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WUXI BIOLOGICS (CAYMAN) INC.

藥明生物技術有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2269)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

FINANCIAL HIGHLIGHTS			
	Unaudited		
	Six months ended June 30,		
	2024	2023	Change
	<i>RMB million</i>	<i>RMB million</i>	
Revenue	8,574.2	8,492.0	1.0%
Gross profit	3,350.0	3,560.6	(5.9%)
<i>Gross profit margin</i>	39.1%	41.9%	
Net profit	1,780.3	2,337.9	(23.9%)
<i>Net profit margin</i>	20.8%	27.5%	
Net profit attributable to owners of the Company	1,499.1	2,266.7	(33.9%)
<i>Margin of net profit attributable to owners of the Company</i>	17.5%	26.7%	
Adjusted net profit attributable to owners of the Company	2,250.3	2,838.3	(20.7%)
<i>Margin of adjusted net profit attributable to owners of the Company</i>	26.2%	33.4%	
	RMB	RMB	
Earnings per share	— Basic	0.37	0.55
	— Diluted	0.35	0.52
			(32.7%)
			(32.7%)
Adjusted earnings per share	— Basic	0.55	0.68
	— Diluted	0.52	0.65
			(19.1%)
			(20.0%)

The Board resolved not to declare any interim dividend for the six months ended June 30, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall Performance

During the Reporting Period, the Group sustained robust business development despite facing unprecedented challenges. Leveraging its unique CRDMO platform and “Follow and Win the Molecule” strategies, the Group continued to deliver solid results.

Specifically, the first half of 2024 still witnessed considerable growth in project numbers. The total number of integrated projects increased to 742 as of June 30, 2024, including 359 pre-clinical projects and 311 early-phase projects, demonstrating the Group’s resilience and sustainable development capability. The Group’s late-phase and non-COVID commercial manufacturing business also experienced solid growth, reaching a total of 72 projects as of June 30, 2024, accompanied by four “Win-the-Molecule” late-phase and commercial manufacturing projects, propelling our growth momentum.

The following table sets forth the status of the on-going integrated projects of the Group as at June 30, 2024:

Biologics Development Process Stage	Number of On-Going Integrated Projects⁽¹⁾	Typical Duration	Typical Service Revenue⁽²⁾
Pre-IND			
— Pre-clinical development	359	1–2 years	US\$5–8 mm
Post-IND			
— Early-phase (phases I & II) clinical development:	311	3 years	US\$4–6 mm
— Phase I clinical development	224		
— Phase II clinical development	87		
— Late-phase (phase III) clinical development	56	3–5 years	US\$20–50 mm
— Commercial manufacturing ⁽³⁾	16	Annually	US\$50–100 mm ⁽⁴⁾
Total	<u>742</u>		

Notes:

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

- (2) Milestone fees can be paid at different research and development (“R&D”) stages, while royalty fees will be charged for 5–10 years or until the patent expires once the new drug launches in the market.
- (3) The commercial manufacturing projects refer to the projects approved by regulatory authorities and signed CMO contracts with the Group.
- (4) Estimated value when biologic drug reaches its peak sales. A biologic drug typically reaches its peak sales after a ramp-up period.

The Group’s revenue for the six months ended June 30, 2024 increased by 1.0% year-on-year to RMB8,574.2 million, with a year-on-year 7.7% increase in non-COVID revenue and a year-on-year 11.7% increase in the non-COVID late-phase and commercial manufacturing revenue. The gross profit decreased by 5.9% year-on-year to RMB3,350.0 million. The net profit attributable to owners of the Company and the adjusted net profit attributable to owners of the Company decreased by year-on-year 33.9% and 20.7% to RMB1,499.1 million and RMB2,250.3 million respectively. Please refer to the section headed “Financial Review” for further information. The Group’s total backlog reached US\$20,105 million as of June 30, 2024, including US\$13,000 million service backlog and US\$7,105 million upcoming potential milestone fees, while the total backlog within three years reached US\$3,642 million as of June 30, 2024. The upcoming potential milestone fees may take longer to receive at various development stages as they depend on the success rate and progress of the projects which may not be within the Group’s control.

The Group has collaborated with the world’s top 20 pharmaceutical companies and most of the largest pharmaceutical companies in China. We further diversified our client base and continued to increase the number of clients served, reaffirming our commitment to provide fully integrated CRDMO services to our clients to develop biologics benefiting patients worldwide. The Group believes that continuous improvement of its capabilities and capacity, combined with unwavering collaboration and commitment to its clients and partners, will strengthen its value chain, enabling the Group to consistently seize market opportunities.



Business Highlights

CRDMO Platform — Research (R)

The Group's research and discovery arm — the “R” in CRDMO — offers a comprehensive and streamlined suite of solutions for biologic discovery, from initial concept through IND, seamlessly integrating with CMC and downstream process development. The Group is committed to enhancing biologics generation and optimization capabilities, offering high-throughput protein production across small, medium, and large scales. By advancing its technology platforms, the Group continues to strengthen its position as an industry pioneer, expediting the discovery and development of diverse therapeutic biologics, including but not limited to:

- **Bispecific Antibodies.** Riding on its established expertise in the development of antibodies and its top team of scientists, the Group has undertaken over 50 different formats with over 120 bispecific projects. **WuXiBody™**, the Group's proprietary bispecific antibody platform, allows valency flexibility and permits the easy joining of almost any monoclonal antibody (“mAb”) pair to build a bispecific antibody. **WuXiBody™** continues to gain industry recognition, reaching around 50 collaborations as of the end of the Reporting Period.



- **Multispecific Antibodies.** Drawing upon our technical capability of Variable Domain of Heavy-chain Antibodies (“VHH”) libraries, advanced VHH immunization, VHH affinity maturation and humanization platforms and a deep understanding of disease and target biology, the Group has also developed the sophisticated VHH-based **SDArBody™** (Single-Domain Antibody-related Multispecific Antibody) platform, providing our clients with multi-functional therapeutic capabilities. **SDArBody™** has been applied extensively across a range of projects.



- **Tumor Associated Antigens (“TAA”) mAb Technology.** The Group has developed comprehensive technologies for validating TAAs and utilized its advanced antibody discovery platforms to identify the best mAbs to TAAs to enable clients globally.

- **T Cell Engager (“TCE”) Platform.** The Group has harnessed its Immune Cell Engager platform to devise TCE in an optimized antibody format, exploring their potential as preeminent treatments for tumors in close collaboration with clients and partners.
- **Single B Cell Technology.** Using the Berkeley Light Beacon system, the Group’s single B cell technology is applicable to a variety of species critical for lead generation of therapeutic antibodies. This significantly improved a variety of existing technologies, facilitating and enabling the discovery of valuable lead molecules for challenging targets.

With these cutting-edge technologies and platforms, the Group accelerated its initiatives to cultivate collaborations and enable clients to advance new biologics modalities, such as our discovery service agreement with GSK plc (LSE/NYSE: GSK) on multiple novel bi-and multi-specific TCE antibodies, our research service agreement with BioNTech SE (NASDAQ: BNTX) on discovering investigational mAbs, and our strategic partnership with Medigene AG (FSE: MDG1) to design and co-research T cell receptor (TCR)-guided TCE (TCR-TCEs) for the treatment of difficult-to-treat tumors. These collaborations are set to not only build trust with our clients but also enhance our biologics pipeline.

CRDMO Platform — Development (D)

To further enable our clients to deliver more high-quality and affordable biologics to patients worldwide, the Group’s industry-leading biologics development team consistently drives innovation with the mission of “Turning Ideas into Life-Improving Biologics and Vaccines”. As of the end of the Reporting Period, the Group had enabled over 550 INDs.

The Group consistently advances and provides cutting-edge technology platforms to accelerate biologics development and manufacturing, most notably:

- **WuXia™.** The Group’s proprietary CHO (Chinese Hamster Ovary) cell line development platform WuXia™ enables 150 integrated CMC projects per year, one of the industry largest capacities. The Group has delivered more than 900 cell lines, including five commercial products. Derived from WuXia™, WuXia^{ADCC} PLUS™ is the Group’s high-yielding mammalian cell line platform for the development and manufacturing of afucosylated antibodies to elicit an enhanced ADCC response. The WuXia^{ADCC} PLUS™ cell line is compatible with the WuXia™ platform process, which enables the stable production of the afucosylated antibodies at various scales for clinical and commercial manufacturing.



- **WuXiUP™**. The Group’s proprietary continuous bioprocessing platform WuXiUP™ utilizes 1,000–2,000L disposable bioreactors to achieve comparable productivity as a traditional 10,000–20,000L stainless steel bioreactor while still providing similar or even better purification yield. WuXiUP™ has been implemented in over 140 processes achieving productivity of 20–100 g/L.



- **WuXiUI™**. In comparison with the conventional fed-batch process, the Group’s new proprietary bioprocessing platform WuXiUI™ applies an innovative ultra-intensified intermittent-perfusion fed-batch (UI-IPFB) strategy to achieve 3–6 folds increase in productivity in a typical culture duration for over 35 cell lines expressing different types of recombinant proteins including mAbs, bispecific antibodies and fusion proteins, while ensuring high product quality and significantly reducing manufacturing costs.



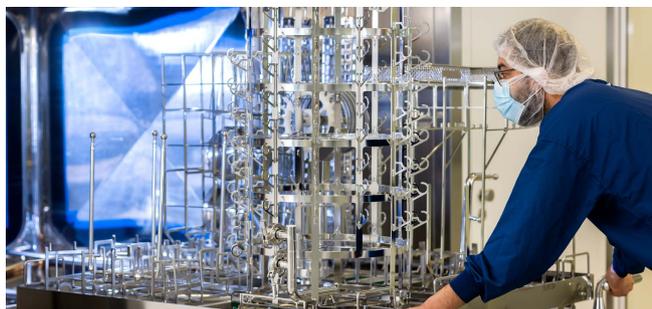
- **WuXiHigh™**. The Group’s proprietary high concentration (≥ 100 mg/mL) drug product (“DP”) development platform WuXiHigh™ incorporates features such as high-throughput formulation screening strategies, novel methodology in viscosity reduction with proprietary viscosity-reducing excipients, and molecular dynamics simulation. As of the end of the Reporting Period, WuXiHigh™ platform had offered tailored solutions for over 100 projects (up to 230 mg/mL) with a wide range of modalities.



As a testament to the unique advantages of our CRDMO platform and industry-leading technologies, our client Curon Biopharmaceutical licensed its investigational B-cell depletion therapy CN201, which leveraged WuXiBody™, TCE platform, and WuXiUP™, to Merck & Co., Inc. recently.

CRDMO Platform — Manufacturing (M)

The Group operates several of the industry’s leading biologics cGMP drug substance (“DS”) manufacturing facilities that exclusively employ single-use bioreactors in scales extending from 200L to 4,000L. Meanwhile, the Group’s one-stop comprehensive DP capabilities and capacity increased the spectrum of services offered to the biologics industry and enhanced the Group’s revenue stream with state-of-the-art facilities and cutting-edge technologies, including integrated high throughput and automation instruments, pioneering lyophilization technologies, and advanced process development capabilities.



During the Reporting Period, the Group’s manufacturing services accomplished considerable achievements through the implementation of our “Follow and Win the Molecule” and “Global Dual Sourcing” strategies:

- **Growing Projects.** Late-phase and non-COVID commercial manufacturing projects experienced solid growth, reaching a total of 72 projects as of the end of the Reporting Period, as well as four “Win-the-Molecule” late-phase and commercial manufacturing projects, reinforcing the outlook for long-term growth.
- **Outstanding Success.** The Group has maintained consistent track record in production delivery for late-phase and commercial products, achieving a success rate of around 98% for global manufacturing during the Reporting Period. In addition, the Group’s facilities have completed DS and DP PPQ projects with a success rate exceeding 97% during the Reporting Period, establishing a sturdy foundation for the growth of commercial manufacturing projects following our “Global Dual Sourcing” strategy.
- **Increasing Capacity.** During the Reporting Period, the Group continued to build its capacity across multiple regions. Please also refer to the section headed “Geographic Footprint” for further information.

New Growth Drivers

Leveraging its extensive expertise across the entire biologics development lifecycle, the Group has strategically utilized its capabilities and capacity to establish integrated platforms for various emerging modalities. Since their inception, these platforms have thrived and expanded the Group's service offerings, positioning themselves as key drivers of the Group's development.



- **Microbial Platform.** The Group's microbial platform business continues to thrive. Both the signed microbial projects and the microbial molecules surged during the Reporting Period. The Group now provides comprehensive end-to-end one-stop solutions, covering CMC development and GMP manufacturing services for a wide range of biologics and vaccines produced from microbial-based systems. During the Reporting Period, substantial batches were successfully completed for various modalities spanning recombinant protein, virus-like particle, enzyme and etc.
- **WuXi XDC.** The Company's subsidiary WuXi XDC, a leading CRDMO focused on the global ADC and broader bioconjugate market and dedicated to providing integrated and comprehensive services, was listed on the Main Board on November 17, 2023 (stock code: 2268). As of the end of the Reporting Period, WuXi XDC had secured 167 integrated projects for ADCs and other bioconjugates globally with 29 in phase II/III.
- **WuXi Vaccines.** The Group's vaccine initiatives have sustained consistent growth and prosperity since 2018, driven by WuXi Vaccines, its subsidiary dedicated to offering comprehensive end-to-end vaccine CRDMO services. During the Reporting Period, the number of integrated projects of WuXi Vaccines reached 23, attesting to WuXi Vaccines' outstanding capabilities and capacity.

Quality

The Group consistently prioritizes quality, especially data integrity, at the forefront, ensuring the safeguarding of our clients' and partners' interests. With its world-class quality system, the Group has completed 37 regulatory inspections conducted by various national regulatory agencies (including 21 regulatory inspections from EU EMA and U.S. FDA) since 2017 with no critical issues identified and zero data integrity findings, which distinguishes the Group as the first biologics company certified by these regulatory agencies for commercial manufacturing in China. The Group has completed more than 1,400 GMP audits by global clients, and more than 160 audits by EU Qualified Persons (“**EU QP**”). The Group believes that these certificates will help manifest the Group's premier quality system that meets global quality standards and thereby benefits patients globally with biologics of better quality.

ESG

The Group regards sustainability as the cornerstone of its business strategy, aligning the corporate vision and mission to drive long-term success. We embrace social and environmental responsibility and continue to deliver stronger ESG performance for the benefit of stakeholders and for the greater good of society. During the Reporting Period, the Group's ESG targets and metrics were prioritized and monitored in key areas, such as Diversity, Equity and Inclusion (“**DEI**”), climate change and energy saving, resource efficiency, etc.

The Group committed to the Science-Based Targets initiative (“**SBTi**”), established a dedicated DEI Committee, and became a signatory to the United Nations Global Compact. It has been recognized by various ESG rating agencies and institutional investors, notably: inclusion into the Dow Jones Sustainability World Index and Emerging Markets Index, an AAA rating from MSCI ESG Ratings, a Platinum Medal from EcoVadis, an ESG Industry Top-Rated and APAC Regional Top-Rated Company by Sustainalytics; and a score of A for Water Security and A- for Climate Change from CDP. During the Reporting Period, it was further selected into S&P Global Sustainability Yearbook 2024, and included in 2024 MSCI ESG Leaders Indexes and FTSE4Good Index Series.

Geographic Footprint

The Group’s manufacturing capacity spans multiple regions, offering a flexible and efficient global supply chain. This network allows our clients to initiate new projects within four weeks and facilitates the distribution of biologics products from our facilities to locations worldwide. To meet growing demand and advance its “Global Dual Sourcing” strategy, the Group continued to build its manufacturing capacity during the Reporting Period, highlights include:

- In China, three sets of 5,000L single-use bioreactors were successfully installed at the Group’s DS facility in Hangzhou site, increasing the site’s total capacity to 23,000L, which will further enhance the Group’s manufacturing capability for global clients;



- In Europe, the Phase 1 of the manufacturing facility MFG6 at Ireland site successfully completed its first PPQ campaign during the Reporting Period. The fit-out and commissioning, qualification, and validation (“CQV”) of Phase 2 of the MFG6 are on schedule. Its engineering run is expected to take place this year, with commercial manufacturing scheduled to commence subsequently. In particular, the Ireland site has been almost fully booked for 2025, which serves as a testament to the Group’s excellent strategy and execution. The construction of the second high-speed pre-filled syringes line at the German site is also expected to start soon;



- In the U.S., the Group has opened its third global research service center and its first in the country—the Boston research service center. This center complements the full range of services the Group offers both within the U.S. and globally. Additionally, the Group’s DS and DP manufacturing facilities in the U.S. in Cranbury, New Jersey are expected to achieve GMP readiness soon;



- The Group’s Singapore site’s groundbreaking has taken place and its engineering and construction are progressing as planned.

WBS (WuXi Biologics Business System)

WBS was introduced and implemented across all functions of the Group in 2021 to continuously improve efficiency and quality, reduce costs, and generate value for our clients. During the Reporting Period, by implementing approximately 60 Kaizen projects and events, the Group achieved considerable cost savings, along with significant inventory reduction, labor hour savings, and quality improvements. Additionally, ESG Kaizen projects contributed to the Group’s ESG initiatives by achieving remarkable carbon reduction, material savings, waste reduction and recycling, and water savings. We will continue to develop WBS as a management system to drive continuous improvement and talent development, thus creating better value for our clients.

Future Outlook

Despite uncertainties in the industry and broader macro environment, the Group remains confident in its business growth, bolstered by its unique CRDMO business model and well-established “Follow and Win the Molecule” strategies.

A series of major biotechnology breakthroughs have occurred in recent years, such as bispecific and multispecific antibodies, ADCs, mRNA, creating new opportunities for the future of the biopharma industry. The thriving biologics industry brings growing demands for outsourcing services, and compared with self-built R&D and manufacturing facilities, a shift to a more cost-effective, efficient and professional integrated CRDMO outsourcing paradigm is more attractive to many clients.

As a trusted partner to biologics companies, the Group strives to provide one-stop, end-to-end CRDMO services to its clients. The Group’s solid expertise in R&D, extensive CMC experience, strict adherence to international quality standards, industry-leading timelines, and diverse manufacturing footprint distinguish it from traditional CDMOs and empower the global biologics industry throughout the drug discovery, development, and manufacturing process, from concepts to pre-clinical research, clinical trials, and commercial manufacturing. With ever-evolving capabilities and capacity, the Group will obtain more business opportunities and boost its revenue streams by attracting more clients and introducing more biologics into its pipeline.

In addition, the Group has always been committed to serving and contributing to the global healthcare community, while adhering to the highest standards of regulatory compliance and operational excellence. The Group noted the introduction of the BIOSECURE Act in the U.S. Congress and subsequent amendments to it, including a proposed “grandfather” clause with transition period. The contents of such proposed legislation remain subject to further review and modification by the U.S. legislators and the legislative route also involves uncertainty. As a global biologics CRDMO platform, the Group does not have a human genomics business, nor does it collect human genomic data in any of its businesses around the world. The Group firmly believes that it has not, does not, and will not pose a security risk to the U.S. or any other countries. The Group will continue to closely monitor this process and remains committed to supporting its clients globally and to operating in accordance with the applicable laws and regulations of all jurisdictions where it has business operations.

Looking ahead, the Group will continue to maintain its financial strength, execute its “Follow and Win the Molecule” strategies on its unique CRDMO platform and prudently invest to enhance capabilities and capacity to deliver growth in 2024 and beyond. We are confident that our efforts and dedication will enable our clients to benefit patients worldwide.

FINANCIAL REVIEW

Revenue

The Group recorded approximately RMB8,574.2 million in revenue for the six months ended June 30, 2024, which is comparable to approximately RMB8,492.0 million in revenue recorded during the same period in 2023, despite the COVID-related revenue and the revenue generated from the significant discovery service deals in the same period last year. The stable revenue, as compared to the same period last year, has been maintained due to (i) the execution of the Group's "Follow and Win the Molecule" strategies, coupled with the leading technology platform, best-in-industry timeline and excellent execution tract records; (ii) enlarged spectrum of services offered to the biologics industry, fast growing technology platforms including ADCs and bispecific antibodies; in particular, the noteworthy increase in non-COVID revenue.

Revenue by region

Reflecting the Group's global footprint, its revenue demonstrates diversification across a wide array of regions, including North America, Europe, and PRC. The table below shows the revenue distribution by countries/regions:

Revenue	Unaudited			
	Six months ended June 30,		2023	
	2024			
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
— North America	5,009.7	58.4%	3,927.9	46.3%
— Europe	1,863.0	21.7%	2,551.6	30.0%
— PRC	1,417.9	16.6%	1,792.5	21.1%
— Rest of the world (<i>Note</i>)	283.6	3.3%	220.0	2.6%
Total	<u>8,574.2</u>	<u>100.0%</u>	<u>8,492.0</u>	<u>100.0%</u>

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

Revenue by phase

For the six months ended June 30, 2024, the pre-IND services revenue of the Group increased by 9.2% to approximately RMB3,068.0 million, accounting for 35.8% of the total revenue. Early-phase (phases I & II) services revenue of the Group decreased by 2.9% to approximately RMB1,893.0 million, accounting for 22.1% of the total revenue. Late-phase (phase III) services and commercial manufacturing revenue of the Group decreased by 4.7% to approximately RMB3,434.4 million, accounting for 40.0% of the total revenue. Excluding the COVID sales in the same period last year, late-phase and commercial manufacturing revenue grew by 11.7% in the Reporting Period.

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

	Unaudited			
	Six months ended June 30,			
	2024		2023	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Revenue				
Pre-IND services	3,068.0	35.8%	2,810.7	33.1%
Early-phase (phases I & II) services	1,893.0	22.1%	1,949.7	23.0%
Late-phase (phase III) services & commercial manufacturing	3,434.4	40.0%	3,603.3	42.4%
Others (<i>Note</i>)	178.8	2.1%	128.3	1.5 %
Total	<u>8,574.2</u>	<u>100.0%</u>	<u>8,492.0</u>	<u>100.0%</u>

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

Revenue by segment

The Group encompasses two primary business segments: biologics and XDC. XDC is dedicated to providing CRDMO services for ADCs and various bioconjugates. Concurrently, the biologics segment continues to engage in provision of biologics discovery, development and manufacturing.

During the Reporting Period, the revenue from each business segment of the Group is as follows:

	Unaudited			
	Six months ended June 30,			
	2024		2023	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Revenue from external customers				
— biologics	6,961.6	81.2%	7,634.8	89.9%
— XDC	1,612.6	18.8%	857.2	10.1%
Total	<u>8,574.2</u>	<u>100.0%</u>	<u>8,492.0</u>	<u>100.0%</u>

Cost of Sales

The cost of sales of the Group increased by 5.9% from approximately RMB4,931.4 million for the six months ended June 30, 2023 to approximately RMB5,224.3 million for the six months ended June 30, 2024.

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

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by 5.9% from approximately RMB3,560.6 million for the six months ended June 30, 2023 to approximately RMB3,350.0 million for the six months ended June 30, 2024, and the gross profit margin decreased from 41.9% for the six months ended June 30, 2023 to 39.1% for the six months ended June 30, 2024. The decreases were mainly due to (i) the mix impact from lower discovery services, as the Group scored two mega upfront licensing deals in the first half of last year, contributed approximately RMB300.0 million to gross profit, however, the absence of the mega licensing deals in this Reporting Period was offset by the revenue from Development and Manufacturing segments, where the average gross profit margin is roughly half of those from discovery services; (ii) the plant utilization rate in China in the first half of this year

was slightly lower than the same period last year due to cancellation of COVID projects; and (iii) the ramp-up impact of the new facilities in Ireland, Germany, and the U.S. as expected, while these challenges were partially offset by the efficiency improvements from the WBS or our lean manufacturing implementation.

Other Income

The other income of the Group mainly consists of research and other grants, and interest income. Other income of the Group increased by 71.1% from approximately RMB198.0 million for the six months ended June 30, 2023 to approximately RMB338.7 million for the six months ended June 30, 2024, mainly attributable to an increase in interest income, as a result of a higher interest rate for USD deposits; coupled with an increased average balance of cash on hand, post WuXi XDC's listing on the Main Board in late 2023.

Other Gains and Losses

The other gains and losses of the Group primarily include foreign exchange gains or losses, fair value gains or losses on equity investments measured at fair value through profit or loss (“FVTPL”), fair value changes from wealth management products, etc. The Group reported net other losses of approximately RMB81.9 million for the six months ended June 30, 2024, while net other gains of approximately RMB114.8 million reported for the six months ended June 30, 2023. The decrease was mainly due to an unmaterialized foreign exchange translation loss as a result of the depreciation of EUR against RMB year-to-date as compared to net foreign exchange gain recognized in the comparative period, which was partially offset by the fair value gains on equity investments at FVTPL.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Impairment losses under Expected Credit Loss (“ECL”) model, net of reversal of the Group represent loss allowances on the Group's financial assets (including trade and other receivables and contract assets) (“**Impairment Losses**”). The Impairment Losses of the Group increased from approximately RMB131.8 million for the six months ended June 30, 2023 to approximately RMB190.2 million for the six months ended June 30, 2024, primarily due to (i) the increased balances of trade and other receivables; and (ii) the longer collecting cycles, as the decline in global biotech funding has led to a tight liquidity condition for businesses worldwide.

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

Selling and Marketing Expenses

The selling and marketing expenses of the Group mainly include the staff related costs of our business development personnel, marketing and promotion fees, etc. The selling and marketing expenses of the Group increased by 111.7% from approximately RMB105.4 million for the six months ended June 30, 2023 to approximately RMB223.1 million for the six months ended June 30, 2024, along with the Group's geographic footprint by its continuous investing in talent acquisition and increased spending on more frequent and grand market exposure. The selling and marketing expenses as a percentage of the Group's revenue increased from 1.2% for the six months ended June 30, 2023 to 2.6% for the six months ended June 30, 2024.

Administrative Expenses

The administrative expenses of the Group primarily consist of the staff related costs of our administrative and management personnel, purchased services, depreciation and amortization, etc. The Group's administrative expenses increased by 13.7% from approximately RMB679.6 million for the six months ended June 30, 2023 to approximately RMB773.0 million for the six months ended June 30, 2024, primarily due to (i) the increases in staff related costs, depreciation and amortization, digitization initiatives, administration expenses, etc., to support the rapid expansion of the Group's operations; and (ii) an increased spending in enhancing the standalone capabilities of WuXi XDC post the listing of its shares on the Main Board.

Other Expenses

The other expenses of the Group represented the listing expenses incurred for the spin-off and separate listing of the shares of WuXi XDC on the Main Board in 2023. This was non-recurring expenditure and no such expenses occurred during the Reporting Period.

R&D Expenses

The R&D expenses of the Group consist of direct labor costs, cost of raw materials and allocated overhead relating to our R&D projects. The R&D expenses of the Group amounted to approximately RMB344.1 million for the six months ended June 30, 2024, keeping flat with the amount of approximately RMB341.4 million for the six months ended June 30, 2023, as the Group has continuously maintained investment in innovation and technologies to enhance and develop our cutting-edge technologies platforms.

Financing Costs

The financing costs of the Group mainly include interest expense on lease liabilities, interest expense on bank borrowings and interest expense on the financing component of an advance payment received from a customer. The financing costs of the Group decreased by 13.6% from approximately RMB78.8 million for the six months ended June 30, 2023 to approximately RMB68.1 million for the six months ended June 30, 2024, mainly due to a decrease in average bank borrowing balance during the Reporting Period, following the full repayment of a bank loan as scheduled in the second half of 2023.

Income Tax Expense

The income tax expense of the Group increased by 19.4% from approximately RMB191.1 million for the six months ended June 30, 2023 to approximately RMB228.1 million for the six months ended June 30, 2024, as a result of less tax refund received during the Reporting Period; despite of which, the effective tax rate of the Group improved from 22.6% for the same period last year to 18.6% for the Reporting Period.

Net Profit and Net Profit Margin

As a result of the foregoing, the net profit of the Group decreased by 23.9% from approximately RMB2,337.9 million for the six months ended June 30, 2023 to approximately RMB1,780.3 million for the six months ended June 30, 2024. The net profit margin of the Group decreased from 27.5% for the six months ended June 30, 2023 to 20.8% for the six months ended June 30, 2024. The decreases were mainly due to (i) a decrease in gross profit as discussed above; (ii) increase in selling, marketing and administrative expenses (“SG&A”) as the Group continues to invest in its geographic footprint; (iii) increase in SG&A of WuXi XDC as a standalone listed company on the Main Board; and (iv) net foreign exchange loss reported.

The net profit attributable to owners of the Company decreased by 33.9% from approximately RMB2,266.7 million for the six months ended June 30, 2023 to approximately RMB1,499.1 million for the six months ended June 30, 2024. The margin of net profit attributable to owners of the Company decreased from 26.7% for the six months ended June 30, 2023 to 17.5% for the six months ended June 30, 2024. The decrease followed the same set of reasons as discussed above.

Basic and Diluted Earnings Per Share

The basic earnings per share of the Group decreased by 32.7% from RMB0.55 for the six months ended June 30, 2023 to RMB0.37 for the six months ended June 30, 2024. The diluted earnings per share of the Group decreased by 32.7% from RMB0.52 for the six months ended June 30, 2023 to RMB0.35 for the six months ended June 30, 2024. The decrease in the basic and diluted earnings per share was primarily due to the decrease in the net profit attributable to owners of the Company as discussed above.

Property, Plant and Equipment

The balance of the property, plant and equipment of the Group increased by 3.2% from approximately RMB27,377.6 million as at December 31, 2023 to approximately RMB28,259.0 million as at June 30, 2024, following the Group's continuous global footprint by investing in facility constructions, in particular, the planned capacity expansion of WuXi XDC post its listing on the Main Board.

Right-of-Use Assets

The right-of-use assets of the Group mainly include the leasehold lands, leased properties and leased machinery & equipment. The balance of the right-of-use assets of the Group slightly decreased by 1.8% from approximately RMB2,561.8 million as at December 31, 2023 to approximately RMB2,516.8 million as at June 30, 2024, along with the regular amortization during the Reporting Period, partially offset by certain new lease agreements.

Goodwill

As at June 30, 2024, the goodwill of the Group amounted to approximately RMB1,529.9 million, arising from acquisitions of subsidiaries and business in previous years, remaining the same as the balance as at December 31, 2023.

Intangible Assets

The intangible assets of the Group mainly include technology and customer relationship arising from acquisitions, and patent and license held by the Group. The intangible assets of the Group decreased by 7.2% from approximately RMB511.8 million as at December 31, 2023 to approximately RMB474.8 million as at June 30, 2024, as a result of regular amortization schedule during the Reporting Period.

Investment of an Associate Measured at FVTPL

The investment of an associate measured at FVTPL of the Group represents the equity interest held in Shanghai Duoning Biotechnology Co., Ltd. (“**Duoning**”). The balance of investment in Duoning decreased by 5.8% from approximately RMB1,393.5 million as at December 31, 2023 to approximately RMB1,312.2 million as at June 30, 2024, as a result of fair value loss recognized on this investment during the Reporting Period.

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

The financial assets at FVTPL in the non-current assets of the Group mainly include investments in listed equity securities and unlisted equity investments. The balance decreased by 1.5% from approximately RMB1,519.3 million as at December 31, 2023 to approximately RMB1,495.9 million as at June 30, 2024, following the divestitures from certain investments in listed equity securities during the Reporting Period, which was partially offset by the increase from the fair value gains recognized from the equity investments.

The financial assets at FVTPL in the current assets of the Group represent the investment in wealth management products deployed with several reputable banks. The balance decreased by 97.2% from approximately RMB1,233.6 million as at December 31, 2023 to approximately RMB35.1 million as at June 30, 2024, as the Group has gradually shifted from investing in wealth management products to increasing time deposits and current deposits, following the interest rate hikes during the Reporting Period.

Inventories

The inventories of the Group increased by 11.1% from approximately RMB1,765.8 million as at December 31, 2023 to approximately RMB1,962.5 million as at June 30, 2024, mainly due to (i) inventory replenishment for European entities’ ramp-up; and (ii) the stocking up on supplies in WuXi XDC to support its business expansion.

Contract Costs

The contract costs (previously called Service Work in Progress) of the Group increased by 15.0% from approximately RMB1,223.7 million as at December 31, 2023 to approximately RMB1,407.7 million as at June 30, 2024, as a result of the increment of on-going projects.

Trade and Other Receivables

The trade and other receivables of the Group increased by 2.8% from approximately RMB6,292.7 million as at December 31, 2023 to approximately RMB6,471.1 million as at June 30, 2024, primarily attributed to the increases in trade receivables, bills receivable and value added tax recoverable, which were in line with the Group’s business expansion.

Contract Assets

The contract assets of the Group decreased by 22.2% from approximately RMB499.7 million as at December 31, 2023 to approximately RMB388.6 million as at June 30, 2024, mainly due to its conversion to trade receivables during the Reporting Period, along with the projects achieving the milestones as stipulated in the service agreements with the clients.

Trade and Other Payables

The trade and other payables of the Group decreased by 20.9% from approximately RMB2,755.8 million as at December 31, 2023 to approximately RMB2,180.0 million as at June 30, 2024, mainly due to (i) a decrease in salary and bonus payables, after the settlement of 2023 annual bonus of the Group; and (ii) a decrease in payable for purchase of property, plant and equipment, which was in line with the gradual completion of a couple of facility construction projects of the Group.

Contract Liabilities (Current Portion & Non-current Portion)

The contract liabilities of the Group mainly include the advance payments received from customers. The contract liabilities in the current liabilities of the Group decreased by 5.6% from approximately RMB3,089.8 million as at December 31, 2023 to approximately RMB2,917.3 million as at June 30, 2024, primarily due to the continuous project completion and corresponding revenue recognition during the Reporting Period.

The contract liabilities in the non-current liabilities of the Group represent the advance payment received from certain customers under long-term contract manufacturing agreements, and the related service obligations are expected be fulfilled beyond twelve months. The balance increased by 12.2% from approximately RMB711.2 million as at December 31, 2023 to approximately RMB798.2 million as at June 30, 2024, following more advance payment received during the Reporting Period.

Lease Liabilities (Current Portion & Non-current Portion)

The aggregated balance of lease liabilities in the current liabilities and non-current liabilities of the Group amounted to approximately RMB2,410.3 million as at June 30, 2024, quite stable as compared to the balance of approximately RMB2,414.0 million as at December 31, 2023.

Liquidity and Capital Resources

The aggregated balance of bank balances and cash and time deposits of the Group decreased by 5.2% from approximately RMB10,009.8 million as at December 31, 2023 to approximately RMB9,493.6 million as at June 30, 2024, mainly due to (i) payment for purchase of property, plant and equipment; and (ii) payment on repurchase of Shares, which was partially offset by the net cash inflow generated from operating activities during the Reporting Period.

Treasury Policy

Currently, the Group follows a set of funding and treasury policies to manage its capital needs and cash flows to prevent related risks. The Group expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to cash flow generated from operating activities, internal and external financing at reasonable market rates, etc., to maintain the Group's stability and growth. In order to better control and minimize the cost of funds, the Group's treasury activities are centralized and all cash transactions are dealt with reputable banks.

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

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2024, there was no significant investment held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Indebtedness

Borrowings

The aggregated borrowings of the Group amounted to approximately RMB2,156.9 million as at June 30, 2024, remaining steady as compared to the aggregated balance of approximately RMB2,147.4 million as at December 31, 2023.

Of the total borrowings as at June 30, 2024, RMB denominated borrowings amounted to approximately RMB298.2 million with the effective interest rates ranging from 2.7% to 3.9% per annum; USD denominated borrowings amounted to approximately RMB1,391.9 million with the effective interest rates ranging from 6.3% to 6.5% per annum; and EUR denominated borrowings amounted to approximately RMB466.8 million with the effective interest rates ranging from 4.5% to 6.0% per annum, respectively.

Among all, approximately RMB892.6 million will be due within one year; approximately RMB1,079.2 million will be due in more than one year but within two years; approximately RMB94.5 million will be due in more than two years but within five years; and approximately RMB90.6 million will be due after five years.

As at June 30, 2024, RMB denominated borrowings of approximately RMB52.9 million was secured against the Group's buildings. The remaining borrowings were unsecured.

Contingent Liabilities and Guarantees

As at June 30, 2024, the Group did not have any material contingent liabilities or guarantees.

Currency Risk

During the Reporting Period, the majority of the Group's revenue was generated from sales denominated in USD, while the purchase of raw materials, property, plant and equipment and expenditures were settled in RMB, USD and EUR upon various business arrangements. The Group also has USD and EUR denominated borrowings to provide financing for construction and operation. At the end of each reporting period, the Group's entities have maintained monetary assets and liabilities denominated in foreign currencies other than their functional currencies (mainly in USD and EUR) which expose the Group to foreign currency risks. As a result, the Group's net profit margin was impacted when the foreign exchange rates fluctuated, among USD, RMB and EUR.

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

Charges of Assets

The Group has pledged the bank deposits as collateral for bank borrowings, lease arrangements and issuance of bills payable. The pledged bank deposits of the Group decreased by 14.4% from approximately RMB18.0 million as at December 31, 2023 to approximately RMB15.4 million as at June 30, 2024, along with a reduced volume of Letter of Credit issuance.

In addition, as at June 30, 2024, the buildings with carrying amounts of approximately RMB13.2 million has been pledged for RMB denominated borrowing of approximately RMB52.9 million in China.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings divided by total equity and multiplied by 100%. Gearing ratio was 4.8% as at June 30, 2024, keeping flat as compared to 4.9% as at December 31, 2023.

Non-IFRS Measures

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

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

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

Adjusted Net Profit

	Six months ended June 30,	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Net Profit	1,780.3	2,337.9
Add: share-based compensation expenses	674.7	632.4
Add: foreign exchange loss (gain)	126.1	(107.5)
Add: listing expenses	—	7.4
Less: (gain) loss from equity investments	(36.3)	55.4
	<hr/>	<hr/>
Adjusted Net Profit <i>(Note)</i>	2,544.8	2,925.6
Margin of Adjusted Net Profit	29.7%	34.5%
Adjusted Net Profit Attributable to Owners of the Company	2,250.3	2,838.3
Margin of Adjusted Net Profit Attributable to Owners of the Company	26.2%	33.4%
	<i>RMB</i>	<i>RMB</i>
Adjusted Earnings Per Share		
— Basic	0.55	0.68
— Diluted	0.52	0.65

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

- a) share-based compensation expenses, non-cash expenditure;
- b) foreign exchange gain or loss, primarily generated from revaluation of the assets and liabilities denominated in foreign currencies and the fair value change of derivative financial instruments, which the management believes is irrelevant to the Group's core business;
- c) listing expenses incurred by WuXi XDC for its separate listing on the Main Board, non-recurring expenditure; and
- d) gain or loss from equity investments, a non-operating item.

EBITDA and Adjusted EBITDA

	Six months ended June 30,	
	2024	2023
	<i>RMB million</i>	<i>RMB million</i>
Net Profit	1,780.3	2,337.9
Add: income tax expense	228.1	191.1
interest expense	68.1	78.8
depreciation	698.5	593.2
amortization	30.9	29.6
EBITDA	2,805.9	3,230.6
<i>EBITDA Margin</i>	32.7%	38.0%
Add: share-based compensation expenses	674.7	632.4
Add: foreign exchange loss (gain)	126.1	(107.5)
Add: listing expenses	—	7.4
Less: (gain) loss from equity investments	(36.3)	55.4
Adjusted EBITDA	3,570.4	3,818.3
<i>Adjusted EBITDA Margin</i>	41.6%	45.0%

Employee and Remuneration Policies

As of the end of the Reporting Period, the Group employed a workforce totalling 12,435 employees, with approximately 4,200 scientists. Talent retention has continued to be successful, with a total talent retention rate of approximately 94%. The staff costs, including Directors' emoluments but excluding any contributions to (i) retirement benefit scheme contributions; and (ii) share-based payment expenses, were approximately RMB2,295.2 million for the six months ended June 30, 2024, as compared to approximately RMB2,002.9 million for the six months ended June 30, 2023. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund as applicable to the countries where the Group operates.

The Group has adopted the Pre-IPO Share Option Scheme, the Restricted Share Award Scheme, the Global Partner Program Share Scheme and subsidiary share option schemes of each of WuXi Vaccines and WuXi XDC to provide incentive or reward to eligible participants for their contribution or potential contribution to the Group.

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

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

Interim Dividend

The Board resolved not to declare any interim dividend for the six months ended June 30, 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 all the code provisions as set out in Part 2 of the CG Code throughout the six months ended June 30, 2024 save for the deviation from code provision F.2.2 in relation to attendance of general meetings by directors. The executive Director Dr. Zhisheng Chen and the non-executive Director Dr. Weichang Zhou attended the annual general meeting held on June 19, 2024 in person, while the other Directors were unable to attend due to other business commitments. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

USE OF NET PROCEEDS FROM PLACING

On February 2, 2021, the Company entered into a placing agreement with Morgan Stanley & Co. International plc (the “**Placing Agent**”), pursuant to which the Placing Agent agreed to place 118,000,000 shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors (the “**Fourth Placing**”). The Fourth Placing price was HK\$112.00 per share. The net price per Fourth Placing share was approximately HK\$111.20. The closing price was HK\$120.40 per share as quoted on the Stock Exchange on the date of the placing agreement. For further details, please refer to the announcement of the Company dated February 3, 2021.

The net proceeds from the Fourth Placing were approximately RMB10,899.0 million, which will be used in the following manner: (i) approximately 40% will be used for merger and acquisition of additional capacities for drug substances/drug products (DS/DP) manufacturing to match a rapidly growing pipeline; (ii) approximately 40% will be used for building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms; (iii) approximately 10% will be used for investment in mRNA related technologies to further enable its global clients; and (iv) approximately 10% shall be used for general corporate purposes of the Group, as disclosed in the announcement of the Company dated February 3, 2021. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2024:

Use of proceeds	Planned applications (RMB million)	Percentage of total net proceeds	Actual usage up to June 30, 2024 (RMB million)	Net proceeds brought forward for the Reporting Period (RMB million)	Unutilized net proceeds as at June 30, 2024 (RMB million)	Expected timeframe for utilizing the remaining unutilized net proceeds (Note)
Merger and acquisition of additional capacities for drug substances/drug products (DS/DP) manufacturing	4,359.6	40%	3,660.1	699.5	699.5	By the end of 2025
Building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms	4,359.6	40%	4,359.6	—	—	N/A
Investment in mRNA related technologies	1,089.9	10%	54.1	1,035.8	1,035.8	By the end of 2026
General corporate purposes of the Group	1,089.9	10%	1,089.9	—	—	N/A
Total	10,899.0	100%	9,163.7	1,735.3	1,735.3	

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

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

During the Reporting Period, the Company had repurchased, a total of 76,909,000 Shares on the Stock Exchange at an aggregate purchase price of approximately HK\$1,355.48 million. As at the date of this announcement, 1,810,000 repurchased Shares had not been cancelled by the Company.

Details of the Shares repurchased during the Reporting Period are set out as follows:

Month of repurchases	Number of Shares repurchased on the Stock Exchange	Price per Share paid		Aggregate purchase price (HK\$ million)
		Highest (HK\$)	Lowest (HK\$)	
January 2024	10,091,500	30.35	28.00	291.50
February 2024	37,556,500	19.70	16.90	680.57
March 2024	3,490,000	14.38	13.80	49.87
April 2024	10,705,000	14.22	12.62	142.33
May 2024	13,256,000	15.00	11.14	171.29
June 2024	1,810,000	11.08	10.98	19.92

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury Shares) during the Reporting Period. As at June 30, 2024, the Company did not hold any treasury Shares.

REVIEW OF INTERIM RESULTS

The independent auditor of the Company, namely Messrs. Deloitte Touche Tohmatsu, has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has jointly reviewed with the management and the independent auditor of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2024) of the Group. The Audit Committee and the independent auditor of the Company considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

KEY EVENTS AFTER THE REPORTING PERIOD

There are no key events affecting the Group subsequent to June 30, 2024.

PUBLICATION OF THE 2024 CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of HKEX (www.hkexnews.hk) and the Company's website (www.wuxibiologics.com). In accordance with the requirements under the Listing Rules which are applicable to the Reporting Period, the interim report for the six months ended June 30, 2024 containing all the information about the Company set out in this preliminary announcement of results for the six months ended June 30, 2024 will be published on the respective websites of HKEX and the Company in due course.

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2024, together with the comparative figures for the corresponding period in 2023 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED JUNE 30, 2024

		Six months ended June 30,	
		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	8,574,214	8,492,046
Cost of sales		(5,224,263)	(4,931,412)
Gross profit		3,349,951	3,560,634
Other income	6	338,659	197,965
Other gains and losses	7	(81,882)	114,840
Impairment losses under expected credit loss model, net of reversal	9	(190,170)	(131,797)
Selling and marketing expenses		(223,057)	(105,391)
Administrative expenses		(772,988)	(679,642)
Other expenses	9	—	(7,374)
Research and development expenses		(344,062)	(341,440)
Financing costs	8	(68,074)	(78,819)
Profit before tax	9	2,008,377	2,528,976
Income tax expense	10	(228,067)	(191,116)
Profit for the period		<u>1,780,310</u>	<u>2,337,860</u>
Other comprehensive expense:			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(21,486)	(20,615)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(262,325)	282,346
Fair value loss on hedging instruments designated as cash flow hedges, net foreign investment hedges and time value within fair value hedges, net of income tax		(250,345)	(594,987)
Other comprehensive expense for the period		<u>(534,156)</u>	<u>(333,256)</u>
Total comprehensive income for the period		<u>1,246,154</u>	<u>2,004,604</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED JUNE 30, 2024

		Six months ended June 30,	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
NOTE			
Profit for the period attributable to:			
	Owners of the Company	1,499,080	2,266,675
	Non-controlling interests	281,230	71,185
		<u>1,780,310</u>	<u>2,337,860</u>
Total comprehensive income for the period attributable to:			
	Owners of the Company	973,549	1,917,044
	Non-controlling interests	272,605	87,560
		<u>1,246,154</u>	<u>2,004,604</u>
		<i>RMB</i>	<i>RMB</i>
Earnings per share	— Basic	<u>0.37</u>	<u>0.55</u>
	— Diluted	<u>0.35</u>	<u>0.52</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

		June 30,	December 31,
		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Non-current Assets			
Property, plant and equipment		28,258,954	27,377,643
Right-of-use assets		2,516,775	2,561,828
Goodwill		1,529,914	1,529,914
Intangible assets		474,803	511,834
Investment of an associate measured at fair value through profit or loss (“FVTPL”)		1,312,232	1,393,531
Equity instruments at FVTOCI		—	21,408
Financial assets at FVTPL		1,495,930	1,519,347
Finance lease receivables		151,615	165,503
Deferred tax assets		479,878	235,783
Other long-term deposits and prepayments		68,877	60,686
		36,288,978	35,377,477
Current Assets			
Inventories		1,962,544	1,765,751
Finance lease receivables		22,038	21,575
Trade and other receivables	<i>13</i>	6,471,112	6,292,682
Contract assets	<i>14</i>	388,581	499,669
Contract costs		1,407,677	1,223,701
Tax recoverable		20,443	5,765
Derivative financial assets		214	127,652
Financial assets at FVTPL		35,078	1,233,598
Pledged bank deposits		15,449	18,017
Time deposits	<i>15</i>	340,077	340,000
Bank balances and cash	<i>15</i>	9,153,528	9,669,839
		19,816,741	21,198,249

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

		June 30,	December 31,
		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Current Liabilities			
Trade and other payables	16	2,179,981	2,755,774
Borrowings	18	892,599	576,328
Contract liabilities	17	2,917,296	3,089,762
Income tax payable		451,769	618,883
Lease liabilities		192,595	154,980
Derivative financial liabilities		174,004	440,293
		<u>6,808,244</u>	<u>7,636,020</u>
Net Current Assets		<u>13,008,497</u>	<u>13,562,229</u>
Total Assets less Current Liabilities		<u>49,297,475</u>	<u>48,939,706</u>
Non-current Liabilities			
Deferred tax liabilities		107,126	122,540
Borrowings	18	1,264,296	1,571,046
Contract liabilities	17	798,172	711,216
Lease liabilities		2,217,718	2,259,005
Deferred income		269,348	258,017
		<u>4,656,660</u>	<u>4,921,824</u>
Net Assets		<u>44,640,815</u>	<u>44,017,882</u>
Capital and Reserves			
Share capital	19	228	235
Reserves		40,654,985	40,331,362
Equity attributable to owners of the Company		<u>40,655,213</u>	<u>40,331,597</u>
Non-controlling interests		<u>3,985,602</u>	<u>3,686,285</u>
Total Equity		<u>44,640,815</u>	<u>44,017,882</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

1. GENERAL INFORMATION

The Company was established in the Cayman Islands as an exempted company with limited liability on February 27, 2014, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since June 13, 2017. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as “**the Group**”) is a biologics Contract Research, Development and Manufacturing Organization (“**CRDMO**”) offering end-to-end solutions for biologics discovery, development and manufacturing.

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

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board (the “**IASB**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue from contracts with customers

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

Type of services	Six months ended June 30,	
	2024 RMB’000 (Unaudited)	2023 RMB’000 (Unaudited)
CRDMO services	8,395,447	8,363,747
Others	178,767	128,299
Total	<u>8,574,214</u>	<u>8,492,046</u>

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
A point in time		
— CRDMO services	7,677,286	7,874,209
— Others	178,767	124,955
Over time		
— CRDMO services	718,161	489,538
— Others	—	3,344
	<u>8,574,214</u>	<u>8,492,046</u>

5. OPERATING SEGMENTS

Information reported to the chief executive officer, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the six months ended June 30, 2024

	Biologics <i>RMB'000</i>	XDC <i>RMB'000</i>	Adjustments and eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
SEGMENT REVENUE				
External sales	6,961,624	1,612,590	—	8,574,214
Inter-segment sales	688,618	52,609	(741,227)	—
	<u>7,650,242</u>	<u>1,665,199</u>	<u>(741,227)</u>	<u>8,574,214</u>
Segment results	<u>1,454,266</u>	<u>561,716</u>	<u>—</u>	<u>2,015,982</u>
Unallocated expenses				<u>(7,605)</u>
Group's profit before tax				<u>2,008,377</u>

For the six months ended June 30, 2023

	Biologics <i>RMB'000</i>	XDC <i>RMB'000</i>	Adjustments and eliminations <i>RMB'000</i>	Consolidated <i>RMB'000</i>
SEGMENT REVENUE				
External sales	7,634,822	857,224	—	8,492,046
Inter-segment sales	444,974	136,244	(581,218)	—
	<u>8,079,796</u>	<u>993,468</u>	<u>(581,218)</u>	<u>8,492,046</u>
Segment results	<u>2,328,088</u>	<u>211,568</u>	<u>—</u>	<u>2,539,656</u>
Unallocated expenses				<u>(10,680)</u>
Group's profit before tax				<u>2,528,976</u>

Segment results represent the profit earned by each segment without allocation of central administration costs and directors' emoluments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Geographical information

An analysis of the Group's revenue from external customers, analyzed by their respective country/region of operation, is detailed below:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
— North America	5,009,669	3,927,954
— Europe	1,862,991	2,551,605
— PRC	1,417,906	1,792,531
— Rest of the world	283,648	219,956
	<u>8,574,214</u>	<u>8,492,046</u>

As at June 30, 2024, other than financial instruments, investments of an associate measured at FVTPL and deferred tax assets, the Group had non-current assets located in Ireland, Germany, the United States ("US") and Singapore amounted to RMB11,043,023,000, RMB3,551,501,000, RMB2,301,508,000 and RMB951,027,000 (December 31, 2023: RMB11,145,776,000, RMB3,477,556,000, RMB2,139,451,000 and RMB485,456,000) respectively, and the remaining non-current assets of the Group are located in the PRC.

6. OTHER INCOME

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income from banks and other financial assets at amortized cost	191,996	74,843
Research and other grants related to		
— assets (<i>note i</i>)	12,021	10,807
— income (<i>note ii</i>)	134,642	112,315
	<u>338,659</u>	<u>197,965</u>

Notes:

- i. The Group has received certain research and other grants for investing in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets.
- ii. The research and other grants received by the Group during the current interim period were mainly related to recognizing the Group's contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group.

7. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange (loss) gain	(89,710)	168,402
Fair value (loss) gain on		
— listed equity securities at FVTPL	(46,727)	(54,531)
— unlisted equity investments at FVTPL	166,989	13,185
— investment of an associate measured at FVTPL	(83,930)	(14,095)
— wealth management products	14,748	47,954
— derivative financial instruments	(36,378)	(60,866)
Others	(6,874)	14,791
	<u>(81,882)</u>	<u>114,840</u>

8. FINANCING COSTS

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on financing component of an advance payment received from a customer recorded as contract liabilities	5,293	5,419
Interest expense on bank borrowings	58,799	67,879
Interest expense on lease liabilities	41,074	39,637
	105,166	112,935
Less: amounts capitalized in the cost of qualifying assets	(37,092)	(34,116)
	68,074	78,819

During the current interim period, borrowing cost arose on certain general borrowings were capitalized to expenditure on qualifying assets at rates varying from 6.35% to 6.45% (2023: from 1.27% to 6.37%) per annum.

9. PROFIT BEFORE TAX

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation for property, plant and equipment	622,430	521,078
Depreciation for right-of-use assets	130,469	117,802
Amortization of intangible assets	30,893	29,611
	783,792	668,491
Staff cost (including directors' emoluments):		
— Salaries and other benefits	2,295,242	2,002,894
— Retirement benefits scheme contributions	229,095	215,076
— Share-based payment expenses	690,141	782,721
	3,214,478	3,000,691
Depreciation, amortization and staff cost		
— Capitalized in contract cost	(617,766)	(616,509)
— Capitalized in property, plant and equipment	(313,510)	(319,079)
	(931,276)	(935,588)
Impairment losses under expected credit loss model, net of reversal		
— Trade receivables	200,561	126,598
— Contract assets	(10,391)	4,063
— Receivables for purchase of raw materials on behalf of customers	—	1,136
	190,170	131,797
Write-down of inventories (included in cost of sales)	49,581	42,681
Reversals of inventories write-down (included in cost of sales)	(31,235)	(87,778)
Write-down of contract costs (included in cost of sales)	34,472	43,479
Reversals of contract costs write-down (included in cost of sales)	(37,959)	(88,288)
Listing expenses of WuXi XDC (under other expenses) (<i>note</i>)	—	7,374
Loss on disposal of property, plant and equipment	1,291	2,455
Cost of inventories recognized as an expense	1,634,384	1,619,258

Note: Other expenses of the Group represented the listing expenses incurred for the spin-off of WuXi XDC for separate listing its shares on the Main Board of the Stock Exchange.

10. INCOME TAX EXPENSE

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
— PRC Enterprise Income Tax (“EIT”)	491,313	549,852
— Hong Kong Profits Tax	86,546	73,113
— Other jurisdictions	25,101	1,407
Over provision in prior years	(154,353)	(394,359)
	448,607	230,013
Deferred tax:		
— Current period	(220,540)	(38,897)
	228,067	191,116

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%, with the exception of certain subsidiaries which are eligible for lower tax rates because they were accredited with “Technology Advanced Service Enterprise”, “High and New Technology Enterprise”, “Western Development Enterprise” or “Micro and Small Enterprise” tax preference.

The profits tax rate for the first HK\$2 million of assessable profits will be lowered to half of the prevailing tax rate (i.e. 8.25%) while the remaining amount will be subject to the full prevailing tax rate (i.e. 16.5%). However, each group of connected entities can only nominate one entity to enjoy the two-tiered tax rates.

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

11. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have resolved not to declare any interim dividend in respect of the interim period.

12. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share for the period attributable to owners of the Company	1,499,080	2,266,675
Effect of dilutive potential ordinary shares: Adjustment to the share of profit of subsidiaries based on dilution of their earnings per share	(16,729)	—
Earnings for the purpose of diluted earnings per share	<u>1,482,351</u>	<u>2,266,675</u>
	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	4,102,751,126	4,158,087,472
Effect of dilutive potential ordinary shares: Share options Restricted shares	140,162,152 12,943,917	161,833,695 29,924,716
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>4,255,857,195</u>	<u>4,349,845,883</u>

The weighted average number of ordinary shares shown above have been arrived at after deducting the weighted average effect of 73,378,078 shares (June 30, 2023: 73,962,140 shares) held by the trustee under the Restricted Share Award Scheme or the Global Partner Program Share Scheme.

13. TRADE AND OTHER RECEIVABLES

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Trade receivables		
— related parties	8,167	4,576
Less: allowance for credit losses	(390)	(329)
— third parties	6,726,554	6,405,693
Less: allowance for credit losses	(1,006,103)	(756,310)
	5,728,228	5,653,630
Bills receivable from contracts with customers	40,435	9,551
Receivables for purchase of raw materials on behalf of customers	—	37,491
Advances to suppliers		
— related parties	1,840	3,244
— third parties	34,286	67,677
	36,126	70,921
Other receivables		
— third parties	58,259	47,652
Prepayments	63,970	36,214
Value added tax recoverable	544,094	437,223
Total trade and other receivables	6,471,112	6,292,682

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

	As at	
	June 30, 2024	December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Not past due	3,417,652	3,708,023
Overdue:		
— Within 90 days	1,062,077	838,005
— 91 days to 1 year	646,988	709,700
— Over 1 year	601,511	397,902
	<u>5,728,228</u>	<u>5,653,630</u>

14. CONTRACT ASSETS

	As at	
	June 30, 2024	December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contract assets		
— related parties	7,250	7,685
Less: allowance for credit losses	(229)	(229)
— third parties	398,454	519,264
Less: allowance for credit losses	(16,894)	(27,051)
	<u>388,581</u>	<u>499,669</u>

15. BANK BALANCES AND CASH/TIME DEPOSITS

Bank balances and cash of the Group comprised of cash and short-term bank deposits with an original maturity of three months or less. The bank balances and short-term bank deposits carried interest at market rates which ranged from 0 to 5.71% per annum as at June 30, 2024 (December 31, 2023: from 0 to 5.68% per annum).

Time deposits as at June 30, 2024 carried fixed interests rate ranging from 2.65% to 3.42% per annum and have original maturity over three months (December 31, 2023: from 1.7% to 2.8%).

16. TRADE AND OTHER PAYABLES

	As at	
	June 30, 2024	December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Trade payables		
— related parties	83,831	105,193
— third parties	787,739	728,073
	<u>871,570</u>	<u>833,266</u>
Accrued expenses and other payables		
— related parties	9,456	10,901
— third parties (<i>note</i>)	421,863	596,656
	<u>431,319</u>	<u>607,557</u>
Payable for purchase of property, plant and equipment	374,102	518,651
Consideration payables for acquisition of subsidiaries	2,968	2,968
Salary and bonus payables	393,186	707,099
Other taxes payables	103,876	86,233
Bill payables	2,960	—
	<u>877,092</u>	<u>1,314,951</u>
Trade and other payables	<u><u>2,179,981</u></u>	<u><u>2,755,774</u></u>

Note: Included in the other payables, amount of RMB36,603,000 represented the payables to employees arising from exercise of share options and restricted shares as at June 30, 2024 (December 31, 2023: RMB11,199,000).

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

	As at	
	June 30, 2024 <i>RMB'000</i> (Unaudited)	December 31, 2023 <i>RMB'000</i> (Audited)
Within 90 days	830,362	748,784
91 days to 1 year	36,541	76,174
Over 1 year but within 5 years	4,667	8,308
	871,570	833,266

17. CONTRACT LIABILITIES

	As at	
	June 30, 2024 <i>RMB'000</i> (Unaudited)	December 31, 2023 <i>RMB'000</i> (Audited)
Contract liabilities		
— related parties	—	1,002
— third parties	3,715,468	3,799,976
	3,715,468	3,800,978
Less: amounts shown under current liabilities	(2,917,296)	(3,089,762)
Amounts shown under non-current liabilities	798,172	711,216

18. BORROWINGS

	As at	
	June 30, 2024	December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Secured bank loans	52,900	57,500
Unsecured bank loans	<u>2,103,995</u>	<u>2,089,874</u>
	<u><u>2,156,895</u></u>	<u><u>2,147,374</u></u>
The carrying amounts of the above borrowings are repayable*:		
Within one year	892,599	576,328
Within a period of more than one year but not exceeding two years	1,079,156	1,370,148
Within a period of more than two years but not exceeding five years	94,551	94,551
Within a period of more than five years	<u>90,589</u>	<u>106,347</u>
	2,156,895	2,147,374
Less: amounts due within one year shown under current liabilities	<u>(892,599)</u>	<u>(576,328)</u>
Amounts shown under non-current liabilities	<u><u>1,264,296</u></u>	<u><u>1,571,046</u></u>

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

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

	As at	
	June 30, 2024	December 31, 2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Fixed-rate borrowings	52,900	57,500
Variable-rate borrowings	<u>2,103,995</u>	<u>2,089,874</u>
	<u><u>2,156,895</u></u>	<u><u>2,147,374</u></u>

The Group's variable-rate borrowings carry interest at European Central Bank Rate plus 1.5%, Euro Interbank Offered Rate plus 0.75%, Secured Overnight Financing Rate plus 0.8% and plus 0.79%, 5-years Loan Prime Rate ("LPR") minus 0.9%, and 1-year LPR minus 0.75%.

The ranges of effective interest rates before interest rate swap (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at	
	June 30, 2024	December 31, 2023
Effective interest rate:		
Fixed-rate borrowings	3.85%	4.90%
Variable-rate borrowings	2.70% to 6.45%	2.71% to 6.46%

At June 30, 2024, the Group's borrowings were secured against the Group's property, plant and equipment as collaterals with carrying amounts of RMB13,243,000 (December 31, 2023: RMB10,299,000).

19. SHARE CAPITAL

AUTHORIZED:

	Number of shares	Par value US\$	Authorized share capital US\$
At January 1, 2023, June 30, 2023, January 1, 2024 and June 30, 2024	<u>6,000,000,000</u>	<u>1/120,000</u>	<u>50,000</u>

ISSUED AND FULLY PAID:

	Number of shares	Amount US\$	Shown in the financial statements as RMB'000
At January 1, 2023 (audited)	4,225,261,885	35,211	233
Issue of new shares	17,642,323	147	1
Exercise of pre-IPO share options	<u>5,624,927</u>	<u>47</u>	<u>*</u>
At June 30, 2023 (unaudited)	<u>4,248,529,135</u>	<u>35,405</u>	<u>234</u>
At January 1, 2024 (audited)	4,257,500,616	35,480	235
Exercise of pre-IPO share options	5,533,333	46	*
Shares repurchased and cancelled (note)	<u>(109,868,000)</u>	<u>(916)</u>	<u>(7)</u>
At June 30, 2024 (unaudited)	<u><u>4,153,165,949</u></u>	<u><u>34,610</u></u>	<u><u>228</u></u>

Note: On June 11, 2024, 109,868,000 shares were cancelled, of which 75,099,000 and 34,769,000 shares were repurchased in 2024 and 2023, respectively.

* Amount below RMB1,000.

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

DEFINITIONS

“ADC”	antibody-drug conjugate
“ADCC”	antibody-dependent cell-mediated cytotoxicity
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“CDMO”	Contract Development and Manufacturing Organization
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“cGMP”	Current Good Manufacturing Practice Regulations
“Chairman”	the chairman of the Board
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“CMC”	Chemical Manufacturing and Control
“CMO”	Contract Manufacturing Organization
“Company”	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on February 27, 2014
“CRDMO”	Contract Research, Development and Manufacturing Organization
“Director(s)”	the director(s) of the Company
“ESG”	environmental, social and governance
“EU”	a politico-economic union of 27 member states that are located primarily in Europe
“EU EMA”	European Medicines Agency

“EUR”	Europe currency
“Global Partner Program Share Scheme”	the share award scheme for global partner program adopted by the Company on June 16, 2021 and amended and restated on June 27, 2023
“GMP”	Good Manufacturing Practice
“Group” or “we” or “our” or “us”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKEX”	Hong Kong Exchange and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“IND”	investigational new drug, an experimental drug for which a pharmaceutical company obtains permission to ship across jurisdictions (usually to clinical investigators) before a marketing application for the drug has been approved
“IPO”	the listing of the Shares on the Main Board of the Stock Exchange on June 13, 2017
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Main Board”	Main Board of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“mRNA”	messenger ribonucleic acid
“PPQ”	process performance qualification

“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on January 5, 2016, and amended on August 10, 2016, the principal terms of which are summarized in “Statutory and General Information — E. Pre-IPO Share Option Scheme” in Appendix IV to the Prospectus
“Prospectus”	the prospectus issued by the Company dated May 31, 2017
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of the PRC
“Reporting Period”	the six-month period from January 1, 2024 to June 30, 2024
“Restricted Share Award Scheme”	the restricted share award scheme adopted by the Company on January 15, 2018 and amended and restated on June 27, 2023
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of US\$1/120,000 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“U.S.”	United States of America
“US\$” or “USD”	United States dollar(s), the lawful currency of the U.S.
“U.S. FDA”	The Food and Drug Administration of the U.S.
“Written Guidelines”	the Written Guidelines for Securities Transactions by Directors adopted by the Company
“WuXi Vaccines”	WuXi Vaccines (Cayman) Inc., a company incorporated under the laws of the Cayman Islands, a non-wholly owned subsidiary of the Company

“WuXi XDC”

WuXi XDC Cayman Inc. (藥明合聯生物技術有限公司*), a company incorporated under the laws of the Cayman Islands with limited liability, a non-wholly owned subsidiary of the Company and listed on the Main Board (stock code: 2268)

By order of the Board
WuXi Biologics (Cayman) Inc.
Dr. Ge Li
Chairman

Hong Kong, August 21, 2024

As at the date of this announcement, the Board comprises Dr. Zhisheng Chen as executive Director; Dr. Ge Li, Dr. Weichang Zhou, Dr. Yibing Wu and Mr. Yanling Cao as non-executive Directors; and Mr. William Robert Keller, Mr. Kenneth Walton Hitchner III, Mr. Jackson Peter Tai and Dr. Jue Chen as independent non-executive Directors.

* *For identification purpose only*