates. We believe these efforts and proprietary technologies generated would keep us ahead of other competitors and enable our customers to develop first-in-class or best-in-class bioconjugate products for a broader range of therapeutic areas. As of September 30, 2023, we had 424 research and development personnel, of which 320 hold a master's or higher degree.

For the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, our research and development expenses were RMB4.1 million, RMB13.8 million, RMB33.8 million and RMB29.7 million, respectively, accounting for 4.2%, 4.4%, 3.4% and 3.0% of our revenue for the corresponding periods. For a more detailed discussion of our research and development expenses, see "Financial Information" of this document. We expect to experience an increase in our research and development expenses generally in line with the growth of our revenue going forward.

EMPLOYEES

As of September 30, 2023, we had a total of 1,110 employees, of whom 269 were located in Shanghai, 712 were located in Wuxi, Jiangsu Province and 116 were located in Changzhou, Jiangsu Province. One employee was located in Hong Kong, three employees, who primarily supported our business development activities in Europe, were located in Germany, and nine employees were working from home as of the same date. As of September 30, 2023, we had 511 employees who have obtained a master's or higher degree, with 83 holding a Ph.D. or equivalent degree.

We have established independent key functional departments, including finance and internal audit. We intend to enter into relevant agreements with the Remaining WXB Group regarding the sharing of certain general administrative services with respect to business development, human resources, information technology and other general administrative services. We intend such shared functions to

relate only to peripheral aspects of our business operations and can be easily replicated by ourselves should we decide to do so. For additional details, see "Connected Transactions." The table below sets forth a breakdown of our employees by function as of September 30, 2023.

Function	Number of Employees
Research and development	424
Bioconjugation manufacturing	420
Quality assurance and quality control	150
Management and administration	116
Total	**1,110**

We believe that our success depends in part on our ability to attract, recruit and retain quality employees. We enter into individual employment contracts and confidentiality agreements with our employees. The employment contracts cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees generally includes salary and bonus elements. In general, we determine the remuneration package based on the qualifications, position and performance of our employees. We also make contributions to social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund. In addition, we have adopted share option schemes to provide an additional means to attract, motivate, retain and reward our employees.

The contracts with our key management and research personnel typically include a standard non-compete agreement that prohibits the employee from competing with us, directly or indirectly, during his or her employment and typically for one to two years after the termination of his or her employment. The contracts also typically include undertakings regarding assignment of inventions and discoveries made during his or her employment.

We provide our employees with opportunities to work on cutting-edge projects on ADCs and other bioconjugates to develop their knowledge and skills. We have an effective training system, including orientation and continuous on-the-job training, to accelerate the learning progress and improve the knowledge and skill levels of our workforce. The orientation process for newly joined employees covers subjects such as corporate culture and policies, work ethics, introduction to the ADC and other bioconjugate development process, quality management, as well as occupational safety. Our periodic on-the-job training covers streamlined technical know-hows of our integrated services, environmental, health and safety management systems and mandatory training required by applicable laws and regulations. We also aim to further enhance a collaborative work environment that encourages our employees to develop their career with us.

In support of our growth, we pay close attention to our capabilities and adjust our workforce to ensure that our workforce can meet the demand for our services. During the Track Record Period, we had primarily adopted a direct recruitment policy to seek talents from recent graduates of top universities through on-campus recruiting events in China and recruit lateral employees with the suitable background.

We believe that we maintain a good working relationship with our employees. We had not experienced any material labor disputes or any material difficulties in recruiting employees for our operations during the Track Record Period and up to the Latest Practicable Date.

PROJECT MANAGEMENT

We have developed a project management methodology to ensure timely, consistent and accurate delivery of quality services. We generally assume full project management responsibility for our projects. Upon receiving a new project from a customer, our project management team will set the schedule of the project and liaise with other departments to determine the staffing of the project team. A leading scientist is usually appointed, who is primarily responsible for overall planning, overseeing the entire project and facilitating discussions and coordination to achieve a seamless alignment between upstream and downstream functions to smoothen project execution. Scientists assigned on a project team are typically divided into several groups based on the type of services to be provided. Each group is assigned a group leader who is responsible for supervising the services carried out by such group and reporting back to the leading scientist of the project team.

Our project management team also works closely with the project team to monitor the progress of the project and liaises with the customer through daily emails, bi-weekly reports and regular conference calls to give the customer timely updates of the progress of the project. To ensure our service quality, each technical report will be reviewed by the head of the relevant department before being submitted to the customer.

We strictly adhere to our internal quality and project management processes. We believe our processes, methodologies and knowledge management systems reduce the overall cost for our customers and enhance the quality and speed of delivery.

SALES AND MARKETING

We market our services directly to pharmaceutical and biotechnology companies through regular sales meetings with their representatives and senior management. During those meetings, we highlight the advantages of our integrated and comprehensive service capabilities and emphasize on how we can address challenges associated with the discovery, development and manufacturing of ADCs and other bioconjugates to save time and costs. We utilize multiple digital marketing and promotional channels, including advertisements, press releases, social media, webinars, podcasts and email updates, to promote our technologies, platforms and services. We also provide extensive information about our integrated services and our technology platform, our competitive and technical advantages and training and educational resources on our corporate website.

In addition, we actively participate in trade conferences, trade shows and scientific conferences. While the COVID-19 pandemic affected the way we interacted with customers, particularly in China, as interactions between large groups were primarily virtual events, we were nonetheless able to participate in many in-person targeted events such as the World ADC London and San Diego conferences tailored to the ADC market. We are of the view that the COVID-19 pandemic did not have a prolonged material adverse impact on our sales and marketing efforts, and we were able to grow the number of customers we served each year during the Track Record Period. With the lifting of COVID-19 restrictions in China and overseas, we expect to participate in more in-person meetings with customers and industry players to cultivate relationships and solidify brand recognition. Since our inception, our senior management has been actively involved in managing our sales and marketing activities and maintaining direct relationships with our key customers.

Our sales and marketing efforts are supported by a team of well-trained specialists who are dedicated to understanding the demands of existing and prospective customers and work closely with our technical experts to prepare quotes and to secure customer orders. We also gain our business through referrals from our customers.

CUSTOMERS

Our diverse and growing customer base includes both innovative biotechnology companies and global pharmaceutical companies, many of which are leading players in the ADC and bioconjugate space with potentially first-in-class or best-in-class pipeline programs. We provide tailored laboratory configuration and setup, research plans, operating procedures, information technology and security protocols to our customers to suit their specifications.

During the Track Record Period, part of our bioconjugate CRDMO services were provided to customers that had formally contracted with the Remaining WXB Group. Because these contracts were entered into before the [**REDACTED**], the customers did not directly contract with a member of our Group. We view this practice as being in line with our historical development. After the formation of joint venture in May 2021 between WuXi Biologics and STA Pharmaceutical, we started to gradually educate customers about our distinct capacity and encourage customers to sign contracts directly with members of our Group. We will continue to contract directly with our customers going forward. For additional information about the historical amount of the ADC Master Services Agreement in each period of the Track Record Period, see "Connected Transactions."

We have a broad, loyal and fast-growing customer base globally. We served a total of 49, 115, 167 and 169 ultimate customers (taking into account the customers of the legacy contracts who formally contracted with the Remaining WXB Group but made use of our bioconjugate CRDMO services) in each year of 2020, 2021, 2022 and the six months ended June 30, 2023, respectively. In the first six months of 2023, 37.0%, 35.9%, 23.1% and 4.0% of the total revenue was generated from ultimate customers from North America, China, Europe and the rest of the world, respectively, based on the location of the customers' headquarters. For a breakdown of our total revenue by geographic locations, see "Financial Information." During the same periods, our five largest ultimate customers contributed to 51.9%, 39.8%, 34.1% and 45.7%, respectively, of our total revenue, and our largest ultimate customer accounted for 14.5%, 13.1%, 8.9% and 13.2%, respectively, of our total revenue. See "Risk Factors — Risks Relating to Our Business and Industry — The potential loss of major customers or any of our large contracts could materially and adversely affect our business, financial condition and results of operations" for more information.

The following table sets forth certain information about our five largest ultimate customers in terms of revenue generated in the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. We provided CRDMO services to these customers.

			For the six months ended June 30, 2023			
Customers	**Relationship Since[1]**	**Background**	**Number of Projects**	**Development Stage**	**Revenue**	**Revenue Contribution**
					(RMB in millions)	**(%)**
Customer A . . .	2015	A global healthcare company headquartered in the U.S. primarily engaged in innovative drug development. It recorded over US$55 billion in revenue in 2022. It is listed on the New York Stock Exchange.	11	Pre-IND + Post-IND	131.3	13.2
Customer B . . .	2021	A clinical-stage company headquartered in China committed to the R&D, manufacturing and commercialization of novel drugs and has more than 10 clinical-stage assets under development in oncology, immunology and other therapeutic areas since incorporation in 2016. It has established collaboration partnerships with leading pharmaceutical companies. It generated over RMB800 million in revenue in 2022, which is mainly from license and collaboration agreements. It is listed on the HKEx.	5	Post-IND	131.2	13.2

			For the six months ended June 30, 2023			
Customers	**Relationship Since[1]**	**Background**	**Number of Projects**	**Development Stage**	**Revenue**	**Revenue Contribution**
					(RMB in millions)	**(%)**
Customer C . . .	2020	A clinical-stage company headquartered in China focusing on the discovery and development of the ADC therapeutics for cancer and autoimmune diseases. It has several clinical-stage assets under development, which are for the treatment of tumors, including two assets in the Phase II stage. It formed a global strategic partnership with a leading European biotechnology company in April 2023, with the development, regulatory and commercial milestone payments potentially totaling over US$1.5 billion. It is not listed on any stock exchange.	10	Pre-IND + Post-IND	72.9	7.3
Customer D . .	2021	A biotechnology company headquartered in France founded in 2018, focusing on the discovery and development of ADCs in solid tumor and hematology fields. It has one preclinical-stage asset under development for the treatment of tumors as well as multiple assets in discovery stage. It is not listed on any stock exchange.	2	Pre-IND	69.0	6.9

			For the six months ended June 30, 2023			
Customers	Relationship Since[1]	Background	Number of Projects	Development Stage	Revenue	Revenue Contribution
					(RMB in millions)	(%)
Customer E . . .	2019	A U.S.-based clinical-stage company developing antibody-based therapeutics. It has several clinical-stage assets under development, which are for the treatment of tumors. It is also developing a broad pipeline of novel preclinical ADCs and monoclonal antibodies for oncology indications. It is not listed on any stock exchange.	5	Pre-IND + Post-IND	50.7	5.1
				Total	**455.1**	**45.7**

			For the year ended December 31, 2022			
Customers	Relationship Since[1]	Background	Number of Projects	Development Stage	Revenue	Revenue Contribution
					(RMB in millions)	(%)
Customer C . . .	2020	A clinical-stage company headquartered in China focusing on the discovery and development of the ADC therapeutics for cancer and autoimmune diseases. It has several clinical-stage assets under development, which are for the treatment of tumors, including two assets in the Phase II stage. It formed a global strategic partnership with a leading European biotechnology company in April 2023, with the development, regulatory and commercial milestone payments potentially totaling over US$1.5 billion. It is not listed on any stock exchange.	7	Pre-IND + Post-IND	87.8	8.9

Customers	Relationship Since[1]	Background	For the year ended December 31, 2022			
			Number of Projects	Development Stage	Revenue (RMB in millions)	Revenue Contribution (%)
Customer A . . .	2015	A global healthcare company headquartered in the U.S. primarily engaged in innovative drug development. It recorded over US$55 billion in revenue in 2022. It is listed on the New York Stock Exchange.	5	Post-IND	78.3	7.9
Customer F . . .	2021	A U.S.-based clinical-stage company focusing on developing cancer therapeutics. It has several clinical-stage assets under development, which are for the treatment of various types of tumors. It is listed on the Nasdaq.	2	Post-IND	66.4	6.7
Customer E . . .	2019	A U.S.-based clinical-stage company developing antibody-based therapeutics. It has several clinical-stage assets under development, which are for the treatment of tumors. It is also developing a broad pipeline of novel preclinical ADCs and monoclonal antibodies for oncology indications. It is not listed on any stock exchange.	7	Pre-IND + Post-IND	61.5	6.2

			For the year ended December 31, 2022			
Customers	**Relationship Since[1]**	**Background**	**Number of Projects**	**Development Stage**	**Revenue**	**Revenue Contribution**
					(RMB in millions)	**(%)**
Customer B . . .	2021	A clinical-stage company headquartered in China committed to the R&D, manufacturing and commercialization of novel drugs and has more than 10 clinical-stage assets under development in oncology, immunology and other therapeutic areas since incorporation in 2016. It has established collaboration partnerships with leading pharmaceutical companies. It generated over RMB800 million in revenue in 2022, which is mainly from license and collaboration agreements. It is listed on the HKEx.	4	Post-IND	43.6	4.4
				Total	**337.6**	**34.1**

			For the year ended December 31, 2021			
Customers	Relationship Since[1]	Background	Number of Projects	Development Stage	Revenue	Revenue Contribution
					(RMB in millions)	(%)
Customer A . . .	2015	A global healthcare company headquartered in the U.S. primarily engaged in innovative drug development. It recorded over US$55 billion in revenue in 2022. It is listed on the New York Stock Exchange.	2	Post-IND	40.7	13.1
Customer G . .	2016	A U.S.-based clinical-stage company developing antibody-based therapeutics. It has several clinical-stage assets under development, which are for the treatment of tumors, including two assets in the Phase II stage. It is listed on the Nasdaq.	3	Pre-IND + Post-IND	25.5	8.2
Customer H . .	2021	A South Korean clinical-stage company dedicated to the discovery and development of innovative medicines. It has several clinical-stage assets under development, which cover oncology, immunology and other therapeutic areas, including one asset in the Phase III stage. It recorded more than US$20 million in revenue in 2022 and is listed on KOSDAQ.	4	Pre-IND	22.2	7.1
Customer I . . .	2017	A U.S.-based company developing targeted therapeutics. It was listed on the Nasdaq before merging with another U.S.-based biotechnology company in 2022 and the combined company remained listed on the Nasdaq.	3	Pre-IND + Post-IND	18.5	5.9

			For the year ended December 31, 2021			
Customers	Relationship Since[1]	Background	Number of Projects	Development Stage	Revenue	Revenue Contribution
					(RMB in millions)	(%)
Customer J . . .	2013	A biotechnology company headquartered in the U.S. dedicated to the discovery and development of medicines. It is a subsidiary of a leading global pharmaceutical company and has over 13,000 employees and more than 40 marketed medicines. It is not listed on any stock exchange.	5	Pre-IND	17.1	5.5
				Total	**124.0**	**39.8**

			For the year ended December 31, 2020			
Customers	Relationship Since[1]	Background	Number of Projects	Development Stage	Revenue	Revenue Contribution
					(RMB in millions)	(%)
Customer K . . .	2019	A clinical-stage biotechnology company headquartered in China with a clinical-stage pipeline of ADCs. It has several clinical-stage assets under development, which are for the treatment of tumors. It is a subsidiary of a HKEx-listed pharmaceutical company.	4	Post-IND	14.0	14.5
Customer J . . .	2013	A biotechnology company headquartered in the U.S. dedicated to the discovery and development of medicines. It is a subsidiary of a leading global pharmaceutical company and has over 13,000 employees and more than 40 marketed medicines. It is not listed on any stock exchange.	5	Pre-IND	13.8	14.3

Customers	Relationship Since[1]	Background	For the year ended December 31, 2020			
			Number of Projects	Development Stage	Revenue (RMB in millions)	Revenue Contribution (%)
Customer L . . .	2018	A U.S.-based clinical-stage company primarily engaged in the discovery and development of cancer therapies. It was acquired by Customer E in 2020 with a valuation of over US$2.7 billion. It is not listed on any stock exchange.	1	Post-IND	8.9	9.2
Customer M . .	2018	A U.S.-based clinical-stage company developing drugs for autoimmune diseases. It is a subsidiary of a Japanese pharmaceutical company. It is not listed on any stock exchange.	2	Pre-IND	7.5	7.8
Customer N . .	2019	A clinical-stage company headquartered in South Korea primarily engaged in developing drugs in multiple therapeutic areas. It has several clinical-stage assets under development, which cover oncology and immune-modulation, including one asset in the Phase II stage. It is not listed on any stock exchange.	1	Pre-IND	5.8	6.1
				Total	**50.0**	**51.9**

(1) Denotes the first time when we were engaged, directly or through the Remaining WXB Group, to provide bioconjugate CRDMO services.

In years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, our five largest direct customers (i.e., customers directly contracted with us) for each year/period together accounted for 98.0%, 91.1%, 61.2% and 53.3%, respectively, of our total revenue, and our largest direct customer, the Remaining WXB Group, for each year/period accounted for 84.1%, 81.1%, 37.9% and 13.8%, respectively, of our total revenue. The significant decrease of the Remaining WXB Group's contribution to our revenue is largely due to our gradual entry into direct contractual relationship with our customers.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material dispute with our customers or any material breach of our service contracts or agreements. To the best of our knowledge, as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to termination of relationships between any key direct or ultimate customers and its counterparty (i.e., the Remaining WXB Group or our Group). None of our Directors, their respective associates, or Shareholders who, to the knowledge of our Directors, own 5% or more of our issued share capital had any interest in any of our five largest direct or ultimate customers, other than with respect to the Remaining WXB Group and the WXAT Group, during the Track Record Period. For additional information about our relationship with the Remaining WXB Group and the WXAT Group, see "Relationship with Our Controlling Shareholders" and "Connected Transactions."

Key Contractual Terms with Our Customers

We generally enter into framework service agreements or project-based service contracts with our customers for our services. Our framework service agreements typically do not have a maturity date and set forth general rights and obligations of the parties. Services for each project under a framework service agreement will be provided pursuant to a separate and distinct work order, which sets forth project specifications, project management regime, project schedule and discovery, development and/or manufacturing steps, rules governing reporting and transfer of data and results, service fee and payment instructions. These work orders are not necessarily based on the development stages and instead are based on the progress of projects and strategically align with the customers' research and development needs. Our project-based service contracts, which are of similar nature to the work orders under the framework service agreements, typically have a term ranging from a number of months to several years. These contracts terminate upon the completion of the relevant projects and set forth project specifications, project management regime, project schedule and discovery, development and/or manufacturing steps, payment terms, confidentiality obligations of the parties, ownership of intellectual property rights, termination clause and other general terms and conditions.

The table below summarizes the key contractual terms under framework service agreements/work orders and project-based service contracts with our customers. Our business operations are covered by various insurance policies, including product liability and professional errors and omission insurance. See "— Insurance" for additional information about our insurance.

Project Management	The customer is entitled to visit the project site, with prior written notice, to conduct on-site inspections and consult with the researcher and development staff to monitor the implementation of the project. Under project-based service contracts, the customer and we will further establish a project management committee, which is responsible for the review, supervision and coordination of the project.
Outsourcing	Unless otherwise approved by the customer, we are not allowed to outsource the research and development services to third parties other than our affiliates. We should bear joint liabilities for such third parties, including our affiliates.

Billing

The overall expenses consist of (i) the raw material expenses and (ii) service fees. Each project under project-based service contracts is divided into several sub-projects, and each work order under framework service agreements is split into several sub-activities, with detailed and pre-agreed research content and work product. The service fees are billed upon the completion of each research content, which is subject to the customer's inspection of the work product. Typically, experimental failure, unless caused by us, would not affect billing.

Inspection

After completion of each research content, we will first conduct the internal quality inspection, and then submit a report, which is usually issued in our standardized platform report format, and work product to the customer for inspection. The customer also has the option to conduct its own inspection and issue a report. Once the customer has confirmed the report, the inspection and acceptance of the deliverables are deemed complete. For project-based service contracts, the customer should complete the inspection typically within 10 business days. For framework service agreements, the inspection period is generally 15 business days.

Payment

Generally, the payment is made by installment. For project-based service contracts, the customer should make the first payment, usually 30% of the overall expenses, after signing the contract. The subsequent payment is made upon the completion of research content and is settled on a monthly basis. The customer should also make prepayments for the initiation of significant sub-projects. For framework service agreements, the payment is specified within each separate and distinct work order and is charged by each individual sub-activity therein. The customer should make the payments, usually 50% and 50% of the overall expenses for each sub-activity, at the initiation and upon completion of such sub-activity, respectively.

Cancellation

If the customer cancels any sub-project for project-based service contracts or any work order for framework service agreements, we may be required to seek other potential alternative customers to avoid loss. If no such alternative customers are available, we will charge the full amount of raw material expenses and a portion of service fees, the percentage of which is set based on the notice period of such cancellation and/or the services rendered and all non-cancelable obligations in connection with the services, and the amount can be up to the full service fees. The percentage we charge for cancellation based on the notice period of such cancellation depends on the nature of the relevant work initially requested and may be subject to negotiation on a case-by-case basis. For example, for cancellation of a work order for a cGMP manufacturing run and engineering run of a bioconjugate product, percentages of service fees we charge may be nil, 75% or 100% when we receive the cancellation notice greater than 120 days before the scheduled cGMP manufacturing run, between 61 to 120 days before the scheduled cGMP manufacturing run, or within 60 days before the scheduled manufacturing run or anytime thereafter, respectively.

Our customers typically retain ownership of all intellectual property associated with their projects, including both intellectual property it provides to us and that arises from the services we provide, except for intellectual property created or developed in connection with the provision of our services that is derivative of our own intellectual property or that relates to manufacturing processes developed at our expense. Generally, the customer has, and in some cases we as well have, the right to terminate a framework service agreement or project-based service contract or a work order under the framework service agreement without cause by giving prior written notice (typically ranging from two months to six months). In addition, each party typically has the right to terminate a framework service agreement or project-based service contract or a work order under the framework service agreement immediately upon notice to the other party if a material breach by the other party is not curable or remains uncured for a period of time (typically ranging from 30 days to 90 days) after notice of the material breach is received by the other party. If a customer terminates a project-based service contract or a work order, the customer is typically obliged to pay for the services already rendered and costs and expenses already incurred or irrevocably committed up to the date we receive the termination notice, and in some cases the customer is also obliged to pay a cancellation fee. During the Track Record Period, there was no cancellation of sub-projects.

During the Track Record Period, there were no material breaches of our service agreements either on our part or the part of our customers, and there was no termination of any contract. We were not subject to any exclusivity clause in our provision of services during the same period. There were no amount of services fees that could not be collected as there were no dispute between customers and us on the acceptance of deliverables during the Track Record Period.

Payment Terms

Under the FFS model, a contract or work order typically comprises a number of tasks, each including several discovery, development and/or manufacturing steps. We bill our customers by task and typically give our customers a credit term between 30 to 60 days. We typically require our customers to make a portion of the corresponding payment upon the commencement of each task and the remaining payment will be paid to us after we complete such task to the satisfaction of our customers. Under an FFS contract or work order, we are typically required to deliver a technical laboratory report, product/samples and/or other deliverables and transfer the relevant data and rights to the customer upon completion of each discovery, development or manufacturing step. Upon the acceptance of such deliverables by our customers, the relevant discovery, development or manufacturing step is deemed to be completed and revenue is recognized. Under the FTE model, we typically require the customer to make monthly payments for services rendered with a credit term between 30 to 60 days. With respect to the milestone fee structure, we typically require the customer to make payment within 30 to 90 days after the completion of each predefined milestone.

Customer Support

To facilitate project management, we have developed an online system allowing a customer's project manager to monitor and report on the progress of its projects through an encrypted website. Additionally, our project team interacts with a customer's project-management team through daily emails, bi-weekly reports and regular conference calls. Our project management involves strict adherence to our strategic imperative to protect our customers' intellectual property and other confidential information. See "— Intellectual Property" for more information.

We conduct frequent customer satisfaction surveys with certain key customers, which enable us to measure key performance indicators to improve our planning, execution, evaluation and support. We focus internally on operational improvement and innovation to achieve lower direct costs, better use of assets, faster discovery and development time, increased accuracy, greater customization or precision of data, more added value and simplified processes. Dedicated to improving responsiveness to our customers' needs and inquiries, our customer support department focuses on sales support and relationship management with our customers.

During the Track Record Period, our customers conducted an aggregate of approximately 60 audits and inspections on our facilities. These audits and inspections are intended to ensure that the bioconjugates manufactured at our facilities meet the cGMP requirements imposed by the relevant government authorities (for example, the FDA and the NMPA) in the country or region in which the bioconjugates are intended to be used in clinical trials or distributed after commercialization is approved. Our Directors confirm that there were no material findings in the audits and inspections conducted by our customers or material product quality complaints received from our customers during the Track Record Period.

SUPPLIERS

The raw materials and equipment required for the provision of our services are generally readily available in the market through a number of suppliers. During the Track Record Period and up to the Latest Practicable Date, we did not procure raw materials or equipment that were subject to export control laws and regulations. During the Track Record Period, procurement of raw materials for the WXB Group was conducted on a centralized basis, which had enabled us to benefit from the substantial economies of scale that are associated with the magnitude of the global business of the WXB Group. During the Track Record Period, we also sourced certain property, plant and equipment ("**PPE**") through the aforementioned centralized procurement system rather than directly from suppliers. For additional information on the arrangement, see "Connected Transactions."

We trace the raw materials and PPE from third-party suppliers to our Group by matching the unique material code in the transaction records of the WXB Group, and we thereby attribute expenses to specific ultimate suppliers of our Group. We believe such treatment fairly depicts the relationship between our Group and our ultimate suppliers during the Track Record Period. The following table sets forth certain information about our five largest ultimate suppliers (on a grouped basis) in terms of purchases in 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively.

			For the six months ended June 30, 2023		
Suppliers	**Relationship Since[1]**	**Background and Principal Business**	**Main Services/ Products/ Equipment Procured**	**Procurement Amount**	**Procurement Contribution**
				(RMB in millions)	**(%)**
Remaining WXB Group	2013	A leading global fully-integrated biologics CRDMO providing one-stop, end-to-end biologics services. Its CRDMO platform enables clients and partners from early as the discovery and preclinical 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.	Service and materials	483.3	60.8
WXAT Group . . .	2013	Headquartered in China, the company is principally engaged in the provision of research, development and manufacturing services which include chemistry drugs CRDMO, biology discovery, preclinical testing and clinical research services, and cell and gene therapies CTDMO.	Service and materials	65.0	8.2
Supplier A	2021	A China-based company engaging in construction and engineering contracting work.	Construction	33.8	4.3
Supplier B	2022	Chinese headquarter of a U.S. non-profit organization which is a medicine standard-setting body.	Real estate	25.4	3.2
Supplier C	2019	A U.S.-based supplier of scientific instrumentation, reagents, consumables, and software services.	Equipment and materials	17.6	2.2
			Total	**625.1**	**78.7**

			For the year ended December 31, 2022		
Suppliers	**Relationship Since[1]**	**Background and Principal Business**	**Main Services/ Products/ Equipment Procured**	**Procurement Amount**	**Procurement Contribution**
				(RMB in millions)	**(%)**
Remaining WXB Group	2013	A leading global fully-integrated biologics CRDMO providing one-stop, end-to-end biologics services. Its CRDMO platform enables clients and partners from early as the discovery and preclinical 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.	Service and materials	444.4	39.9
WXAT Group	2013	Headquartered in China, the company is principally engaged in the provision of research, development and manufacturing services which include chemistry drugs CRDMO, biology discovery, preclinical testing and clinical research services, and cell and gene therapies CTDMO.	Service and materials	132.9	11.9
Supplier A	2021	A China-based company engaging in construction and engineering contracting work.	Construction	99.4	8.9
Supplier B	2022	Chinese headquarter of a U.S. non-profit organization which is a medicine standard-setting body.	Real estate	74.6	6.7
Supplier D	2017	A China-based pharmaceutical equipment supplier.	Equipment	49.0	4.4
			Total	**800.3**	**71.8**

			For the year ended December 31, 2021		
Suppliers	**Relationship Since[1]**	**Background and Principal Business**	**Main Services/ Products/ Equipment Procured**	**Procurement Amount**	**Procurement Contribution**
				(RMB in millions)	**(%)**
Remaining WXB Group	2013	A leading global fully-integrated biologics CRDMO providing one-stop, end-to-end biologics services. Its CRDMO platform enables clients and partners from early as the discovery and preclinical 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.	Service and materials	31.7	15.0
WXAT Group	2013	Headquartered in China, the company is principally engaged in the provision of research, development and manufacturing services which include chemistry drugs CRDMO, biology discovery, preclinical testing and clinical research services, and cell and gene therapies CTDMO.	Service and materials	23.3	11.0
Supplier A	2021	A China-based company engaging in construction and engineering contracting work.	Construction	21.7	10.3
Supplier E	2016	A Germany-based life sciences and technology company providing a range of healthcare and chemical products.	Equipment and materials	18.3	8.7
Supplier D	2017	A China-based pharmaceutical equipment supplier.	Equipment	16.2	7.7
			Total	**111.2**	**52.7**

			For the year ended December 31, 2020		
Suppliers	**Relationship Since[1]**	**Background and Principal Business**	**Main Services/ Products/ Equipment Procured**	**Procurement Amount**	**Procurement Contribution**
				(RMB in millions)	**(%)**
Supplier F	2020	A China-based company engaging in construction and engineering contracting work.	Construction	24.5	32.8
Supplier E	2016	A Germany-based life sciences and technology company providing a range of healthcare and chemical products.	Equipment and materials	4.5	6.0
Remaining WXB Group	2013	A leading global fully-integrated biologics CRDMO providing one-stop, end-to-end biologics services. Its CRDMO platform enables clients and partners from early as the discovery and preclinical 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.	Service and materials	4.2	5.6
Supplier G	2020	A China-based company offering design and construction of pharmaceutical fluid system.	Construction	3.4	4.5
Supplier C	2019	A U.S.-based supplier of scientific instrumentation, reagents, consumables, and software service.	Equipment and materials	2.8	3.7
			Total	**39.4**	**52.6**

(1) Denotes the first time we procured products or services directly or through the Remaining WXB Group from the supplier.

The following table sets forth the breakdown of the transaction amounts with the Remaining WXB Group and the WXAT Group by purchase of services and materials during the Track Record Period.

		For the year ended December 31,			For the six months ended June 30,
Suppliers	**Procured Content**	**2020**	**2021**	**2022**	**2023**
			(RMB in millions)		
Remaining WXB Group	Service[3]	1.9	30.0	441.1	477.1
	Materials[2]/ Equipment	2.3	1.7	3.3	6.2
	Subtotal	**4.2**	**31.7**	**444.4**	**483.3**
WXAT Group	Service[3]	–	19.7	67.6	62.6
	Materials[3]	–	3.6	65.3	2.4
	Subtotal	**–**	**23.3**	**132.9**	**65.0**

Notes:

1. These transaction amounts with the Remaining WXB Group and the WXAT Group (the "**Business-related Amounts**") are different from the historical transaction amounts of the continuing connected transactions under "Connected Transactions" of the Document (the "**CCT-related Amounts**") due to different accounting treatments only.
2. For the materials/equipment supplied between our Group and the Remaining WXB Group, the relevant Business-related Amounts are presented on a "look-through basis" while the relevant CCT-related Amounts are presented on a "non look-through basis".
3. For the services supplied between our Group and the Remaining WXB Group and the services and materials supplied between our Group and the WXAT Group, the differences are due to different accounting treatments including but not limited to, labor cost adjustment related to share based payment expenses charged by the Remaining WXB Group to our Group, expenses charged by the Remaining WXB Group to our Group such as supply chain expenses and staff costs charged, VAT adjustment charged by our Group.

The raw materials procured through the centralized procurement system were predominantly laboratory supplies, such as various types of liquid containers and mixer bags, tubing, filters and chemicals. These laboratory supplies are readily available from various independent third parties, according to Frost & Sullivan. The raw materials procured from independent third parties primarily include chemical reagents and laboratory consumables. Going forward, as the business of our Group continues to scale up, we intend to independently procure raw materials and expect to also benefit from our own economies of scale. For the procurement of key equipment, we generally go through a tender process and invite reputable suppliers to submit bids. The PPE procured from independent third parties primarily include laboratory equipment, such as freeze dryers, packaging lines and filling lines. We carefully select our suppliers based on various factors, including their qualifications, product selection, quality, reputation, pricing, business scale, technological strengths, quality management capabilities and overall services. We also request for documents such as licenses and permits and ascertain whether our suppliers have any competitive relationships with us. Our suppliers typically extend to us credit terms ranging between 30 days and 90 days.

We manage the raw materials' inventory levels by monitoring the status of our ongoing projects and incoming new projects and places orders through the centralized procurement system or with suppliers for any inventory that is expected to decline below targeted levels. We procure raw materials and equipment in accordance with our business expansion plan or to replace obsolete equipment on an as-needed basis.

Antibody intermediates are critical components of ADCs. Some customers supply their own antibody intermediates for use in their projects, such that we do not need to procure antibody intermediates for such project. For other cases where we do need to obtain antibody intermediates for a customer's project, we have sourced antibody intermediates, which are generally readily available, from reputable suppliers including the Remaining WXB Group. For additional information about our connected transactions with the Remaining WXB Group regarding antibody intermediates, see "Connected Transactions." We expect to have the option to manufacture such antibody intermediates using our own facilities that are under construction or planned. We anticipate that the completion of our new facilities in Wuxi by the end of 2023 and the completion of the planned manufacturing facilities in Singapore in 2026 can help us meet a large portion of our need for antibody intermediates. For additional information about our planned facility expansion, see "— Facilities."

In the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, our five largest ultimate suppliers for each year/period together accounted for 52.6%, 52.7%, 71.8% and 78.7%, respectively, of our cost of services, and our largest ultimate supplier for each year/period accounted for 32.8%, 15.0%, 39.9% and 60.8%, respectively, of our cost of services.

None of our Directors, their respective associates, or Shareholders who, to the knowledge of our Directors, own 5% or more of our issued share capital had any interest in any of our five largest direct or ultimate suppliers, other than with respect to the Remaining WXB Group and the WXAT Group, during the Track Record Period. During the Track Record Period, none of our major independent direct suppliers was also our customer. For details of our connected transactions with the Remaining WXB Group and the WXAT Group, see "Connected Transactions."

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material dispute with our suppliers or any material breach of our supply contracts or agreements. We had not experienced any material shortages of our supplies during the Track Record Period. To the best of our knowledge, as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to termination of our relationships with any of our major suppliers.

QUALITY MANAGEMENT

We believe that an effective quality management system for procuring raw materials, R&D and manufacturing is critical to ensuring the quality of our services and maintaining our reputation and success. We have inherited from the WXB Group and further developed an in-house quality management system, and we have devoted significant attention to quality control and assurance. We seek to ensure that our services consistently meet high industry standards and requirements. We have established a quality assurance department, which is responsible for supervising the implementation of the quality standards. Based on the research and development and specific manufacturing processes of bioconjugates, we have established quality control measures for all stages of our operations, covering procurement of raw and auxiliary materials, research and development and process development, and manufacturing of bioconjugate intermediates, drug substances and drug products.

As of September 30, 2023, our quality assurance department consisted of 33 dedicated employees with biology, chemistry or related educational backgrounds, of whom 12 held master's or higher degrees. The department is led by Dr. Jincai Li, our executive Director and chief executive officer, who has over 20 years of extensive experience in the pharmaceutical industry. Our quality assurance department also organizes regular training programs to provide updates to its members regarding new quality assurance measures and policies.

Raw Material and Equipment Quality Control

During the Track Record Period, we obtained a substantial part of raw materials from the Remaining WXB Group through the WXB Group's centralized procurement system. The WXB Group has a field-tested raw material quality control system that ensures the quality and trustworthiness of raw materials and their suppliers, and the procurement of raw materials by the WXB Group can benefit from substantial economies of scale that are associated with the magnitude of its global business.

Going forward, as our business continues to scale up and reach certain economies of scale, we will gradually procure our own raw materials independently. We will carefully select raw material suppliers and conduct background checks on supplier candidates in the form of questionnaires and/or on-site audits. For each supply of raw materials, we will request accompanying quality reports from the supplier, which usually contain various quantitative analysis.

For our manufacturing projects, we also perform our own testing of each supply of raw materials, such as the antibody intermediates, in accordance with quality requirements set forth in the relevant specifications. We release raw materials into the manufacturing process only after receiving satisfactory results from our internal testing. Each step of our raw material procurement is documented for our internal records as well as customer audits. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material quality issue relating to our raw materials.

We purchase equipment and spares only from selected reputable suppliers. We conduct inspections and relevant testing on the incoming equipment to ensure that the equipment is in satisfactory condition and fully functional before we accept delivery from our suppliers. We also communicate with the technical and customer support staff of our equipment suppliers regularly for the maintenance and upgrade of our equipment.

R&D and Process Development Procedures

We have implemented comprehensive standard operating procedures to control the quality of service and ensure that the research and development and process development procedures follow the relevant GLP specifications. The quality assurance department is responsible for reviewing GLP experimental plans and experiment execution process, submitting analysis reports to management, submitting experimental plans and summary reports to the relevant regulatory authority, and participating in management meetings to discuss quality/compliance matters, on a regular basis or as appropriate.

Manufacturing

We have also developed standard operating procedures for quality control in the manufacturing process. We have specifically established quality assurance departments to review the integrity of each batch of products manufactured, in order to ensure that cGMP-compliant quality standards are maintained during the manufacturing process. Quality supervisors take samples from each batch of products and laboratory technicians carry out quality inspections on each batch of finished products and issue inspection reports based on the results. Samples that fail to pass the inspection are disposed of in accordance with the requirements of the operating procedures for substandard products. In addition, the quality supervisors are also responsible for the monitoring and supervision of clean environment of workshops to ensure the cleanliness requirements of our facilities and the quality supervision of manufacturing process, and record in a faithful manner to ensure traceability of product quality.

INTELLECTUAL PROPERTY

Protection of Our Intellectual Property

We develop and use a number of proprietary methodologies, technologies, trade secrets, know-how and other intellectual property during the conduct of our business. We rely on a combination of patent, trademark, intellectual property laws and contractual arrangements to protect our intellectual property. As of the Latest Practicable Date, the Remaining WXB Group had completed transfer and/or assignment of material patents, patent applications, registered trademarks and pending trademark applications relating to our business to us. In particular, we have been assigned with three issued patents relating to the WuXiDAR4 technologies in the United States, Japan and Taiwan, 13 pending patent applications in China and overseas, as well as seven registered trademarks relating to the WuXiDAR4 technologies in China, the United States, the EU, the United Kingdom and Japan. See "Statutory and General Information — C. Further Information about Our Business — 2. Intellectual Property Rights of Our Group" in Appendix IV to this document for further details of the material intellectual property rights. In addition, our Group has not used, and has no intention to use, any intellectual property rights owned or developed by the WXAT Group. As a result, we do not, and will not, rely on any intellectual property rights, trade secrets and know-how belonging to our Controlling Shareholders for the operation of our business. See "Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Operational Independence — Intellectual property rights" for detailed discussion on intellectual properties transfer and assignment. Based on the Sponsors' independent due diligence on the Company's historical and current IP practices, the Sponsors have no reason to believe that the Company will not be able to carry out its operations without relying on any intellectual property, trade secrets and know-hows of the Controlling Shareholders in its ADC CRDMO process.

We also rely on unpatented trade secrets or know-how to develop and maintain our competitive position. Such trade secrets or know-how include various methodologies or techniques that we have developed for key processes in the bioconjugate development, such as methods of purifying the desired conjugation product from other molecules. We rely on such trade secrets and know-how, for example, to plan, conduct and optimize the conditions for discovery, development and manufacture bioconjugates that lead to high quality results for our customers. We strategically choose not to pursue patent protections over certain know-how or trade secrets because we prefer not publishing such information as typically required in the patent application process or subject such competitive advantages to limited terms of patent exclusivity.

Our employees are bound by confidentiality obligations under their employment contracts and are prohibited from disclosing the intellectual property of our customers' and ours. During the Track Record Period and up to the Latest Practicable Date, to our knowledge, none of our employees breached the confidentiality obligations under their employment contracts.

We enter into agreements with all of our employees under which they disown all intellectual property they create during their employment and waive all relevant intellectual property rights or claims. All of our employees have agreed to disclose and assign to us all inventions conceived by them during their term of employment.

Protection of our Customers' Intellectual Property

Our reputation and business success also depend on our ability to protect the intellectual property rights of our customers. Due to the nature of our services, we typically have access to the drug chemistries, production processes, formulations and other intellectual property owned by or licensed to our customers. We strategically focus on the role of the partner of choice in discovering, developing and manufacturing bioconjugates instead of the role of a drug maker ourselves and therefore do not have interests that conflict with those of our customers. Our customers generally retain ownership of all intellectual property associated with their projects, including the intellectual property that they provide to us and the intellectual property arising from the services we provide.

Protecting the proprietary rights of our customers has been a top priority since our inception. We have established an intellectual property protection process to properly manage the document transmission and archiving, preservation of documents related to R&D and manufacturing, supervision and control of laboratory computers and access to documents in connection with confidential information.

We put a heavy emphasis on record keeping, as our scientists' notes can be used as original data in support of regulatory submissions or patent applications. We are now switching from physical notebooks to electronic notebooks for many of our customers. For physical notebooks, we periodically scan signed and dated notebooks for electronic archiving. Our process preserves the documentation necessary to establish intellectual property ownership should any disputes arise in the future. This process not only significantly enhances the protection of key original information, but also increases customers' confidence and trust in our company.

In addition, we have established virtual and physical firewalls to protect the customer's projects and intellectual property. For instance, we have adopted a laboratory information management system ("**LIMS**") to control information access on a need-to-know basis and to restrict system access in connection with our bioconjugate discovery, development and manufacturing. The electronic record of one customer's project is isolated from that of another customer's project and can only be accessed by the relevant team members. We believe that our LIMS complies with all regulatory requirements regarding security, including data integrity, compatibility and audit-trail generation. To the extent that we are able to, each customer project has dedicated laboratory space equipped with key-card access control systems. Most of our laboratory computers are not connected to the external internet, so that they cannot be accessed by unauthorized external parties and have restricted data-transfer capabilities. We believe that the firewalls restrict potential leaking or intermingling information of different customers and safeguard their intellectual property.

Despite the measures and efforts we have taken to protect our own and our customers' intellectual property, unauthorized parties may attempt to obtain and use information that we regard as proprietary. Under our contractual arrangements with our customers, we typically undertake to indemnify our customers for damages resulting from any third-party intellectual property infringement claims that are solely based on our intellectual property; our customers typically undertake to indemnify us for damages resulting from any third-party intellectual property infringement claims other than those that are solely based on our intellectual property. For more information, see "Risk Factors — Risks Relating to Our Business and Industry — We may not be successful in protecting the intellectual property owned by us or our customers or licensed from third parties." During the Track Record Period and up to the Latest Practicable Date, we were not subject to, nor were we party to, any intellectual property rights infringement claims or litigations and were not aware of any material infringement of our intellectual property rights that had a material adverse effect on our business. We had complied with all applicable intellectual property laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

We face competition from other third-party outsourcing service providers for the discovery, development and manufacturing of ADCs and other bioconjugates. The global ADC outsourcing services market is relatively concentrated with the top five players accounting for an aggregate market share of 50.0% in terms of revenue in 2022, according to Frost & Sullivan. Our global market share by revenue increased from 1.8% in 2020 to 4.6% in 2021 and 9.8% in 2022, ranking second in the global ADC outsourcing services market in 2022. We are the only Chinese company among the top 5 players in terms of revenue in 2022. We ranked first in China, the most active ADC out-licensing market globally, with a market share of 69.5% in terms of revenue in 2022, according to the same source.

We face competition based on several factors, including quality and breadth of services, timeliness of delivery, price and geography, maintenance of GLP, GMP and cGMP standards and depth of customer relationships. In terms of entry barriers and key success factors, according to Frost & Sullivan, the global ADC outsourcing services market generally favors participants with integrated and comprehensive services capabilities, geographical proximity of facilities, proprietary technical capabilities and proven quality track record to accomplish the highly regulated process. For more details, see "Industry Overview — Overview of Global ADC Outsourcing Services Market."

According to Frost & Sullivan, what has been an emerging trend in the bioconjugate outsourcing market is the growing preference to CRDMOs like us that provide fully integrated one-stop services with proven and consistent high-quality assurance. This is because using a single CRDMO brings multiple advantages for ADC and bioconjugates developments which require interdisciplinary expertise and collaboration, such as allowing a drug developer to simplify logistics coordination and vendor management, reduce the complexity of technology transfer and expedited the timeline for its drugs to reach the market. In the meantime, for smaller CRDMOs, it requires considerable investments of time and resources that may be out of the reach to build a bioconjugate platform as comprehensive as ours, acquire the necessary technologies and accumulate industry know-how.

We believe that we are able to maintain our services' competitiveness by leveraging our established position in the global ADC and other bioconjugate outsourcing services market and capitalizing on the opportunities offered by the booming ADC and broader bioconjugate market globally. We are also of the view that a comprehensive and integrated service portfolio and effective quality assurance are critical to the continuing success of our business. In addition, our expanding capacity enables us to satisfy the increasing needs of bioconjugate outsourcing and grow with our customers to establish long-term relationships.

INSURANCE

We maintain (1) property insurance policies covering physical damage to, or loss of, our facilities and their improvements, equipment, office furniture and inventory; (2) employer's liability insurance generally covering death or work injury of employees; (3) product liability and professional errors and omissions insurance covering product liability claims arising from the use or operation of our payload-linkers, ADCs or other bioconjugate molecules and claims arising from negligence in connection with our services to customers; (4) public liability insurance covering the legal liability for damages in respect of bodily injury, property damage or other contingencies caused in connection with our business; (5) machinery breakdown insurance covering unforeseen and sudden physical loss or damage to our machinery; (6) cargo insurance covering physical loss or damage to freight during transportation; and (7) directors and officers liability insurance. We do not maintain key-man life insurance for any members of our senior management or other key personnel or business disruption insurance.

We believe that our insurance coverage is adequate. Nevertheless, our insurance coverage may be insufficient to cover all liabilities against or damages to us and could therefore result in substantial costs or a diversion of resources. See "Risk Factors — Risks Relating to Our Business and Industry — We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources."

PROPERTIES

We have owned and leased a number of properties in Shanghai, Changzhou and Wuxi in China. The following table sets forth a summary of the properties owned or leased by us as of the Latest Practicable Date. None of our properties were used as the collateral for mortgages.

Location	Type of Property	Area (sq.m.)	Ownership	Term/Expiry Date
Pudong New District, Shanghai, China	Facilities and office	4,499 (the parcel of land), 8,927.16 (the GFA)	Owned	March 2042
Xinwu District, Wuxi, Jiangsu Province, China	Facilities and office	26,392 (the parcel of land), 48,067.66 (the GFA)	Owned	April 2051
Pudong New District, Shanghai, China	Office	845.11 (the GFA)	Leased	January 2026

Location	Type of Property	Area (sq.m.)	Ownership	Term/Expiry Date
Xinbei District, Changzhou, Jiangsu Province, China	Facilities and office	819.52 (the GFA)	Leased	December 2023
Xinwu District, Wuxi, Jiangsu Province, China	Dormitory	572 (the GFA)	Leased	June 2024
Xinwu District, Wuxi, Jiangsu Province, China	Facilities and office	7,903.74 (the GFA)	Leased	December 2027
Xinwu District, Wuxi, Jiangsu Province, China[(1)]	Dormitory	18,172.07 (the GFA)	Leased	December 2024

(1) Such property is currently not in use.

As of the Latest Practicable Date, none of the properties held by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our Group's interests in land or buildings.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We view environmental, social and governance ("**ESG**") responsibilities as an integral component of our ethos and business strategy. We acknowledge our responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have impact on our business. We are committed to complying with ESG reporting requirements upon [**REDACTED**].

Our operations and facilities are subject to extensive environmental protection and health and safety laws and regulations. These laws and regulations govern, among other things, the generation, storage, handling, use and transportation of hazardous materials and the handling and disposal of hazardous and biohazardous waste generated at our facilities. See "Regulatory Overview" for more details. We believe it is critical for us to function in a socially responsible manner to protect the environment and ensure workplace safety, and we are committed to taking all necessary measures and efforts to that end.

During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant environmental and occupational health and safety laws and regulations in all material aspects. We do not expect our costs of complying with current and future environmental protection and health and safety laws to increase significantly going forwards. However, because the requirements imposed by these laws and regulations may change, we may be unable to accurately predict the cost of complying with these laws and regulations. See "Risk Factors — Risks Relating to Our Business and Industry — We are subject to environmental protection and health and safety laws and regulations and may be exposed to potential costs for compliance and liabilities, including consequences of accidental contamination, chemical or biological hazards or personal injury" for more information. We were not subject to any administrative penalties relating to environmental, health or safety compliance that would have a material adverse effect on our financial position or results of operations as a whole.

Governance

We regard ESG governance as the cornerstone of corporate sustainable development. Our Board is our highest decision-making and governing body regarding ESG issues. It has the overall responsibility for overseeing and determining the ESG-related risks and opportunities, as well as the collective responsibilities through boardroom deliberations for establishing and adopting the ESG policies, strategies and targets to manage material ESG risks, reviewing our performance against those targets, and revising the ESG strategies as appropriate if significant variance from the target is identified. To facilitate our Board to oversee and manage material risks of ESG matters, our Board has established an ESG committee that currently comprises four members, including Dr. Jincai Li, our chief executive officer and executive Director, Mr. Jerry Jingwei Zhang, our chief operating officer and executive Director, Dr. Weichang Zhou and Ms. Ming Shi, our non-executive Directors. Both Dr. Jincai Li and Mr. Jerry Jingwei Zhang have accumulated hands-on experience in managing business operations and productions through serving their prior roles with the WXB Group, and have in-depth exposure to and knowledge in ESG matters. The ESG committee serves as a supportive role to our Board to (i) formulate and review the Company's responsibilities, vision, strategy, framework, principles, policies and (ii) monitor the implementation of the ESG policies passed by the Board to oversee and guide our Company's ESG initiatives and to make recommendations to the Board. The ESG committee is tasked to prepare written materials or oral presentations to report its observations and proposals to our Board periodically, to keep our Board informed on the ESG matters to formulate appropriate ESG-related mechanisms and policies.

Our ESG guidance team, which consists of certain management team members of our Group and key personnel of operation sites, and ESG department are generally responsible for executing the ESG policies, evaluating ESG performance, regularly communicating with stakeholders about the material ESG issues and providing insights, advice, direction and solutions for ESG decision-making. Our ESG guidance team provides strategic insight to achieve a close correlation of our ESG targets and business operations and ensures resource support for ESG work. Our ESG department reports to our chief operating officer and is responsible for providing professional advice and ESG performance evaluation, communicating with relevant responsible parties and facilitating the implementation of our ESG strategies, objectives and initiatives to improve the overall ESG performance of our Group. We also encourage our employees in our functional departments to jointly promote the implementation of our ESG policies and objectives, as well as keep innovating and refining operational excellence to improve ESG performance.

ESG Policies

We have established a set of ESG policies in accordance with the Listing Rules, under which we endeavor to reduce negative impacts on the environment through our commitment to energy saving and sustainable development. Our ESG policies outline, among others, (i) the appropriate risk governance on ESG matters, including climate-related risks and opportunities, (ii) ESG strategy formulation procedures, (iii) the identification of key performance indicators, including reduction of greenhouse gas emissions and (iv) waste treatment and conservation of energy, among other aspects. We continue to promote a positive workplace for all of our employees, including embracing diversity and equal and respectful treatment of all of our employees. For social matters, we have adopted policies and frameworks related to (i) workplace safety, (ii) quality management, (iii) employee compensation and benefits, (iv) employee training, wellness and professional and personal development and (v) employee complaint handling, among other aspects.

Potential Impacts and Mitigation of ESG-related Risks

We are subject to various ESG-related laws and regulations in China. During the Track Record Period and up to the Latest Practicable Date, we did not receive any fines or penalties associated with the breach of any environmental laws or regulations. To the best knowledge and belief of our Directors, we are not subject to material environmental liability risk and will not incur material compliance costs in the future.

In view of the nature of our business, to the best knowledge of our directors, climate change will not have any major impact on our business operation. However, in recent years, disasters due to extreme weather conditions caused by climate change could cause significant damage to our facilities, resulting in temporary or long-term closures of our facilities and operations and significant expenses for the repair or replacement of damaged facilities. We may also experience indirect impacts from disruptions in the supply chain. Uncontained global warming may elevate temperature, which could force us to increase electricity consumption and thus operating expenditures.

In the medium to long term, there may be an increasing number of legislations and regulations in response to the potential impacts of climate change. Such a shift in the regulatory environment may affect our operations directly or indirectly because of required compliance by our business partners, and may subject us to additional costs and restrictions, including increased energy and raw material costs, and pollutant or hazardous waste treatment costs. These additional burdens could negatively affect our financial condition and results of operations.

We will continue to identify, assess, manage and mitigate the ESG-related risks. Our approach includes but is not limited to:

- monitoring relevant laws, regulations and industry standards to regularly assess our compliance with applicable regulatory rules;
- reviewing and assessing the ESG reports of similar companies in the industry to ensure that all relevant ESG-related risks are identified on a timely basis;
- discussing among management from time to time to ensure all the material ESG issues are recognized and reported;

- discussing with key stakeholders on key ESG principles and practices to ensure that the significant aspects are covered;

- organizing a specific ESG risk management process to identify and manage ESG-related risks and opportunities as an integrated part of overall business risks and opportunities;

- setting appropriate targets, including with regard to emission, pollution and other impact on the environment aimed at reducing emissions and natural resource consumption;

- building up sophisticated business continuity management system to handle various kinds of ESG-related risks and assure our business continuity to the most extent.

We will conduct an enterprise risk assessment at least once a year to cover the current and potential risks faced by our Group, including, but not limited to, the risks arising from the ESG aspects and strategic risk around disruptive forces such as climate change. Our Board will assess or, when needed, engage an external expert to evaluate the risks and review our Group's existing strategy, target and internal controls, and necessary improvements will be implemented to mitigate the risks. Our Board, audit committee and the ESG committee will maintain oversight of our approach to risk management, including climate-related risks and risks monitored as part of the standard operating processes to ensure the appropriate mitigations are in place of the regular management reviews. We will work toward integrating ESG in the risk management mechanism to further strengthen the monitoring and mitigating ESG-related risks across our Group.

The decision to mitigate, transfer, accept or control risk is influenced by various factors, such as government regulation and public perception. We will incorporate climate-related issues, including physical and transition risk analysis, into our risk assessment processes and risk appetite setting. If the risk and opportunities are considered material, we will refer to them in the course of the strategy and financial planning process. Upon annual review of the ESG-related risks and our Group's performance in addressing the risks, we may revise and adjust the ESG strategies as appropriate.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material impact on our business operations, strategies or financial performance as a result of the ESG-related issues.

Metrics and Targets

As required by the applicable PRC laws and regulations, our operations sites are required to pass the environmental impact assessment. Our own Shanghai and Wuxi operation sites passed such assessment in October 2022 and September 2019, respectively. To the extent possible, our facilities use next-generation technologies and clean energy sources, which we believe would improve resource conservation and reduce the level of waste produced by our operations. For example, we have utilized magnetic levitation chillers and upgraded the inner coating of old water pumps to improve efficiency and electricity-saving, and we have collected and recycled steam condensate to reuse water and reduce steam consumption and greenhouse gas emission. We have also leveraged the positive temperature coefficient (PTC) heating element to control humidity and save energy for our large refrigerated warehouse, as well as operated the clean air conditioning for our clean room under a dual airflow mode that responds to our activities in the clean room for energy-saving. We have monitored and recorded the following metrics since 2021 to assess and manage the environmental and climate-related risks arising from our operations.

Resource Consumption

Electricity consumption. We have monitored our electricity consumption levels and implemented measures to improve energy efficiency. For the years ended December 31, 2021 and 2022 and the six months ended June 30, 2023, our electricity consumption levels were approximately 7.0 million kWh, 11.4 million kWh and 8.0 million kWh, respectively.

Water consumption. We have monitored our water consumption levels and implement measures to promote water conservation. For the years ended December 31, 2021 and 2022 and the six months ended June 30, 2023, our water consumption levels were 76,556 m^3, 88,736 m^3 and 97,633 m^3, respectively.

Waste Management

Greenhouse gas and other waste gas. We have monitored our greenhouse gas discharge levels on an annual basis. For the years ended December 31, 2021 and 2022, our greenhouse gas emissions were approximately 8,041 tons and 13,056 tons of CO_2 equivalent, respectively. For other waste gas, we have built activated charcoal filters to ensure the waste gas is safe for emission.

Wastewater. For wastewater generated during our operations, we perform coagulation and sterilization and then send the processed wastewater to a third party for further processing. We have also formulated a set of criteria with respect to the wastewater, including its PH value shall be within the range of 6 to 9 and its chemical oxygen demand value shall not exceed 500 mg/L.

Solid hazardous waste. We store solid hazardous waste in special waste bags, which are then placed in a special area at our operation sites. We contract with qualified third parties to dispose such hazardous materials in a safe and environmentally friendly manner. For the years ended December 31, 2021 and 2022 and the six months ended June 30, 2023, our solid hazardous waste discharge levels were approximately 10.7 tons, 27.3 tons and 70.4 tons, respectively. The increase of the discharge level in the first half of 2023 was primarily due to the increased discharge of solid waste generated by the construction of our new facilities at the Wuxi site. In addition, we generated more solid hazardous waste in line with the growth of our research, development and manufacturing activities. To the extent feasible, we plan to further improve our operational efficiency to reduce the amount of solid waste generated from our operations, and we will continue to work with qualified third-party waste collectors to appropriately dispose our solid waste and achieve a reduced environmental impact.

Our Board will set targets at the beginning of each financial year in accordance with the disclosure requirements of Appendix 27 to the Listing Rules and other relevant rules and regulations upon [**REDACTED**]. The relevant targets will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting the ESG-related targets, we will take into account not only our historical consumption or discharge levels, but also our future business expansion, the overall goals of the WXB Group and available information from industry peers in a thorough and prudent manner with a view of balancing business growth and environmental protection to achieve sustainable development. We aim to reduce our Scope 1 and Scope 2 greenhouse gas emissions intensity by 50% (tons/RMB10,000) by 2030 from a 2021 base year. For the near term, we aim to curb the increment of our resource consumption and waste generation in spite of the growing size of our business operations. We will adjust the targets and goals in accordance with our actual business operations, and we will closely monitor the financial and non-financial impact on our business for actions taken to achieve these goals and targets. We believe that the implementation of this plan is facilitated by the design of our sites, which utilize

natural temperature and light for tailored heating, ventilation, air conditioning and lighting. We also ensure equipment meets our energy efficiency requirements. In addition, we have adopted and will continue to adopt various measures, including but not limited to:

- encouraging all staff to reduce the production of paper waste, reduce consumption of water resources and electrical appliances by posting water-saving or power-saving signs in eye-catching areas to cultivate our employees' awareness of environment protection;
- encouraging our employees to avoid printing hard copies and requiring double-sided printing whenever possible;
- requiring employees to turn off lights, equipment and other electronic devices when the devices are not in operation and before they leave the premises;
- using more energy-efficient lighting products, such as LED lighting;
- ensuring air-conditioning is used only when necessary, and at the appropriate temperature;
- regularly conducting inspections of our laboratory equipment to check for abnormal conditions, and making prompt report to avoid potential damages;
- encouraging teleconferences as opposed to physical meetings to reduce travel;
- offering shuttle services with electric vehicles to reduce staff's dependence on private cars;
- providing electric vehicle charging stations for employees.

Workplace Safety

We strive to provide a safe working environment for our employees. To that end, we have adopted and maintained a series of rules, standard operating procedures and measures. For example, we implemented safety guidelines that set out information about potential safety hazards and procedures for handling potent active pharmaceutical ingredients ("**APIs**") and operating our equipment and facilities. We also conduct regular safety inspections and maintenance for our manufacturing facilities. With video surveillance systems installed inside our facilities, we are able to monitor the operations and compliance with our safety guidelines in real time.

Our operation sites are designed with appropriate safety features to protect our employees who need to handle hazardous materials, some of which may be OEB5-rated chemicals. In particular, we specifically design isolated areas for handling APIs, and we have a positively pressurized buffer gowning room at the entry of the isolated areas to protect employees from potential air-borne spread of APIs, mist shower at the exit to remove any residual chemicals, and isolators to prevent human contact or inhalation of hazardous materials. Employees who need to handle APIs must comply with operating procedures in those areas and wear required personal protective equipment.

Our employees responsible for manufacturing and quality control and assurance are required to receive the necessary training and hold relevant qualifications, as well as wear the proper safety equipment during work. We require new employees to participate in safety training and familiarize themselves with the relevant safety rules and procedures. We also invite experts on fire control safety to conduct training sessions and regularly perform emergency evacuation drills to prepare our employees for potential fire accidents.

We did not have any material workplace accidents during the Track Record Period and up to the Latest Practicable Date.

CERTIFICATES, PERMITS AND LICENSES

During the Track Record Period and as of the Latest Practicable Date, we had obtained all requisite certificates, permits and licenses that are material for our operations in China, and all of such certificates, permits and licenses are within their respective effective periods.

The following table sets forth a summary of the key licenses, permits and certificates that we obtained:

Holder	Certificates/ Permits/Licenses	Certificate/ Permit/ License Number	Issuing Authority	Issue Date	Expiry Date[1]
XDC Wuxi.	Drug Manufacturing License (藥品生產許可證)	Su 20200604 (蘇20200604)	Jiangsu Medical Products Administration (江蘇省藥品監督管理局)	January 5, 2023	December 15, 2025
XDC Wuxi.	Registration Certificate of Biosafety Laboratories (生物安全實驗室備案證書)	LX2023001	Wuxi Health Commission (無錫市衛生健康委員會)	February 14, 2023	N/A
XDC Wuxi.	Registration Certificate of Biosafety Laboratories (生物安全實驗室備案證書)	XW2023002	Wuxi Health Commission (無錫市衛生健康委員會)	February 14, 2023	N/A
XDC Wuxi.	Filing Receipts for Purchasing the Precursor Chemicals in Category II and III (第二類、第三類易製毒化學品購買備案證明)	G32231350140044	Anti-Drug Brigade of Xinwu Branch of Wuxi Public Security Bureau (無錫市公安局新吳分局禁毒大隊)	September 26, 2023	December 25, 2023

Holder	Certificates/ Permits/Licenses	Certificate/ Permit/ License Number	Issuing Authority	Issue Date	Expiry Date[1]
XDC Wuxi.	Filing Receipts for Purchasing the Precursor Chemicals in Category II and III (第二類、第三類易製毒化學品購買備案證明)	G32231456913472	Anti-Drug Brigade of Xinwu Branch of Wuxi Public Security Bureau (無錫市公安局新吳分局禁毒大隊)	October 19, 2023	January 18, 2024
XDC Wuxi.	Customs Filing Receipt of Consignees and Consigners of Imported and Exported Goods (海關進出口貨物收發貨人備案回執)	32023409AJ	Wuxi Customs (無錫海關)	July 20, 2021	N/A
XDC Shanghai	Customs Filing Receipt of Consignees and Consigners of Imported and Exported Goods (海關進出口貨物收發貨人備案回執)	31224689BB	Shanghai Waigaoqiao Customs (上海海關外高橋關)	September 23, 2021	N/A
XDC Changzhou . . .	Customs Filing Receipt of Consignees and Consigners of Imported and Exported Goods (海關進出口貨物收發貨人備案回執)	3204965ABG	Changzhou Customs (常州海關)	August 30, 2021	N/A

(1) "N/A" represents licenses that do not have an expiration date and will remain valid unless revoked.

We had not experienced any material difficulty in renewing such certificates, permits and licenses during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable.

LEGAL AND COMPLIANCE MATTERS

Legal Proceedings

We may from time to time be involved in contractual disputes or legal proceedings arising out of the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages or losses which would have a material adverse effect on our financial position or results of operations as whole. As of the Latest Practicable Date, no material litigation, arbitration or administrative proceedings had been threatened against us.

Legal and Regulatory Compliance

We are committed to complying with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we did not have non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our Group as a whole.

Social Insurance and Housing Provident Funds

During the Track Record Period, we had (by ourselves and through a third-party human resource agency) made full contributions to social insurance and housing provident funds for our employees. As of the Latest Practicable Date, the said third-party agency made full contributions to social insurance and housing provident funds for two employees of XDC Wuxi and one employee of XDC Changzhou. The reason for engaging the third-party agency is that these three employees requested us to contribute their social insurance and housing provident fund in their respective places of residence, which are not the place where XDC Changzhou or XDC Wuxi is located.

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, the practice had not been explicitly prohibited by applicable PRC laws and regulations, however, there remain uncertainties over the interpretation and implementation of labor-related laws and regulations, and such arrangement may not at all times be deemed to be in full compliance with relevant laws and regulations, which may subject us to labor disputes or government investigations.

For detailed legal risks related to this, please refer to the paragraph headed "Risk Factors – We are required to make adequate contributions to social insurance and housing provident fund for our employees under the PRC regulations."

Title Defects of Lease Properties

As of the Latest Practicable Date, three of our leased properties had title defects that may affect our ability to continue to use them in the future. The existence of title defects is mainly due to the following reasons: (1) the lessors of two leased properties are different from the real estate owners of such leased properties, and (2) the intended purpose contained in the property ownership certificates of one property is inconsistent with the actual use of the property, namely, we use the property on the industrial land, as indicated in the property ownership certificate, for office.

As advised by our PRC Legal Advisor, in respect of the inconsistent use of one of our leased properties with the intended purpose contained in the property ownership certificate, we may face challenges from the government authorities regarding our right to continue use the premises. However, during the Track Record Period and as of the Latest Practicable Date, we are not aware of any claim made by the government authority that might affect our current occupation of such leased property. Nonetheless, even if we are required to vacate from the property, we would be able to relocate the leased property in a timely manner without incurring significant costs, given that (1) there are alternative properties at comparable rental rates on the market, and (2) most of our equipment at such leased properties is easy to move, and such relocation will not have a material adverse impact on our business and operations. For detailed legal risks related to this, please refer to the paragraph headed "Risk Factors – Failure to comply with PRC property laws and relevant regulations may affect our business, results of operations and financial condition."

Furthermore, we have enhanced our internal control to avoid such risks by the following measures:

- we have assigned designated personnel to follow up with the relevant parties to retrieve the ownership certificates or other ownership documents of the existing properties with title defects as soon as possible;

- we have formulated internal policies on the lease management, which explicitly requires that the actual use of properties should be consistent with the intended purpose contained in the property ownership certificate, which is also a prerequisite for entering into new lease agreements; and

- we will conduct our due diligence and reviews more prudently when we lease additional premises, particularly on the nature, designated use and title certificates for such properties.

As far as the enhanced internal control measures are concerned, the internal control consultant has conducted a follow-up review on the design of the Company's internal control mechanism, and no material deficiencies have been identified.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

Risk management is critical to the success of our business operation. Key operational risks that we face include changes in the general market conditions and the regulatory environment relating to the global bioconjugate outsourcing services market, our ability to offer quality bioconjugate CRDMO services, our ability to manage anticipated growth and to execute on our growth strategies, and our ability to compete with other bioconjugate outsourcing services providers. See "Risk Factors" in this document for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to currency, credit and liquidity risks that arise in the normal course of our business. For more details, see "Financial Information — Quantitative and Qualitative Disclosures about Market Risks."

In response to these challenges, we have developed a risk management framework as summarized below:

- Our audit committee, chaired by Mr. Hao Zhou, oversees and manages the overall risks associated with our business operations from time to time. Our audit committee is mainly responsible for reviewing and overseeing financial reporting procedure, risk management system and internal control system of our Group.

- The senior management team is responsible for (i) formulating and updating our risk management policy and objectives; (ii) conducting risk assessment, including the identification, prioritization, measurement and categorization of all major risks that may have potential impacts on our operations; (iii) making action plans to mitigate potential risks; and (iv) reporting material risks to our audit committee.

- Our internal audit department and other relevant functional teams are responsible for implementing our risk management policy and our day-to-day risk management practices. They are responsible for (i) gathering information about the risks related to our operations; (ii) preparing annual reports on risk management and auditing for the review of our chief operating officer and our audit committee; (iii) proposing and implementing appropriate measures in response to our risk exposure where necessary; and (iv) continuously monitoring major risks related to our operations.

- We also adopted internal policies against bribery and corruption. The policies strictly prohibit any employee or other personnel acting on our behalf from making, proposing or promising improper payments, directly or indirectly, in any form of cash, physical assets, loans, gifts, luxury trips, entertainment, donations, other valuables or benefits to anyone, including government officials, customers or suppliers, for the purposes of acquiring or securing any business or improper advantage, regardless of whether we benefit from such improper payments. Our employees and other personnel acting on our behalf are not allowed to accept or solicit any such improper payments as well. The anti-bribery and anti-corruption policies also prohibit other misconducts, such as misappropriation and embezzlement, fraud or other illegal activities. Employees who violate our anti-bribery and anti-corruption policies are subject to penalties, including termination of employment. During the Track Record Period and up to the Latest Practicable Date, we had complied with relevant anti-corruption and anti-bribery laws in all material aspects. We have engaged an internal control consultant to perform a general internal control review in connection with the [**REDACTED**] and the scope covered anti-bribery and anti-corruption policies and measures (excluding anti-bribery and anti-corruption investigation). As of the Latest Practicable Date, there was no material issue about our internal control policies and measures identified by the internal control consultant in relation to anti-corruption and anti-bribery compliance. Based on the internal control review report prepared by our internal control consultant, we believe that our internal control policies and measures in relation to anti-corruption and anti-bribery compliance are adequate and effective.

Internal Controls

We have engaged an internal control consultant to perform certain agreed-upon procedures in connection with the internal control of our Company and our major operating subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, fixed assets and assets under construction, human resources and payroll management, cash and treasury management, inventory management, general controls of IT system, taxation management, production and costing, insurance management, research and development and intangible assets. The internal control consultant performed procedures in April 2023 and put forward suggestions for improvement. We have accepted these suggestions and further strengthened the design of our internal control process. After our rectification, the internal control consultant performed follow-up procedures in June 2023, and no material issue remained in relation to the internal controls of our Group.

We have adopted a series of internal control policies, measures and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement.

- We have formed a compliance office led by Jerry Jingwei Zhang, who has extensive experience in internal control and risk management in the pharmaceutical industry. Our compliance office oversees the overall internal control, corporate governance and legal compliance matters of our Group. Our compliance office is responsible for formulating and revising internal control policies, measures and procedures to ensure that we maintain sound and effective internal controls and compliance with applicable laws and regulations. It also monitors the implementation of our internal control policies, measures and procedures, and conducts regular compliance audits.

- We have adopted various measures and procedures regarding each aspect of our business operation, such as project management, quality assurance, protection of intellectual property, environmental protection and occupational health and safety. For more information, see "— Project Management," "— Quality Management," "— Intellectual Property" and "— Environmental, Social and Governance Matters." We provide periodic training about these measures and procedures to our employees as part of our employee training programs. We also constantly monitor the implementation of those measures and procedures.

- We have adopted comprehensive internal control measures for anti-corruption and anti-bribery by (i) providing regular anti-corruption and anti-bribery compliance training for senior management and employees, including daily compliance team meeting, annual compliance training and other ad hoc compliance training sessions, to enhance their knowledge and compliance with applicable law and regulations; (ii) monitoring books, records and accounts with respect to supplier management, tendering and bidding process management and financial payment management to identify any false, misleading or undisclosed entries; (iii) establishing whistle-blowing mechanisms and encouraging all employees, suppliers, customers and other third parties to report suspicious activities and violations of the policies.

- Our compliance office has established a system for handling complaints against our Directors, senior management, employees, customers and other business partners, as well as a mechanism for making independent and fair investigations on reported complaints and taking appropriate actions. The compliance office has also set up an online platform through which our employees can report their complaints and concerns. In addition, the compliance office evaluates the effectiveness of and potential loopholes in our internal control system based on complaints received to improve our internal control policies, measures and procedures accordingly. During the Track Record Period and up to the Latest Practicable Date, our compliance office did not receive any material complaints or concerns.

- We have engaged Somerley Capital Limited as our compliance advisor to provide advice to our Directors and management team until the end of the first fiscal year after the [**REDACTED**] regarding matters relating to the Listing Rules. Our compliance advisor is expected to ensure our use of funding complies with the section headed "Future Plans and [**REDACTED**]" in this document after the [**REDACTED**], as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- We plan to engage a PRC law firm to advise us on and keep us abreast with PRC laws and regulations after the [**REDACTED**]. We will continue to arrange various trainings to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management and relevant employees on the latest PRC laws and regulations.

- We do not access or process any patient data in the course of providing services to customers in China, and do not assume the patient data and privacy obligation for our operations in China. We have no plan to access or process any patient data in our course of providing services to customers in Singapore, and undertake to comply with any patient data and privacy laws and regulations in Singapore, whenever applicable.

For information about our corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders and safeguard the interest of the Shareholders, see "Relationship with Our Controlling Shareholders."