WUXI XDC CAYMAN INC.

藥明合聯生物技術有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2268)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL HIGHLIGHTS

	2023	2022	Change
	RMB'000	*RMB'000*	
Revenue	**2,123,839**	990,423	114.4%
Gross profit	**559,558**	261,083	114.3%
Gross profit margin	**26.3%**	26.4%	
Net profit attributable to owners of the Company	**283,538**	155,731	82.1%
Margin of net profit attributable to owners of the Company	**13.4%**	15.7%	
Adjusted net profit attributable to owners of the Company*(Note)*	**412,269**	194,357	112.1%
Margin of adjusted net profit attributable to owners of the Company	**19.4%**	19.6%	
	RMB	*RMB*	
Earnings per share			
— Basic	**0.28**	0.18	55.6%
— Diluted	**0.26**	0.18	44.4%
Adjusted earnings per share			
— Basic	**0.40**	0.22	81.8%
— Diluted	**0.38**	0.22	72.7%

The Group achieved impressive results for the year ended December 31, 2023. In particular, adjusted net profit attributable to owners of the Company *(Note)* exhibited strong growth, rising to RMB412.3 million for the year ended December 31, 2023, which represents a year-on-year increase of 112.1%. In addition, the Group's revenue and gross profit growth also exhibited strong growth, increasing by 114.4% and 114.3% year-on-year to RMB2,123.8 million and RMB559.6 million, respectively, in 2023.

The Board does not recommend any payment of final dividend for the year ended December 31, 2023.

Note: Adjusted net profit attributable to owners of the Company is calculated as net profit attributable to owners of the Company (an IFRS measure) after elimination of listing expenses as a non-recurring item and share-based compensation expense as a non-cash item. It is intended to be used as a supplement to the Group's annual results prepared in accordance with IFRS and is not intended to be considered in isolation or as a substitute for IFRS net profit attributable to owners of the Company. For a fuller discussion of adjusted net profit attributable to owners of the Company as well as certain other non-IFRS measures, including the intended uses of these measures and the calculation and reconciliation thereof to the corresponding IFRS measures, please see "Management Discussion and Analysis — Financial Review — Non-IFRS Measures."

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year 2023 marked a significant milestone for the Group. As a key player in the thriving, innovative global bioconjugates industry, the Group aims to achieve rapid and steady business growth by providing world-class bioconjugates CRDMO services and continuing to empower its global partners to accelerate and transform ADC and broader bioconjugate development.

In parallel, the Group achieved a significant milestone with the successful completion of the Global Offering and the Listing of the Company on the Main Board of the Stock Exchange in November 2023, raising more than HK$4 billion in total proceeds. This achievement lays a firm foundation for the Company to pioneer new domains. Notably, the high profile IPO attracted top-tier investors across the globe, reaffirming their confidence in the industry's potential and acknowledging the Company's leading stature.

The Group is currently well-positioned to provide integrated service with its comprehensive CRDMO capabilities and facilities that have "All-in-One" capabilities from concept to commercialization. Since completion of the Listing in November 2023, the Group has further secured multiple PPQ projects (Process Performance Qualifications projects which are normally performed at commercial scale) and has signed multiple technology collaborations with innovative biotech companies focusing on ADC developments.

Overall Performance for ADC CRDMO

During the Reporting Period, the Group's ADC CRDMO business model continued to fuel robust growth, guided by its "enable, follow and win the molecule" strategy. Leveraging on its fully integrated, one-stop bioconjugate platform, global footprint and robust supply chain network, the Group has a large number of ongoing integrated projects for ADCs and other bioconjugates. Capitalizing on the global trend of high demand for ADC and broader bioconjugates outsourcing services, the Group has demonstrated exceptional growth and delivered the following outstanding results:

- Revenue for the year ended December 31, 2023 increased by 114.4% year-on-year to RMB2,123.8 million.

- Gross profit for the year ended December 31, 2023 increased 114.3% year-on-year to RMB559.6 million.

- The total number of integrated projects increased by 52.1% from 94 as at December 31, 2022 to 143 as at December 31, 2023.

- The total number of preclinical and phase I projects increased by 45.2% from 84 as at December 31, 2022 to 122 as at December 31, 2023.

- The total number of phase II and beyond projects increased substantially, from 10 as at December 31, 2022 to 21 as at December 31, 2023. Among these projects, 5 PPQ projects were scheduled within the Wuxi site.

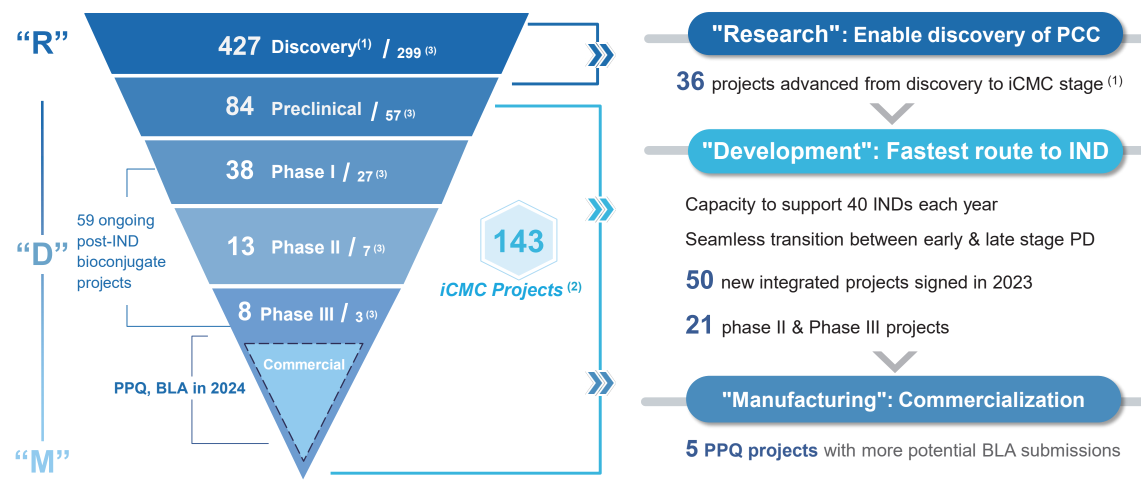
- The Group also achieved great success during the Reporting Period in progressing projects from the pre-IND stage to the post-IND stage, with 17 projects advancing from pre-clinical development into early-phase clinical development.

- The cumulative total number of drug discovery stage projects executed by the Group since inception increased by 42.8% from 299 as at December 31, 2022 to 427 as at December 31, 2023.

- The Group's effective execution of the "win the molecule" strategy cumulatively brought 47 external projects into the pipeline since the inception of the Group.

As at December 31, 2023, the Group had 143 ongoing integrated projects. In 2023, the Group helped customers to submit IND applications for 15 ADC candidates globally. The following funnel diagram sets forth the developmental stages and other details of ongoing integrated projects as at December 31, 2023. From its inception through December 31, 2023, the Group has executed a cumulative total of 427 discovery projects, which are of fundamental strategic importance to the Group. These discovery projects are strategically important to the Group, as they help establish customer relationships and play a vital role in winning integrated projects. The duration and contract value of discovery projects can vary significantly due to their nature.

Number of Projects Through "*Enable – Follow – Win*" Strategy



Notes:

1. Cumulative number of projects since our inception and as of December 31, 2023.

2. Number of ongoing integrated CMC projects as of December 31, 2023.

3. The small-sized figures account for projects as of December 31, 2022.

The following table sets forth the details of ongoing projects by each development stage. During the year ended December 31, 2023, 17 ongoing post-IND projects were advanced from the pre-IND stage leveraging the Group's ADC CRDMO services.

		As at December 31, 2022			As at December 31, 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]**
Discovery	N/A[1]	299[4]	ADC (244) and XDC (55)	123	427[4]	ADC (322) and XDC (105)	128
Preclinical	1–2 years	57	ADC (51) and XDC (6)	33	84	ADC (77) and XDC (7)	42
Clinical	Multiple years[2]	37	ADC (33) and XDC (4)	2	59	ADC (52) and XDC (7)	8

Notes:

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 the Group that they do not intend to further pursue. The Group deems an integrated project inactive if the Group has not been requested to provide services for three years.

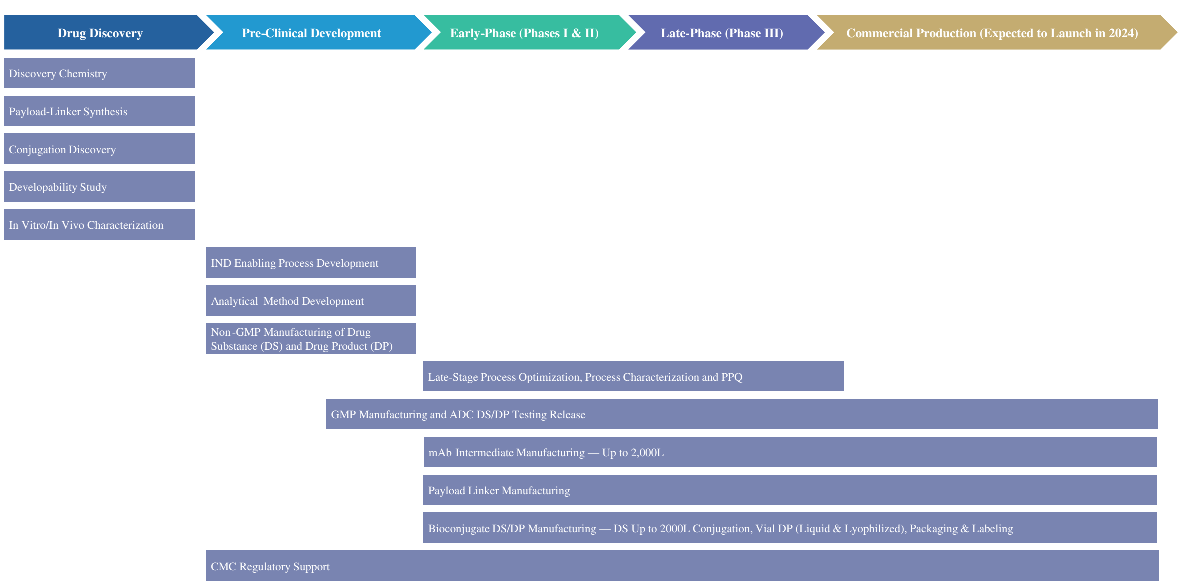
4. Represents the cumulative number of discovery projects executed from the Group's inception through the indicated date. Since the duration and chance of success of discovery projects can vary significantly due to their early-stage nature, the cumulative number, instead of the ongoing project number, of discovery projects is presented to demonstrate the Group's experience in bioconjugate discovery. As the Group continues to win new drug discovery projects, this is expected to provide the Group with an increasing number of opportunities to compete for and win more cutting-edge XDC projects in addition to traditional ADC projects.

5. For preclinical-stage integrated projects, "number of new projects" is the number of preclinical projects that the Group was able to "enable" (advance from the discovery-stage) or "win" (bring into the Group's project pipeline) during the year ended on the indicated date. For discovery and clinical-stage projects, "number of new projects" is the number of projects that the Group was able to "win" (bring into the Group's project pipeline) during the year ended on the indicated date. The Group does not count clinical projects that they "follow" (advance from preclinical stage to clinical stage) as new clinical projects, as the Group deems an integrated project, regardless of its developmental stage, as one project.

The Group's revenue for the year ended December 31, 2023 increased by 114.4% year-on-year to RMB2,123.8 million, together with a 114.3% year-on-year growth in gross profit to RMB559.6 million, and 112.1% year-on-year increase in adjusted net profit attributable to owners of the Company to RMB412.3 million. The Group's total backlog also increased by 81.9% from US$318.0 million as at December 31, 2022 to US$578.6 million as at December 31, 2023. The revenue to be generated from the backlog may take longer to receive at various development stages as it depends on the success rate and progress of the projects which may not be within the Group's control.

The Group's Services

The Group is committed to continuously enhancing its platform, propelling and transforming the development of the bioconjugate industry, enabling global biopharmaceutical partners and benefiting patients worldwide. With its 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, the Group empowers its customers at any stage of the development process to advance their projects. Throughout the Reporting Period, the Group's services, based on its "enable, follow and win the molecule" strategy, continued to satisfy the needs of clients/partners in developing their bioconjugates. The following diagram depicts the Group's 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.

Drug Discovery and Process Development

Drug Discovery

ADC discovery is essential to identifying preclinical ADC drug candidates with the desired properties for preclinical candidate selection. Initially, the Group's discovery chemistry solutions empower customers to screen a variety of chemical payloads and linkers and to select payloads with desired mechanism of action as well as linkers with different release mechanism of action and physiochemical properties. The conjugation discovery stage conjugates different carrier and payload-linker combinations and utilizes in vitro and in vivo characterization methods to assist customers in assessing whether their drug candidates are appropriate as preclinical candidates. The Group then conducts a developability study to facilitate the selection of suitable preclinical candidates that enables a smooth transition for subsequent development.

The Group has a cumulative total number of 427 projects in the drug discovery stage since inception through December 31, 2023, involving (i) discovery chemistry, (ii) conjugation discovery, (iii) in vitro and in vivo characterization and (iv) developability study, representing an increase of 42.8% over the 299 projects as at December 31, 2022. Drug discovery projects are of fundamental strategic importance, as they enable the Group to establish and deepen relationships with client teams that are conducting cutting-edge research, which is expected to provide the Group with an increasing number of opportunities to compete for and win more cutting-edge XDC projects in addition to traditional ADC projects.

Early-stage Process Development

The Group conducts various IND-enabling studies to optimize the production of ADC and to ensure its manufacturing consistency and successful scale-up. Bioconjugate drug substance development empowers the Group 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. Thereafter, bioconjugate formulation process development services facilitate early-stage molecular assessments and develop proper formulations for first-in-human clinical trials and commercial product launches, further supported by additional analytical method development, which characterizes the intermediates at various stages of development.

As at December 31, 2023, the Group has a total of 122 projects in the preclinical and phase I process development phase, involving (i) bioconjugate drug substance development, (ii) bioconjugate formulation process development and (iii) analytical method development, representing an increase of 45.2% over the 84 projects as at December 31, 2022.

Late-stage Development and Process Validation

Leveraging on its in-depth expertise in process development, the Group offers late-stage development and process validation services to help its customers evaluate the late-stage readiness of the developed process. These studies and associated adjustments to the process 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.

As at December 31, 2023, the Group has a total number of 21 projects in the phase II and beyond development and process validation, involving process optimization, process characterization and process performance qualification, representing a 110.0% increase over the 10 projects as at December 31, 2022. The increase in the number of projects was primarily due to the implementation of the "enable, follow and win the molecule" strategies, which has enabled several early stage projects to advance into later stage and won new projects during the Reporting Period.

Manufacturing of mAb intermediate, payload-linker, Drug Substance and Drug Product

The Group offers both non-GMP and GMP-compliant manufacturing of bioconjugate drug substance and drug product to cater to its customers' varied needs from the preclinical stage to the post-IND stage. As antibody intermediates are critical components of ADCs and certain other types of bioconjugates, the Group is expanding its capacity in the production of antibodies used for conjugation through expansion of its existing facility in Wuxi, China and is further enhancing its capability through and construction of a new facility in Singapore. The Group provides manufacturing services at different scales, including laboratory scale, non-GMP pilot scale and cGMP-compliant commercial scale, to support its customers' non-clinical, clinical and commercialization needs.

As at the date of this announcement, the Group operates three sites in Wuxi, Changzhou and Shanghai and offers fully integrated and end-to-end ADC CRDMO service capabilities from concept to commercialization, making the Group globally the only CRDMO dedicated to ADCs and other bioconjugates that provides full-spectrum services since the dual function facility and the kilo-scale payload-linker facility was launched in September and December 2023, respectively. Hence, the Group is 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. Generally, each of these operation sites focuses on differentiated segments of the bioconjugate discovery, development and manufacturing value chain, and collectively they enable the Group to provide integrated and comprehensive service offerings for ADCs and other bioconjugates.

The new facility in Singapore has commenced construction and is expected to begin delivering GMP-compliant operations in 2026. It is anticipated that there will be four production lines at the Singapore site for clinical and commercial manufacturing, including a dual-function production line for antibody intermediates for bioconjugates and drug substance, a production line for drug substance, as well as one drug product manufacturing line. The following table summarizes the current and upcoming manufacturing facilities of the Group:

Site	**Site Area (sq.m.)**	**Capacity**
Current facilities		
Wuxi	48,067	**Conjugation Drug Substance Production and Antibody Intermediates Production** • XBCM1 facility with single-use reactor systems ranging from five liters to 500 liters. • The dual function XmAb/XBCM2 facility is designed with capacities ranging from 200 liters to 2,000 liters per batch for monoclonal antibody intermediates or 2,000 liters of drug substance per batch. A second line, also with dual function design, is currently under construction and is expected to commence operation in the fourth quarter of 2024. **Conjugation Drug Product Production** • XDP1 facility is designed to produce three million doses of bioconjugates in liquid or lyophilized form (3 million vials, lyophilizer 1x5 m^2 & 1x20 m^2). • XDP2 facility is designed to produce five million doses of bioconjugate drug products in liquid or lyophilized form (5 million vials, lyophilizer 1x5 m^2 & 2x20 m^2). • XDP3 facility is designed to produce seven million doses of bioconjugate drug products in liquid or lyophilized form (7 million vials, lyophilizer 2x30 m^2) **Payload Linker** • XPLM1 facility is designed as a kilogram-scale payload and linker production line.
Changzhou	819	**Payload Linker** • Laboratory with a field-tested containment design to safely handle highly potent compounds that are designated as OEB 5-rated materials. • Equipped with reaction kettles for GMP-compliant production with capacity of up to 150 liters per batch, enabling the Group to produce payloads and linkers at a kilogram scale.

Site	Site Area (sq.m.)	Capacity
Shanghai Waigaoqiao	8,927	**Discovery Lab** • Laboratories for bioconjugate discovery and support functions. **Bioconjugate Process Development Lab** • Bioconjugate process development and analytical method development. Laboratory-scale sample preparation to pilot-scale manufacturing of ADCs and other bioconjugates.
New facility Singapore	22,000	**Conjugation Drug Substance Production** • Dual function XmAb/XBCM3 facility is designed with capacity to produce 200 liters to 2,000 liters per batch for monoclonal antibody intermediates, or up to 2,000 liters per batch for bioconjugate drug substance. • XBCM4 production line facility with capacity of up to 500 liters of bioconjugate drug substance per batch. **Conjugation Drug Product Production** • The XDP4 facility is designed to produce eight million doses of bioconjugates in liquid or lyophilized form with 200 to 300 vials per minute for liquid or lyophilized drug products (8 million vials, lyophilizer 1x10 m^2 & 2x30 m^2).

CMC Regulatory Support

The Group's customers typically need to make filings to the relevant authorities before they can initiate clinical trials for their bioconjugates or commercialize their bioconjugates. The Group supports its customers' regulatory filings by drafting filing dossiers, addressing regulatory questions and conducting cGMP readiness assessments for them. The Group possesses 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 the Group's library have maintained drug master files with the FDA, they are ready for IND filings.

Technology Platforms

The Group is devoted to providing a full range of CRDMO services through its industry leading and globally accessible proprietary technology platforms. During the Reporting Period, the Group has launched the upgraded proprietary version of the WuXiDARx™ technology, which effectively improves the homogeneity of ADC drugs, enhances process stability, reduces drug development costs, and greatly broadens the possibilities of different desired DARs of ADC drugs. WuXiDARx™ technology aims to enhance the percentage of desired DAR values and narrowly control the drug distribution in ADC products, so as to develop highly homogeneous ADCs with different DAR values of choices (DAR2, DAR4 and DAR6) with drugs conjugated to the interchain disulfide bonds. For example, the Group's already 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.

The Group 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, and also collaborates with third parties including GeneQuantum Healthcare and SyntaBio. To enhance its holistic discovery and development capability and stay ahead of the curve, the Group has announced multiple partnerships with prominent biotech or biopharma companies, such as its partnerships with Multitude Therapeutics and Intocell. The application of the new technologies from this partnership is expected to enable the Group's clients to accelerate the discovery of preclinical ADC candidates (PCCs) and develop more novel bioconjugates, and to improve the efficiency of development as well as the rate of success.

The Group initiated GMP manufacturing of bioconjugates with a variety of technologies for different needs, and these platforms serve as the cornerstone of the Group's CRDMO business model. Moreover, it empowers customers to explore and assess optimal conjugation and payload-linker technologies and fuels the growth of its pipeline through the implementation of the "enable, follow and win the molecule" strategies.

Sales and Marketing

During the Reporting Period, the, the Group actively participated in industry conferences, trade shows and scientific conferences. The Group participated in many in-person targeted events or virtual events such as the World ADC London and San Diego conferences tailored to the ADC market. As a result, the Group was able to grow the number of customers served each year. The Group expects to participate in more in-person meetings with customers and industry players to cultivate relationships and solidify brand recognition. Since its inception, the Group's senior management have been actively involved in managing its sales and marketing activities and maintaining direct relationships with key customers.

Quality Management

The Group's quality assurance department is committed to meeting the high industry standards and requirements and supervises the implementation of quality standards. The Group has established quality control measures for all stages of its operations, covering procurement of raw and auxiliary materials, research and development and process development, and manufacturing of bioconjugate intermediates and drug substances and drug products.

All manufacturing operations of the Group are conducted in accordance with the GMP regulations of the FDA, the EMA and the NMPA, which ensures the high quality manufacturing of innovative bioconjugate products. The Group has completed more than 80 GMP audits from global clients and more than 10 audits by EU Qualified Persons. The Group believes that these certificates will help manifest the Group's premier quality system that meets global quality standards.

Environmental, Social and Governance

As required by applicable PRC laws and regulations, the Group's operation sites are required to pass the environmental impact assessment. The Group's Shanghai site and Wuxi sites passed such assessment in October 2022 and September 2019, respectively. To the extent possible, the Group's facilities use next-generation technologies and clean energy sources, which improve resource conservation and reduce the level of waste produced by the operations.

The Group aims to reduce its 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, the Group aims to curb the increment of its resource consumption and waste generation in spite of the growing size of business operations. The Group will adjust the targets and goals in accordance with actual business operations, and will closely monitor the financial and non-financial impact on its business for actions taken to achieve these goals and targets. The implementation of this plan is facilitated by the design of the Group's sites, which utilize natural temperature and light for tailored heating, ventilation, air conditioning and lighting. The Group also ensures its equipment meets the energy efficiency requirements.

Investor Relations

The Group believes that good corporate governance is essential for enhancing the confidence of Shareholders and potential investors. To this end, the Group endeavors to maintain effective and on-going communication with investors to enhance transparency and to provide equal and timely disclosure of information to investors. The Group has developed a multichannel approach to ensure that the Shareholders and investors can exercise their rights in an informed manner based on a good understanding of the Group's key business imperatives. These communication tools include announcements, press releases, general meetings, interim and annual reports, investor and analyst briefings, roadshows, and industry and sell-side events. During the Reporting Period, the Group received recognition and awards for its effective investor relations programs and high-quality investors interaction. For instance, the Group received the "Best IPO (Equity Issue) Award" and "Outstanding IPO Award 2023" for the Global Offering and was recognized as the "Most Popular New Public Company" by influential industry platforms.

The Group encourages Shareholders' active participation in results announcement meetings, annual and extraordinary general meetings, R&D open days, facility tours and other roadshows. The Group has also increasingly made use of web-based and digitalized communication methods.

Achievements and Company Awards

The Group 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. The Group employs an "enable, follow and win the molecule" strategy to not only grow with its existing customers by providing services from an early stage of their product development cycle, but also win new customers as their bioconjugates progress. As at the end of 2022 and 2023, as the result of its "enable" strategy, the Group had cumulatively progressed 30 and 36 ADC candidates, respectively, from discovery to CMC development. As the result of the "win the molecule" strategy, among the 143 ongoing integrated projects the Group had as at December 31, 2023, 47 were transferred to the Group from its customers or their outsourcing service providers. The Group's 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 customers grew significantly from 265 in 2022 to 345 in 2023. As at December 31, 2023, 6 out of the top 10 global pharmaceutical companies[1] partnered with the Group to develop ADCs or XDCs, which comprises approximately 24% of the Group's total revenue in 2023.

As an industry recognition of its capabilities, the Group has 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.

Future Outlook

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 at a CAGR of 30% from US$7.9 billion in 2022 to US$64.7 billion in 2030, which is considerably more rapid growth than the CAGR of 9.2% that is expected for the global biologics drug market (excluding bioconjugates) during the same period.

[1] The top 10 global pharmaceutical companies were ranked by their market capitalization as at December 31, 2023.

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. In the current market, bioconjugates are extending beyond ADC first by conjugation of various payloads (other than chemical drugs) with antibodies, and further by conjugation of various carriers (other than antibodies) with various payloads. Hence the name "XDC" represents the myriad bioconjugation possibilities. By the end of 2022, the outsourcing rate of bioconjugate development had reached around 70%, which is much higher than the 34% outsourcing rate for other biologics. Therefore, based on the combination of the visible ADC drug development trend and the limited global ADC CRDMO capabilities at present, the Group is confident that it is entering into a whole new chapter of sustainable growth.

Looking forward, the Company intends to ride on the recent trends and capture the market opportunities and burgeoning demands through implementation of the following strategies:

- **Leverage the Group's fully integrated platform to further solidify its industry leading position, focusing on integrated projects and comprehensive service capabilities**

  Considering the globally limited ADC CRDMO capacities and the Group's unique "enable, follow and win the molecule" strategy executed through its proprietary "one-stop" platform, the Group expects to steadily bring new projects into the pipeline to maintain strong growth. In the foreseeable future, the Group will continue to gain additional market share with accelerated phase II/III projects and commercial projects to reinforce its "D" and "M" capabilities, while its research business continues to enable clients to develop innovative bioconjugation and enriches its CRDMO business model.

- **Implement plans to expand the Group's manufacturing capacities in order to meet growing global demand**

  The Group will continue to expand its global footprint and capacity infrastructure. With GMP-compliant manufacturing expected to commence at the Singapore site in 2026, the Group believes that its expansion plan will allow further integration of manufacturing functions, expedite timelines and facilitate quality assurance, enabling the Group to keep pace with the growing global demand for bioconjugate CRDMO services. The Group is in the process of expanding its capacity at the Wuxi site, with the second line of the XmAb/XBCM2 facility and XDP3 currently under construction and are expected to commence operation in the fourth quarter of 2024 and the second quarter of 2025, respectively.

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

  The Group intends to continue investing in cutting-edge technologies and to enhance its R&D capabilities, so that it will remain at the technological frontier and continue to deliver high quality results to its customers. For instance, the Group intends to continue refining or upgrading the WuXiDARx technologies, and to extend their application to other XDC modalities. The Group may also selectively pursue strategic alliances, licensing arrangements, investments and bolt-on acquisitions in the future to enrich its technology toolboxes and service offerings and become the bioconjugate research, development and manufacturing platform of choice.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 114.4% from RMB990.4 million for the year ended December 31, 2022 to RMB2,123.8 million for the year ended December 31, 2023. This increase was primarily attributable to (i) the growth in the number of customers and projects, driven by rapid growth of the global ADC and broader bioconjugates outsourcing service market and the Group's established position as a leading ADC CRDMO service provider in that market and (ii) the advancement of the Group's projects into later stages (which typically yield higher contract values).

Revenue by Geographic Coverage

The Group has a broad, loyal and fast-growing customer base. During the Reporting Period, the Group generated revenue from ultimate customers primarily from North America, China and Europe. The following table sets forth a breakdown of revenue based on the location of the customers' headquarters, both in absolute amount and as a percentage of total revenue, for the years indicated:

	For the year ended December 31,			
	2023		2022	
Revenue	***RMB'000***	*%*	*RMB'000*	*%*
— North America	**851,931**	**40.1%**	444,916	44.9%
— China	**661,318**	**31.1%**	306,198	30.9%
— Europe	**497,593**	**23.4%**	175,225	17.7%
— Others[1]	**112,997**	**5.4%**	64,084	6.5%
Total	**2,123,839**	**100.0%**	990,423	100.0%

Note:

- Revenue by geographic coverage is presented based on the location of the ultimate customer. For legacy contracts that were contracted with Remaining WXB Group but were executed by the Group, the Company classifies revenue based on the location of the customers' headquarters, rather than that of the Remaining WXB Group.

(1) Includes primarily countries and regions in Asia (excluding China) and Australia.

Revenue from customers in North America, China and Europe increased significantly during the Reporting Period, as a result of the continual increase in customer demand for ADC CRDMO services globally and in these markets particularly, driven by the development of the global ADC market and the Group's established industry position as a leading CRDMO service provider for ADCs and other bioconjugates.

Revenue by Project Development Stage

During the Reporting Period, we generated revenue from a mix of bioconjugate products 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 at clinical and commercial stage. The following table sets forth a breakdown of revenue by development stages of projects, both in absolute amount and as a percentage of total revenue, for the years indicated:

	For the year ended December 31,			
	2023		2022	
Revenue	***RMB'000***	***%***	*RMB'000*	*%*
Pre-IND services	**926,774**	**43.6%**	381,071	38.5%
Post-IND services	**1,197,065**	**56.4%**	609,352	61.5%
Total	**2,123,839**	**100.0%**	990,423	100.0%

Revenue from post-IND services, as a percentage of total revenue, increased during the Reporting Period, primarily due to the increase in the number of post-IND projects which have relatively high contract value.

Revenue by Project Type

During the Reporting Period, the Group generated revenue from both ADC and non-ADC projects in terms of project types. The following table sets forth a breakdown of revenue by project types, both in absolute amount and as a percentage of total revenue, for the years indicated:

	For the year ended December 31,			
	2023		2022	
	RMB'000	**%**	RMB'000	%
ADC	**1,888,013**	**88.9%**	914,965	92.4%
Non-ADC	**235,826**	**11.1%**	75,458	7.6%
Total	**2,123,839**	**100.0%**	990,423	100.0%

As at December 31, 2023, the Group had 129 ADC integrated projects and 14 non-ADC integrated projects, accounting for respectively 90.2% and 9.8% of the total number of ongoing integrated projects as at the same date.

Cost of Sales

The cost of sales of the Group mainly consists of indirect production cost and overheads, direct labor cost, cost of raw materials and depreciation and amortization.

The cost of sales of the Group increased by 114.5% from RMB729.3 million for the year ended December 31, 2022 to RMB1,564.3 million for the year ended December 31, 2023, which was in line with the Group's revenue growth.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 114.3% from RMB261.1 million for the year ended December 31, 2022 to RMB559.6 million for the year ended December 31, 2023. The gross profit margin remained relatively stable at 26.3% for the year ended December 31, 2023, as compared to 26.4% for the year ended December 31, 2022, primarily due to the revenue and cost of sales of the Group increasing at a similar rate.

Selling and Marketing Expenses

The selling and marketing expenses of the Group mainly consist of (i) depreciation and amortization, representing primarily amortization of the customer relationship asset acquired in relation to the acquisition of the Payload & Linker Business, and (ii) labor cost for the sales and marketing personnel.

The selling and marketing expenses of the Group increased by 72.7% from RMB8.8 million for the year ended December 31, 2022 to RMB15.2 million for the year ended December 31, 2023, primarily due to an increase in labor cost for the Group's increase in headcount of its selling and marketing personnel.

Administrative Expenses

The administrative expenses of the Group mainly consist of (i) labor cost for the administrative personnel, (ii) expenses incurred by the Group in connection with the provision of rental and related services, (iii) logistics and accommodation expenses, (iv) depreciation and amortization, (v) professional service fees, and (vi) other administrative expenses primarily maintenance expense and utilities.

The administrative expenses of the Group increased by 260.8% from RMB49.2 million for the year ended December 31, 2022 to RMB177.5 million for the year ended December 31, 2023, primarily due to listing expenses. The administrative expenses of the Group (excluding listing expenses) increased by 152.0% from RMB49.2 million for the year ended December 31, 2022 to RMB124.0 million for the year ended December 31, 2023, primarily due to (i) an increase in labor cost for the Group's increase in headcount and average compensation level of its administrative personnel and management and (ii) an increase in expenses incurred in connection with the Group's provision of rental and related services.

Research and Development Expenses

The research and development expenses of the Group mainly consist of (i) labor cost for the R&D staff, (ii) cost of materials used in R&D activities, and (iii) depreciation and amortization of the equipment and facilities used by the R&D department and the amortization of the intangible assets used in R&D activities.

The research and development expenses of the Group increased by 127.5% from RMB33.8 million for the year ended December 31, 2022 to RMB76.9 million for the year ended December 31, 2023, primarily due to (i) an increase in cost of raw materials as a result of increase in material procurement for research and development activities driven by strong business growth and (ii) an increase in labor cost.

Finance Costs

The finance costs of the Group mainly include interest expense arising from intercompany borrowings between the Group and the Remaining WXB Group and lease liabilities.

The finance costs of the Group decreased by 74.4% from RMB2.9 million for the year ended December 31, 2022 to RMB742 thousand for the year ended December 31, 2023, primarily due to repayment of intercompany borrowings.

Other Income

The other income of the Group mainly consists of (i) rental income and other related income, arising from the lease of the assembly center to the Remaining WXB Group, (ii) sales of materials to related parties, (iii) interest income from banks, and (iv) research and other grants related to income.

The other income of the Group increased by 252.3% from RMB26.2 million for the year ended December 31, 2022 to RMB92.3 million for the year ended December 31, 2023, primarily due to (i) an increase in research and other grants received by the Group for the year ended December 31, 2023 and (ii) an increase in interest income from banks, primarily attributable to the increase in bank deposits due to revenue growth and net proceeds received from the Listing.

Other Gains and Losses

The other gains and losses of the Group primarily include fair value gain on wealth management products and net foreign exchange gain and loss.

The Group recorded net other gains of RMB46.7 million for the year ended December 31, 2022 and recorded net other losses of RMB43.9 million for the year ended December 31, 2023, primarily due to (i) net foreign exchange losses for the year ended December 31, 2023, which in turn resulted primarily from fluctuations in the exchange rate between U.S. dollar, Hong Kong dollar and Renminbi for the year ended December 31, 2023 as the Group settled with overseas customers in U.S. dollars, and (ii) an increase in fair value gain on wealth management products.

Impairment Losses Under ECL Model, Net of Reversal

The impairment losses (recognized)/reversed, under expected credit loss ("**ECL**") model, net of reversal, primarily consisted of credit loss on the Group's trade receivables.

The Group recognized impairment losses, net of reversal, of RMB43.4 million for the year ended December 31, 2022 and reversed impairment losses of RMB22.0 million for the year ended December 31, 2023, primarily due to the subsequent repayment of trade receivables by certain customers.

Income Tax Expense

The income tax expenses of the Group increased by 89.8% from RMB40.1 million for the year ended December 31, 2022 to RMB76.1 million for the year ended December 31, 2023, which is in line with the increment of profit before tax. The effective tax rate of the Group increased from 20.5% for the year ended December 31, 2022 to 21.2% for the year ended December 31, 2023, mainly due to an increase during the Reporting Period in certain expenses not deductible for tax purposes, such as recognition of share-based compensation expense.

Net Profit and Net Profit Margin

As a result of the foregoing, the net profit of the Group increased by 82.1% from RMB155.7 million for the year ended December 31, 2022 to RMB283.5 million for the year ended December 31, 2023. The significant growth in the Group's net profit during the Reporting Period was generally in line with the Group's revenue and business growth (after taking into account the effects of non-recurrent listing expenses in 2023 and non-cash share-based compensation in 2022 and 2023). The net profit margin of the Group decreased from 15.7% for the year ended December 31, 2022 to 13.4% for the year ended December 31, 2023, primarily due to the listing expenses incurred during the Reporting Period, which there were none incurred for the year ended December 31, 2022.

Adjusted Net Profit and Adjusted Net Profit Margin

The adjusted net profit of the Group increased by 112.1% from RMB194.4 million for the year ended December 31, 2022 to RMB412.3 million for the year ended December 31, 2023. Adjusted net profit margin was 19.4% for the year ended December 31, 2023, nearly unchanged from 19.6% for the year ended December 31, 2022.

Basic and Diluted Earnings Per Share

The basic earnings per share of the Group increased by 55.6% from RMB0.18 for the year ended December 31, 2022 to RMB0.28 for the year ended December 31, 2023. The diluted earnings per share of the Group increased by 44.4% from RMB0.18 for the year ended December 31, 2022 to RMB0.26 for the year ended December 31, 2023. The increase in basic and diluted earnings per share was primarily due to the increase in the net profit resulting from the strong business growth of the Group as discussed above.

Property, Plant and Equipment

The balance of the property, plant and equipment of the Group increased by 56.0% from RMB798.6 million as at December 31, 2022 to RMB1,246.2 million as at December 31, 2023, primarily due to (i) an increase in value of land and buildings as a result of the expansion of the Wuxi site and Shanghai site and the addition of properties at Shanghai site, (ii) an increase in leasehold improvements and (iii) an increase in machinery in connection with the Wuxi site.

Investment Property

The balance of investment property of the Group decreased by 3.1% from RMB12.8 million as at December 31, 2022 to RMB12.4 million as at December 31, 2023, primarily due to depreciation on a straight-line basis.

Goodwill

As at December 31, 2023, goodwill amounted to RMB215.2 million in relation to the acquisition of the Payload & Linker Business in 2021, and remains unchanged from the balance as at December 31, 2022.

Intangible Assets

The intangible assets of the Group mainly include technology and customer relationship.

Intangible assets increased by 4.5% from RMB50.6 million as at December 31, 2022 to RMB52.9 million as at December 31, 2023, primarily due to the addition of certain license-in technologies in 2023.

Inventories

The inventories of the Group mainly include raw materials, pharmaceutical intermediates and consumables. The inventory level of the Group decreased by 25.6% from RMB62.9 million as at December 31, 2022 to RMB46.8 million as at December 31, 2023, primarily representing inventory consumed for the research and development and manufacturing activities and the Group's inventory optimization strategy to lower its inventory level to approximately two to three months' supply.

Trade and Other Receivables

Trade receivables from related parties primarily comprised outstanding amounts receivable from the Remaining WXB Group. Trade receivables from third parties primarily represented the outstanding amounts receivable from other customers for CRDMO services. Other receivables primarily represented (i) receivables for purchase of raw materials on behalf of customers, (ii) advances to suppliers, (iii) deposits (iv) prepayments and (v) value-added tax recoverable.

The trade and other receivables of the Group increased by 89.2% from RMB505.6 million as at December 31, 2022 to RMB956.4 million as at December 31, 2023, primarily attributable to receivables from contracts with third parties, which is in line with the business growth of the Group.

Contract Assets

Contract assets increased by 79.8% from RMB17.3 million as at December 31, 2022 to RMB31.1 million as at December 31, 2023, generally in line with the business growth of the Group.

Contract Costs

The contract costs of the Group represent recoverable costs incurred for fulfilling contracts, revenue of which had not been recognized.

The contract costs of the Group increased by 40.9% from RMB80.7 million as at December 31, 2022 to RMB113.7 million as at December 31, 2023, which is generally in line with the business growth of the Company.

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

The financial assets at FVTPL primarily consisted of the investments in wealth management products of the Group. The Group had financial assets at FVTPL of RMB400.0 million as at December 31, 2022, representing the Group's wealth management products with a bank with a maturity term of within 12 months. The Group had nil financial assets at FVTPL as at December 31, 2023.

Trade and Other Payables

Trade payables to related parties comprised outstanding amounts payable to the Remaining WXB Group in relation to, among others, the development, manufacturing and testing services for antibody and payload-linkers, raw material procurement services and project management services that the Group procured from these related parties. Trade payables to third parties primarily represented the balances due to the suppliers for purchase of raw materials and consumables. Other payables and accrual to related parties mainly arose from administrative services provided by the related parties and rental expenses. Other payables and accruals to third parties represented payables arising from the construction in progress.

The trade and other payables of the Group increased by 18.4% from RMB773.3 million as at December 31, 2022 to RMB915.4 million as at December 31, 2023, primarily due to the increases in trade payables and payables for the purchase for property, plant and equipment, which were generally in line with the Group's business expansion.

Contract Liabilities

The contract liabilities of the Group mainly include deposits paid by customers.

Contract liabilities increased by 116.7% from RMB151.5 million as at December 31, 2022 to RMB328.3 million as at December 31, 2023, which is generally in line with the increase in the number of projects initiated during the Reporting Period.

Liquidity and Capital Resources

Bank balances and cash increased by 1,108.2% from RMB335.0 million as at December 31, 2022 to RMB4,047.6 million as at December 31, 2023, primarily due to the business growth of the Group and net proceeds received from the Listing. The Group achieved a positive free cash flow during the Reporting Period. Taking into account the financial resources available to the Group, the Directors are of the view that the Group has sufficient working capital to meet its present requirements.

Treasury Policy

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

The Group's treasury policies are also designed to mitigate the foreign currency risk arising from the Group's global operations. The cash and cash equivalents held by the Group are mainly composed of RMB, HKD and USD. Certain Group entities have foreign currency transactions, including sales and purchases transactions, borrowings and repayments, etc., as well as monetary assets and liabilities denominated in foreign currencies (mainly USD and HKD). It is the Group's policy to negotiate a series of derivative instruments with different banks to hedge the foreign currency risks in the ordinary course of business. The Group usually enters into foreign currency forward contracts, collar contracts, forward extra contracts, etc., as highly effective hedging instruments.

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2023, there was no significant investment held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Indebtedness

Borrowings

The Group does not have any borrowings as at December 31, 2023 as compared to borrowings in the amount of RMB71.1 million as at December 31, 2022, all of which were loans from related parties.

The Group does not maintain any banking facilities, and has decided to take out intercompany loans from the Remaining WXB Group and capital contributions from Shareholders to finance its operations. As at December 31, 2023, all intercompany borrowings between the Group and the Remaining WXB Group had been settled in full. The Group opted for taking out loans from the Remaining WXB Group instead of banks or other independent third parties primarily because borrowing from third parties typically involves more lengthy review and administrative processes, which may cause delays to the implementation of the Group's capital expenditure plans.

Contingent Liabilities and Guarantees

As at December 31, 2023, the Group did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, liabilities under acceptance or acceptance credits, or other similar indebtedness, material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Currency Risk

The foreign currency transactions of the Group, including its sales, expose the Group to foreign currency risk. Certain of the Group's bank balances and cash, trade and other receivables and trade and other payables are denominated in currencies other than the functional currency of the relevant group entities, such as U.S. dollar, Euro, Hong Kong dollars and Swiss franc, and thus expose the Group to such foreign currency risk.

During the Reporting Period, the majority of the Group's revenue was generated from sales denominated in USD, while most of the purchase of raw materials, property, plant and equipment and expenditures were settled in RMB in China and in USD in foreign countries. At the end of the Reporting Period, the Group has maintained monetary assets and liabilities denominated in foreign currencies (mainly in USD and HKD), which expose the Group to foreign currency risk. As a result, the Group's net profit margin was impacted when the foreign exchange rates fluctuated, especially among USD, HKD, RMB and EUR.

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

Non-IFRS Measures

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

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

Additional information is provided below to reconcile adjusted net profit (non-IFRS measure), EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) to the corresponding measures under IFRS.

Adjusted Net Profit (non-IFRS measure)

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net Profit	**283,538**	155,731
Add:		
Listing expenses	**53,578**	–
Share-based compensation expense	**75,153**	38,626
Adjusted Net Profit (non-IFRS measure) *(Note i)*	**412,269**	194,357
Margin of Adjusted Net Profit (non-IFRS measure)	**19.4%**	19.6%
Adjusted Net Profit Attributable to Owners of the Company (non-IFRS measure)	**412,269**	194,357
Margin of Adjusted Net Profit Attributable to Owners of the Company (non-IFRS measure)	**19.4%**	19.6%
	RMB	*RMB*
Adjusted Earnings Per Share (non-IFRS measure)		
— Basic	**0.40**	0.22
— Diluted	**0.38**	0.22

Note:

i. In order to better reflect the key performance of the Group's current business and operations, the adjusted net profit is calculated as the net profit excluding listing expenses (a non-recurring item) of RMB53.6 million (2022: listing expenses of nil), and share-based compensation (a non-cash item) of RMB75.2 million (2022: share based compensation of RMB38.6 million).

EBITDA and Adjusted EBITDA (non-IFRS measure)

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Net Profit	**283,538**	155,731
Add:		
Income tax expense	**76,074**	40,070
Depreciation and amortization	**59,513**	30,812
Finance costs	**742**	2,916
Less:		
Interest income from banks	**(47,363)**	(4,612)
EBITDA (non-IFRS measure)	**372,504**	224,917
EBITDA Margin (non-IFRS measure)	**17.5%**	22.7%
Add:		
Listing expenses	**53,578**	–
Share-based compensation expense	**75,153**	38,626
Adjusted EBITDA (non-IFRS measure)[(Note i)]	**501,235**	263,543
Adjusted EBITDA Margin (non-IFRS measure)	**23.6%**	26.6%

Note:

i. The adjusted EBITDA is a non-IFRS financial measure and is calculated as the EBITDA excluding listing expenses (a non-recurring item) of RMB53.6 million (2022: listing expenses of nil), and share-based compensation (a non-cash item) of RMB75.2 million (2022: share based compensation of RMB38.6 million).

Employee and Remuneration Policies

As at December 31, 2023, the Group employed a workforce totaling 1,178 employees. The staff costs, including Directors' emoluments but excluding any contributions to (i) retirement benefit scheme contributions and (ii) share-based payment expenses, were RMB260.5 million for the year ended December 31, 2023, as compared to RMB144.2 million for the year ended December 31, 2022. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund as applicable to the countries where the Group operates.

The Group has adopted the Pre-IPO Share Option Schemes to provide incentive or reward to eligible participants for their contribution or potential contribution to the Group.

In addition, the Group provides its employees with opportunities to work on cutting-edge projects on ADCs and other bioconjugates to develop their knowledge and skills. The Group has 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 its workforce. The orientation process for newly joined employees covers subjects such as corporate culture and policies, work ethics, introduction to the ADC and other bioconjugates development process, quality management, as well as occupational safety. The Group has periodic on-the-job training which covers streamlined technical know-how relating to its integrated services, environmental, health and safety management systems and mandatory training required by applicable laws and regulations. Further, the Group aims to maintain and enhance a collaborative work environment that encourages its employees to develop their career with the Group.

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

Final Dividend

The Board does not recommend any payment of final dividend for the year ended December 31, 2023.

OTHER INFORMATION

AGM and Closure of Register of Members

The AGM will be held on Wednesday, June 12, 2024. A notice convening the AGM is expected to be published and dispatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, June 6, 2024 to Wednesday, June 12, 2024, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, June 5, 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with the principles and all the applicable code provisions as set out in Part 2 of the CG Code since the Listing Date and up to December 31, 2023. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITY TRANSACTIONS

The Company has adopted the Written Guidelines on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines since the Listing Date up to December 31, 2023. In order to ensure strict compliance of the Listing Rules and enhance corporate governance measures, the Company will remind all Directors as to their respective obligations under the Listing Rules in all aspects, including but not limited to the restrictions in dealing with Company's securities. No incident of non-compliance with the Guidelines for Securities Transactions by Employees (員工證券交易管理辦法) by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Audit Committee consists of three independent non-executive Directors, being Mr. Hao Zhou (chairman of the Audit Committee), Dr. Ulf Grawunder and Mr. Stewart John Hen. The primary duties of the Audit Committee are to (i) review and supervise the financial reporting process and the risk management and internal control system of the Group; (ii) oversee the audit process; (iii) provide advice and comments to the Board; and (iv) perform other duties and responsibilities as assigned by the Board.

PROCEEDS FROM THE GLOBAL OFFERING AND ITS UTILIZATION

The Company issued 178,446,000 Shares in its Global Offering at HK$20.60 which were listed on the Main Board of the Stock Exchange on November 17, 2023 and subsequently issued 19,158,500 Shares at HK$20.60 upon full exercise of the over-allotment option.

The net proceeds from the Global Offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$3,936.9 million. For the period from the Listing Date and up to the date of this announcement, the Company has not utilized any of the net proceeds and the unutilized net proceeds were kept at the bank accounts of the Group as at December 31, 2023.

Details on the applications of the net proceeds from the Global Offering were disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at December 31, 2023, there have been no material changes to the planned applications of the net proceeds. The following table sets out the planned applications of the net proceeds, actual usage up to and remaining amount as at December 31, 2023 as well as the expected timeline for utilization:

Intended use of net proceeds as stated in the Prospectus	**Planned applications** *HK$ million*	**Amount utilized up to December 31, 2023** *HK$ million*	**Remaining amount as at December 31, 2023** *HK$ million*	**Expected timeline for utilization**(1)
Further expansion of the Group's service capability and capacity				
Construction of the Group's facilities at the Singapore site				
Establishment of the facilities at the Singapore site	1,299.2	–	1,299.2	By the end of 2026
Purchase manufacturing and R&D equipment and systems and recruit manufacturing, R&D and management personnel for the operation at the Singapore site	708.7	–	708.7	By the end of 2026
Expansion of the Group's production capacity in China				
Purchase manufacturing and R&D equipment and systems, such as bioreactors, steam sterilizers, capillary electrophoresis instrument and enzyme labeling apparatus, among others	354.3	–	354.3	By the end of 2026
Establishment, maintenance and improvement of the manufacturing plants at the Wuxi site, including building up a kilogram-scale payload-linker production line	275.5	–	275.5	By the end of 2026
Selectively pursue strategic alliances, investment and acquisition opportunities	905.5	–	905.5	By the end of 2026
Working capital and other general corporate purposes	393.7	–	393.7	By the end of 2025
Total	**3,936.9**	**–**	**3,936.9**	

Note:

1. The expected timeline for the usage of the remaining proceeds was prepared based on the best estimate of the Group's future market conditions, which is subject to the current and future development of the market conditions.

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

Since the Listing Date and up to December 31, 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The independent auditors of the Company, namely Deloitte Touche Tohmatsu, have carried out a review of the annual financial information, which is based on the audited consolidated financial statements of the Group for the year ended December 31, 2023. The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed risk management and internal control system and financial reporting matters (including the review of the annual results for the year ended December 31, 2023) of the Group. The Audit Committee and the independent auditors considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

SCOPE OF WORK OF MESSERS DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, Messers Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on March 25, 2024. The work performed by Messers Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messers Deloitte Touche Tohmatsu on the preliminary announcement.

KEY EVENTS AFTER THE REPORTING PERIOD

The Group has the following events taken place subsequent to December 31, 2023:

- On January 3, 2024, the Company entered into a memorandum of understanding with IntoCell, a Korean biotechnology company dedicated to developing novel ADC platform technologies, for a comprehensive partnership in drug-linker technology and CRDMO services spanning from discovery to commercialization.

- On January 31, 2024, the Company entered into a partnership agreement with Multitude Therapeutics, a clinical stage biotechnology company renowned for ADC platform technologies, which announces their comprehensive partnership in drug-linker technology, which is co-developed with HySlink Therapeutics, and CRDMO services spanning from discovery to commercialization. On the same date, the Company signed a memorandum of understanding with HySlink Therapeutics.

- On March 4, 2023, the Company has been included into the Shanghai Connect and Shenzhen Connect of the Hong Kong Stock Connect.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of HKEX (www.hkexnews.hk) and the Company's website (www.wuxixdc.com). The annual report for the year ended December 31, 2023 containing all the information in accordance with the requirements under the Listing Rules, will be despatched to the Shareholders (if applicable) and published on the respective websites of HKEX and the Company in due course.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

The Board is pleased to announce the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended December 31, 2023 and the Group's consolidated statement of financial position as at December 31, 2023, together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	NOTES	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*4*	**2,123,839**	990,423
Cost of sales		**(1,564,281)**	(729,340)
Gross profit		**559,558**	261,083
Other income	*5*	**92,305**	26,152
Other gains and losses	*6*	**(43,871)**	46,672
Impairment losses under expected credit loss model, net of reversal	*7*	**21,993**	(43,369)
Selling and marketing expenses		**(15,220)**	(8,769)
Administrative expenses		**(123,966)**	(49,210)
Research and development expenses		**(76,867)**	(33,842)
Listing expenses		**(53,578)**	–
Finance costs		**(742)**	(2,916)
Profit before tax	*7*	**359,612**	195,801
Income tax expense	*8*	**(76,074)**	(40,070)
Profit for the year		**283,538**	155,731
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain (loss) on hedging instruments designated in cash flow hedges, net of income tax		**1,146**	(3,313)
Exchange differences arising on translation of a foreign operation		**1,125**	–
Other comprehensive income (expense) for the year		**2,271**	(3,313)
Total comprehensive income for the year		**285,809**	152,418
		RMB	*RMB*
Earnings per share			
Basic	*9*	**0.28**	0.18
Diluted		**0.26**	0.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current Assets			
Property, plant and equipment		**1,246,234**	798,575
Investment property		**12,409**	12,812
Right-of-use assets		**2,145**	5,280
Goodwill		**215,193**	215,193
Intangible assets		**52,946**	50,648
Deferred tax assets		**6,267**	11,540
Other long-term deposits		**147**	–
		1,535,341	1,094,048
Current Assets			
Inventories		**46,804**	62,934
Trade and other receivables	*11*	**956,412**	505,604
Contract assets		**31,051**	17,309
Contract costs		**113,730**	80,713
Derivative financial assets		**–**	799
Financial assets at fair value through profit or loss ("**FVTPL**")		**–**	400,000
Pledged bank deposits		**4,400**	–
Bank balances and cash	*12*	**4,047,583**	334,972
		5,199,980	1,402,331
Current Liabilities			
Trade and other payables	*13*	**915,386**	773,313
Loans from related parties		**–**	71,144
Contract liabilities		**328,322**	151,450
Income tax payable		**34,455**	11,506
Lease liabilities		**1,247**	4,413
Derivative financial liabilities		**–**	2,147
		1,279,410	1,013,973
Net Current Assets		**3,920,570**	388,358
Total Assets less Current Liabilities		**5,455,911**	1,482,406

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Non-current Liability			
Lease liabilities		**1,595**	1,627
Net Assets		**5,454,316**	1,480,779
Capital and Reserves			
Share capital	*14*	**390**	319
Reserves		**5,453,926**	1,480,460
Total Equity		**5,454,316**	1,480,779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was established in the Cayman Islands as an exempted company with limited liability on December 14, 2020, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on November 17, 2023. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report. In the opinion of the directors of the Company, Biologics Cayman is the Company's ultimate holding company.

The Company is an investment holding company. The Group is principally engaged in provision of comprehensive contract research, development and manufacturing organization ("**CRDMO**") services, including discovery, process development and Good Manufacturing Practice ("**GMP**") manufacturing for bioconjugates, monoclonal antibody intermediates and payload-linkers associated with bioconjugates.

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

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has consistently applied all the new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**"), which are mandatorily effective for the Group's annual period beginning on January 1, 2023 for the preparation of the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

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

	2023	2022
	RMB'000	*RMB'000*
Type of services and timing of revenue recognition		
CRDMO services		
A point in time	**2,020,053**	973,929
Over time	**103,786**	16,494
Total	**2,123,839**	990,423

The Group provides services in the discovery, development and commercial manufacturing of ADCs and other bioconjugates. Revenue generated from CRDMO services is derived from the transfer of services and/or goods through contracts under FFS basis and full-time-equivalent (or "FTE") basis. During the year ended December 31, 2023, revenue from CRDMO contracts under FFS basis and FTE basis was RMB2,033,077,000 and RMB90,762,000 (December 31, 2022: RMB974,421,000 and RMB16,002,000), respectively.

5. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Rental and other related income *(note i)*	**2,912**	3,831
Sales of materials to related parties	**5,625**	1,930
Interest income from banks *(note ii)*	**47,363**	4,612
Research and other grants *(note iii)*	**36,405**	15,779
	92,305	26,152

Notes:

(i) In respect of the rental income, there are direct operating expenses incurred for investment property that generated rental income amounting to RMB2,051,000 for the year ended December 31, 2023 (2022: RMB2,346,000).

(ii) Interest income derived from bank balances and short term bank deposits.

(iii) Income from research and other grants of the Group during the year were mainly related to the Group's contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group.

6. OTHER GAINS AND LOSSES

	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange (loss) gain	**(49,724)**	46,284
Fair value gain on wealth management products	**5,543**	–
Others	**310**	388
	(43,871)	46,672

7. PROFIT BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Depreciation for property, plant and equipment	**52,452**	22,808
Depreciation for investment property	**403**	403
Depreciation of right-of-use assets	**4,731**	6,459
Amortization of intangible assets	**7,702**	10,342
	65,288	40,012
Staff cost (including directors' emoluments):		
— Salaries and other benefits	**260,514**	144,213
— Retirement benefits scheme contributions	**28,916**	14,526
— Share-based payment expenses	**82,536**	38,626
	371,966	197,365
Less: Capitalized in contract costs and property, plant and equipment	**(67,364)**	(44,532)
	369,890	192,845
Impairment losses (reversed) recognized, under expected credit loss model, net of reversal		
— Trade receivables	**(20,444)**	41,047
— Contract assets	**478**	149
— Receivables for purchase of raw materials on behalf of customers	**(2,027)**	2,173
	(21,993)	43,369
Auditors' remuneration		
— Auditor of the Company and reporting accountants related to the Company's IPO	**11,505**	–
— Auditor of subsidiaries of the Company	**760**	579
— Non-audit services	**1,074**	13
Write-down of inventories (included in cost of sales)	**1,602**	448
Reversals of write-down of inventories (included in cost of sales)	**(370)**	(328)
Write-down of contract costs (included in cost of sales)	**3,323**	5,815
Reversals of contract costs write-down (included in cost of sales)	**(1,764)**	(3,810)
Loss on disposal of property, plant and equipment	**405**	65
Cost of inventories recognized as an expense	**162,890**	96,460

8. INCOME TAX EXPENSES

	2023	2022
	RMB'000	*RMB'000*
Current tax		
— the PRC Enterprise Income Tax ("**EIT**")	**63,254**	47,230
— Hong Kong profits tax	**10,945**	2,231
Deferred tax	**5,070**	(9,342)
Over provision in prior years	**(3,195)**	(49)
Total income tax expenses	**76,074**	40,070

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit.

A subsidiary of the Group operating in the PRC is accredited as "Technologically Advanced Service Enterprise" and "High and New Technology Enterprise", as such, the subsidiary is entitled to a preferential EIT rate of 15% (2022: 15%).

The directors of the Company are of the view that it is very probable that the subsidiary which is eligible for "Technologically Advanced Service Enterprise" and "High and New Technology Enterprise" tax preference is able to extend its accreditation upon expiry.

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

	2023	2022
	RMB'000	*RMB'000*
Profit before tax	**359,612**	195,801
Tax charge at the EIT rate of 25%	**89,903**	48,950
Tax effect of income that is exempt from taxation	**(2,105)**	(5,536)
Tax effect of expenses not deductible for tax purpose *(note)*	**38,111**	12,612
Over provision in respect of prior years	**(3,195)**	(49)
Effect of super deduction on research and development expenses	**(14,298)**	(2,438)
Tax at concessionary rate	**(27,936)**	(7,646)
Effect of different tax rate of operating entities in other jurisdiction	**(4,406)**	(5,823)
Income tax expenses	**76,074**	40,070

Note: The effect of expenses not deductible for tax purpose include mainly the effect of share-based payment expenses, and tax losses not recognized and not eligible to be carried forward in 2023.

9. EARNINGS PER SHARE

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

	2023	2022
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	**283,538**	155,731
	Number of shares	
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,022,997,484**	881,643,836
Effect of dilutive potential ordinary shares		
Share options	**54,975,454**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,077,972,938**	881,643,836

The weighted average number of shares for the purpose of basic earnings per share for the accounting period is calculated based on the management's assumptions having been adjusted retrospectively after taking into account the impact of 400,000,000 shares paid up in April 2022.

The computation of diluted earnings per share for the year ended December 31, 2022 does not assume the exercise of share option scheme granted by the Company since their exercise prices plus fair value of services yet to be rendered are higher than the average share prices of the Company.

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended December 31, 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables from contracts with customers		
— Related parties	**85,991**	134,666
Less: allowance for credit losses	**(266)**	(13,520)
— Third parties	**767,428**	370,495
Less: allowance for credit losses	**(30,945)**	(38,370)
	822,208	453,271
Receivables for purchase of raw materials on behalf of customers	**13,601**	5,246
Less: allowance for credit losses	**(148)**	(2,175)
	13,453	3,071
Advances to suppliers		
— Related parties	**82**	–
— Third parties	**1,433**	937
Other receivables		
— Related parties	**1,864**	2,312
— Third parties	**6,334**	581
Prepayments	**122**	214
Value added tax recoverable	**110,916**	45,218
Total trade and other receivables	**956,412**	505,604

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

	2023	2022
	RMB'000	*RMB'000*
Not past due	**424,828**	273,897
Overdue:		
— Within 90 days	**214,296**	141,332
— 91 days to 1 year	**172,261**	36,301
— Over 1 year	**10,823**	1,741
	822,208	453,271

As at December 31, 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB397,380,000 (2022: RMB179,374,000), which are past due as at the reporting date. Out of the past due balances, RMB183,084,000 (2022: RMB38,042,000) has been past due 90 days or more and is not considered as in default as the management of the Group believed that the amounts will be settled by the customers based on the customers' committed promise and historical experience. The Group does not hold any collateral over these balances.

Trade and other receivables that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2023	2022
	RMB'000	*RMB'000*
United States dollar ("**US$**")	**551,061**	364,454
Euro ("**EUR**")	**485**	17,861

12. BANK BALANCES AND CASH

Bank balances and cash of the Group comprised of cash and short-term bank deposits with an original maturity of three months or less. The short term bank deposits are carried interests at market rates which ranged from 0% to 5.68% per annum for the year ended December 31, 2023 (2022: 0% to 2.03%).

The Group performed impairment assessment on bank balances and concluded that the associated credit risk is limited because the counterparties are banks with high credit rating and good reputation.

Bank balances and cash that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2023	2022
	RMB'000	*RMB'000*
HK$	**3,582,422**	5
US$	**395,448**	184,656
EUR	**10,579**	5,540
Singapore Dollar ("**SGD**")	**3**	–

13. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables		
— Related parties	**580,333**	457,295
— Third parties	**40,118**	23,537
	620,451	480,832
Other payables and accruals		
— Related parties	**97,447**	107,346
— Third parties	**23,121**	25,060
Payable for purchase of property, plant and equipment		
— Related parties	**1,507**	1,807
— Third parties	**97,961**	116,870
Consideration payable to a related party for acquisition of BCD Business Unit	**–**	15,587
Salary and bonus payables	**56,624**	24,589
Accrued listing expenses and share issue cost	**15,513**	–
Other taxes payable	**2,762**	1,222
Trade and other payables	**915,386**	773,313

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

	2023	2022
	RMB'000	*RMB'000*
Within 90 days	**596,519**	432,756
91 days to 1 year	**22,910**	47,853
1 to 2 years	**867**	223
Over 2 years	**155**	–
	620,451	480,832

14. SHARE CAPITAL

AUTHORIZED:

	Number of shares	Par value *US$*	Authorized share capital *US$*
As at January 1, 2022, December 31, 2022	1,000,000,000	0.00005	50,000
Creation of new shares *(note iv)*	9,000,000,000	0.00005	450,000
As at December 31, 2023	**10,000,000,000**	**0.00005**	**500,000**

ISSUED AND FULLY PAID:

	Number of shares	Par value	Share capital		Share premium
		US$	*US$*	*RMB'000 equivalent*	*RMB'000 equivalent*
At January 1, 2022	1,000,000,000	0.00005	5	*	–
Cancellation of shares *(note i)*	(400,000,000)	0.00005	N/A	N/A	N/A
Re-issue of shares *(note i)*	400,000,000	0.00005	N/A	N/A	N/A
Shares fully paid *(note ii)*	N/A	N/A	49,995	319	1,285,143
At December 31, 2022	1,000,000,000	0.00005	50,000	319	1,285,143
Shares issued pursuant to the IPO *(note iii)*	197,604,500	0.00005	9,880	71	3,605,121
At December 31, 2023	**1,197,604,500**	**0.00005**	**59,880**	**390**	**4,890,264**

Notes:

i. The 400,000,000 shares held by STA HK were cancelled on January 28, 2022, and re-issued on June 8, 2022, respectively.

ii. On September 29, 2021, additional 599,940,000 shares and 399,960,000 shares were issued and allotted at par to Biologics Cayman and STA HK, respectively. After the subdivision and the second allotment of shares, Biologics Cayman and STA HK held 600,000,000 and 400,000,000 shares, representing 60% and 40% shareholding in the Company, respectively. The total cash consideration for these shares amounted to approximately RMB1,285,462,000 was paid up in April 2022, to which RMB1,285,143,000 was recognized in share premium.

iii. On November 17, 2023, 178,446,000 ordinary shares were issued at an offer price of HK$20.60 per share pursuant to the IPO; and on December 8, 2023, 19,158,500 shares in respect of the over-allotment option are fully exercise. Gross proceeds from the issuance of these shares and the exercise of over-allotment option amounted to approximately HK$4,071 million (equivalent to approximately RMB3,741 million). After netting of share issuance cost of approximately RMB136 million, approximately RMB71,000 and RMB3,605 million are credited to the share capital and share premium of the Company, respectively.

iv. On June 30, 2023, the authorized share capital of the Company was increased from 1,000,000,000 ordinary shares to 10,000,000,000 ordinary shares by the creation of 9,000,000,000 ordinary shares at par value of US$0.00005 each.

* Amount below RMB1,000.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"2021 Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on November 23, 2021, the principal terms of which are summarized in the section headed "2021 Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus
"2023 Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on March 22, 2023, the principal terms of which are summarized in the section headed "2023 Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus
"AGM"	the annual general meeting of the Company
"antibody drug conjugate(s)" or "ADC(s)"	an emerging class of highly potent biopharmaceutical drugs designed as a targeted therapy combining the specific targeting capabilities of monoclonal antibodies with the cancer-killing ability of cytotoxic drugs for the treatment of cancer
"Audit Committee"	the audit committee of the Board
"BLA"	Biologics license application, a request for permission to introduce, or deliver for introduction, a biologic product for commercialization in a specific jurisdiction
"Board"	the board of Directors
"CAGR"	compound annual growth rate
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"cGMP"	Current Good Manufacturing Practice, regulations enforced by the FDA on pharmaceutical and biotech firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity
"Chairman"	the chairman of the Board

"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Company"	WuXi XDC Cayman Inc. (藥明合聯生物技術有限公司)*, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to WuXi Biologics, WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司), STA and STA Pharmaceutical, or any one of them
"CRDMO"	Contract Research, Development and Manufacturing Organization
"DAR"	drug-to-antibody ratio, refers to the average number of drug molecules that are attached to each antibody molecule
"Director(s)"	the director(s) of the Company
"drug product" or "DP"	a dosage form that contains an active drug ingredient
"drug substance" or "DS"	an active ingredient that is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease or to affect the structure or any function of the human body, but does not include intermediates used in the synthesis of such ingredient
"EMA"	European Medicines Agency
"ESG"	Environmental, Social and Governance
"EU"	European Union, a politico-economic union of 27 member states that are located primarily in Europe

"EUR"	Euro, the official currency of 20 out of 27 member States of the EU
"FDA"	the U.S. Food and Drug Administration
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
"Global Offering"	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
"GMP"	Good manufacturing practice
"Group"	the Company and its subsidiaries
"H.K. dollar(s)", "HK$" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKEX"	Hong Kong Exchange and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IND"	investigational new drug, an application submitted to the FDA or the NMPA to seek permission or no objection to ship unapproved, experimental drug or biologic agents across jurisdictions (usually to clinical investigators) for use in clinical studies before a marketing application for the drug has been approved
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on November 17, 2023
"Listing Date"	November 17, 2023
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

"Main Board" — Main Board of the Stock Exchange

"Model Code" — the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules

"NMPA" — National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局) from 2013 to 2018 and the State Food and Drug Administration (國家食品藥品監督管理局) from 2003 to 2013

"Payload & Linker Business" — the payload & linker business, which includes the customer resources, personnel and assets relating to such business, acquired by the Group from STA Pharmaceutical

"Pre-IPO Share Option Schemes" — collectively, the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme

"Prospectus" — the prospectus issued by the Company dated November 7, 2023

"Remaining WXB Group" — WuXi Biologics and its subsidiaries, excluding the Group

"Remuneration Committee" — the remuneration committee of the Board

"Renminbi" or "RMB" — Renminbi, the lawful currency of the PRC

"Reporting Period" — the one-year period from January 1, 2023 to December 31, 2023

"R&D" — research and development

"Share(s)" — ordinary shares in the share capital of the Company with a par value of US$0.00005 each

"Shareholder(s)" — holder(s) of Share(s)

"Share(s)" — ordinary shares in the share capital of the Company with a par value of US$0.00005 each

"STA"	Shanghai SynTheAll Pharmaceutical Co., Ltd.* (上海合全藥業股份有限公司), a limited liability company established in the PRC on January 23, 2003
"STA Pharmaceutical"	STA Pharmaceutical Hong Kong Investment Limited* (合全藥業香港投資有限公司), a limited liability company incorporated in Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S."	The United States of America
"U.S. dollar(s)" or "US$" or "USD"	United States dollar(s), the lawful currency of the United States of America
"WBS"	WuXi Biologics Business System
"WuXi Biologics"	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司)*, an exempted company incorporated with limited liability in the Cayman Islands, with its shares being listed on the Main Board of the Stock Exchange (HKEx stock code: 2269)
"XDC(s)"	bioconjugates extending beyond ADC first through conjugation of various payloads other than chemical drugs with antibodies, and then further through conjugation of various carriers (other than antibodies) with various payloads
"%"	per cent

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

By order of the Board
WuXi XDC Cayman Inc.
Dr. Jincai LI
Executive Director and Chief Executive Officer

Hong Kong, March 25, 2024

As at the date of this announcement, the board of directors of the Company comprises (i) Dr. Jincai LI, Mr. Jerry Jingwei ZHANG and Mr. Xiaojie XI as executive directors; (ii) Dr. Zhisheng CHEN, Dr. Weichang ZHOU and Ms. Ming SHI as non-executive directors; and (iii) Dr. Ulf GRAWUNDER, Mr. Stewart John HEN and Mr. Hao ZHOU as independent non-executive directors.

* *For identification purpose only*