WuXi Biologics
Global Solution Provider

WuXi Biologics (Cayman) Inc.
藥明生物技術有限公司*

(Incorporated in the Cayman Islands with Limited Liability)
Stock Code: 2269

ANNUAL REPORT 2024

* *For identification purpose only*

Table of Contents

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. Zhisheng Chen
(Chief Executive Officer)

Non-executive Directors

Dr. Ge Li *(Chairman)*
Dr. Weichang Zhou *(Re-designated on March 31, 2024)*
Mr. Yanling Cao
Dr. Yibing Wu
(Resigned on November 20, 2024)
Ms. Jingwen Miao
(Appointed on November 20, 2024)

Independent Non-executive Directors

Mr. William Robert Keller
Mr. Kenneth Walton Hitchner III
Mr. Jackson Peter Tai
Dr. Jue Chen

AUDIT COMMITTEE

Mr. Jackson Peter Tai *(Chairman)*
Mr. William Robert Keller
Mr. Kenneth Walton Hitchner III

REMUNERATION COMMITTEE

Mr. William Robert Keller *(Chairman)*
Mr. Kenneth Walton Hitchner III
Mr. Jackson Peter Tai

NOMINATION COMMITTEE

Dr. Ge Li *(Chairman)*
Mr. William Robert Keller
Mr. Jackson Peter Tai

STRATEGY COMMITTEE

Dr. Zhisheng Chen *(Chairman)*
Dr. Ge Li
Dr. Yibing Wu
(Resigned on November 20, 2024)
Dr. Weichang Zhou
Mr. William Robert Keller
Mr. Kenneth Walton Hitchner III
Dr. Jue Chen
Ms. Jingwen Miao
(Appointed on November 20, 2024)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Dr. Zhisheng Chen *(Chairman)*
Mr. Kenneth Walton Hitchner III
Mr. William Robert Keller
Dr. Jue Chen

AUTHORIZED REPRESENTATIVES

Dr. Zhisheng Chen
Ms. Sham Ying Man

JOINT COMPANY SECRETARIES

Mr. Huang Yue
Ms. Sham Ying Man

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

CORPORATE HEADQUARTERS

No. 108, Meiliang Road
Mashan
Wuxi
China

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

HONG KONG LEGAL ADVISER

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors
35/F One Pacific Place
88 Queensway
Hong Kong

STOCK CODE

2269

COMPANY WEBSITE

www.wuxibiologics.com

Chairman and CEO Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of WuXi Biologics (Cayman) Inc. (the "**Company**") and its subsidiaries (collectively the "**Group**"), we are pleased to present the Group's 2024 Annual Report.

Amidst the dynamic macroeconomic landscape of 2024, the Group demonstrated resilience and steadfast dedication to the healthcare sector, achieving solid results. By leveraging our exceptional capabilities and capacity, we continued to earn the trust of our clients and partners and contribute to the discovery, development, and manufacturing of biologics treatments for patients worldwide.

In 2024, the Group added 151 new integrated projects, bringing the total to 817. The number of late-phase and non-COVID commercial manufacturing projects increased to 66 and 21 respectively, further strengthening its manufacturing pipeline. During the Reporting Period, the Group continued to execute its "Win-the-Molecule" strategy, securing 20 external projects, including 13 in late-phase and commercial stage, reinforcing the Group's long-term growth outlook. The Group's revenue increased by 9.6% year-on-year to RMB18,675.4 million, with year-on-year growth in non-COVID revenue of 13.1%. The Group's gross profit increased by 12.1% year-on-year and the net profit increased by 10.5% year-on-year to RMB3,945.4 million.

The Group reached many milestones in 2024 as a part of its "Follow and Win the Molecule" and "Global Dual Sourcing" strategies, including:

- Research (R), Development (D) and Manufacturing (M) capabilities in our unique CRDMO business model all achieved notable achievements:

  - The Group's Research (R) technology platforms, including WuXiBody™, SDArBodY™, T Cell Engager (TCE) platform, Tumor Associated Antigens (TAA) monoclonal antibody ("**mAb**") technology and single B cell technology, continued to gain industry recognition. Empowered by these platforms, we enabled multiple global discovery projects during the Reporting Period.

  - The Group shortened the Development (D) time for mAb projects from DNA to Investigational New Drug (IND) to nine months and has successfully supported over 600 IND applications by the end of the Reporting Period. During the Reporting Period, the Group continued to advance its cutting-edge technology platforms for accelerating biologics development and Manufacturing, including without limitation, cell line development platform WuXia™, ultra-high productivity continuous bioprocessing platform WuXiUP™, ultra-intensified intermittent-perfusion fed-batch bioprocessing platform WuXiUI™ and high concentration drug product development platform WuXiHigh™.

- Our late-phase and commercial manufacturing (M) projects have experienced remarkable growth, with 66 late-phase projects and 21 non-COVID commercial manufacturing projects as of the end of the Reporting Period. 16 Process Performance Qualification (PPQ) projects were completed in 2024. The Group also achieved a drug substance (DS) and drug product (DP) PPQ success rate of more than 98%, establishing a solid foundation for commercial manufacturing operations. We also continued to enhance our manufacturing network under the "Global Dual Sourcing" strategy.

- The Group's platforms for emerging modalities continue to flourish and serve as key drivers of continued growth and innovation. Our microbial platform successfully completed substantial manufacturing batches across various modalities during the Reporting Period. WuXi XDC, our leading CRDMO focused on the global ADC and broader bioconjugate market, had secured 194 ongoing iCMC (integrated CMC) projects for ADCs and other bioconjugates globally as of the end of the Reporting Period. The Group also developed diverse Immune Cell Engager (ICE) technologies to unlock novel therapeutic potential in oncology and autoimmune diseases, such as CD3 bispecific TCEs, non-cytotoxic TCEs, γδTCEs, NK cell engagers and macrophage engagers.

- We continue to adhere to the highest quality standards and have successfully completed 42 inspections by various national regulatory agencies since 2017 with no critical issues identified and zero data integrity findings, including 22 regulatory inspections from EU EMA and U.S. FDA. The Group has completed more than 1,500 Good Manufacturing Practice (GMP) audits by global clients, and about 200 audits by EU Qualified Persons.

- We continue to enhance our manufacturing capacity across the regions where we operate:

  - In China, three sets of 5,000L single-use bioreactors were successfully GMP released at the Group's DS facility at the Hangzhou site. Additionally, we launched a microbial and viral platform business unit in Chengdu and finalized the site's master plan by the end of the Reporting Period.

  - In Ireland, all three facilities have secured GMP certification from the Irish Health Products Regulatory Authority (HPRA) and completed multiple 16,000-liter PPQ runs. The site also commenced commercial production in 2024.

Chairman and CEO Statement

    - In the U.S., we launched the Boston research service center to offer discovery services to clients of all sizes. Moreover, the Group continues to invest in its capabilities and capacity in Worcester, Massachusetts (MFG11). Upon completion, this facility will synergize with the Boston research service center and the Group's Cranbury, New Jersey site (MFG18) to provide end-to-end services in the U.S. and enhance the Group's ability to support global clients.

    - In Singapore, the lifting of fabricated modules for WuXi XDC's production facility has been completed and significant progress has been made in the design of the Company's production assets.

- We have made significant strides in sustainability, earning widespread industry recognition and a multitude of recognitions and awards during the Reporting Period from notable ratings agencies, such as Dow Jones Sustainability Indices, 2024 MSCI ESG Leaders Indexes, Hang Seng ESG 50 Index, an AAA rating from MSCI ESG Ratings, and a Platinum Medal from EcoVadis.

On behalf of the Board and the Group's management team, we affirm our profound appreciation to our valued clients, partners and shareholders for your support over the years. The trust you have bestowed upon us is a reminder of our responsibility to pursue excellence. We are also thankful to our over 12,500 employees worldwide for your unwavering dedication, execution excellence and continued commitment to our clients and partners.

Looking ahead to 2025, we remain committed to serving and contributing to the global healthcare community while adhering to the highest standards of compliance and operational excellence. We will continue to deliver exceptional value to our partners, reinforcing our position as a premier one-stop service provider for the biologics industry. With enhanced operational efficiencies, continued adoption of next-generation technology platforms, and disciplined execution of our strategic initiatives, we are well-positioned to capture new opportunities and drive innovation to benefit patients worldwide.

Dr. Ge Li
Chairman
March 25, 2025

Dr. Zhisheng Chen
CEO
March 25, 2025

Financial Highlights

	For the year ended December 31,				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Operating results					
Revenue	5,612,384	10,290,050	15,268,660	17,034,255	**18,675,371**
Gross profit	2,532,966	4,828,897	6,724,014	6,827,901	**7,650,820**
Profit before tax	1,965,760	3,993,119	5,357,771	4,173,803	**4,834,398**
Net profit	1,692,694	3,508,581	4,549,906	3,570,624	**3,945,371**
Net profit attributable to owners of the Company	1,688,886	3,388,478	4,420,286	3,399,729	**3,356,081**
Adjusted net profit[1]	1,715,838	3,435,908	5,053,941	4,950,380	**5,396,900**
Adjusted net profit attributable to owners of the Company	1,721,990	3,316,388	4,925,313	4,698,894	**4,784,130**
Profitability					
Gross margin (%)	45.1%	46.9%	44.0%	40.1%	**41.0%**
Net profit margin (%)	30.2%	34.1%	29.8%	21.0%	**21.1%**
Margin of adjusted net profit (%)	30.6%	33.4%	33.1%	29.1%	**28.9%**
Margin of net profit attributable to owners of the Company (%)	30.1%	32.9%	29.0%	20.0%	**18.0%**

	As at December 31,				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Financial position					
Total assets	28,963,613	44,032,623	49,564,385	56,575,726	**56,977,435**
Total liabilities	8,064,217	11,326,457	13,351,308	12,557,844	**11,499,866**
Total equity	20,899,396	32,706,166	36,213,077	44,017,882	**45,477,569**
Equity attributable to owners of the Company	20,564,445	32,278,593	35,047,407	40,331,597	**41,819,209**
Bank balances and cash	7,095,735	9,003,280	6,395,222	9,669,839	**8,279,182**

(1) Details are set out in "Non-IFRS Measures" on pages 32 to 34.

Management Discussion and Analysis

BUSINESS REVIEW

Overall Performance

During the Reporting Period, driven by its fully integrated CRDMO platform and well-established "Follow and Win the Molecule" strategies, the Group once again delivered solid results despite a dynamic macroeconomic landscape.

Notably, the Group added 151 new integrated projects in 2024, bringing the total to 817 as of December 31, 2024, demonstrating its sustainable growth momentum. The Group's late-phase and non-COVID commercial manufacturing business also experienced robust growth, with totals reaching 66 and 21 projects respectively as of December 31, 2024. In particular, the Group further secured 20 external projects through its "Win-the-Molecule" strategy during the Reporting Period, including 13 late-phase and commercial manufacturing projects, laying a solid foundation for future revenue growth.

The following table sets forth the status of the ongoing integrated projects of the Group as at December 31, 2024:

Biologics Development Process Stage	Number of Ongoing Integrated Projects(1)	Typical Duration	Typical Service Revenue(2)
Pre-IND			
— Pre-clinical development	402	6–15 months	US$5–8 mm
Post-IND			
— Early-phase (phases I & II) clinical development:	328	3 years	US$4–6 mm
— Phase I clinical development	243		
— Phase II clinical development	85		
— Late-phase (phase III) clinical development	66	3–5 years	US$20–50 mm
— Commercial manufacturing(3)	21	annually	US$50–100 mm(4)
Total	**817**		

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 year ended December 31, 2024 increased by 9.6% year-on-year to RMB18,675.4 million, with a year-on-year 13.1% increase in non-COVID revenue. The gross profit increased by 12.1% year-on-year to RMB7,650.8 million, and net profit increased by year-on-year 10.5% to RMB3,945.4 million. Please refer to the section headed "Financial Review" for further information. The Group's total backlog reached US$18.5 billion as of December 31, 2024, including US$10.5 billion service backlog and US$8.0 billion upcoming potential milestone fees, while the total backlog within three years reached US$3.7 billion as of December 31, 2024. Subsequent to the Ireland vaccines facility asset transaction with MSD International GmbH ("**MSD International**") as disclosed in the announcement of the Company dated January 6, 2025, approximately US$3 billion related backlog has been removed. The timing and probability of potential milestone fee realization may vary, as it is contingent upon project success and development progress — factors that may be beyond the Group's control.

The Group has established collaborations with the world's top 20 pharmaceutical companies and most of the largest pharmaceutical companies in China. During the Reporting Period, the Group further diversified its client base and expanded the number of clients served, reaffirming its commitment to delivering fully integrated CRDMO services and advancing biologics development to benefit patients worldwide. The Group believes that continuous investment in its capabilities and capacity, coupled with unwavering collaboration and commitment to its clients and partners, will further strengthen its value chain, positioning the Group to consistently leverage new market opportunities.

Business Highlights

CRDMO Platform — Research (R)

With the integration of protein science group into our research service unit, the Group has established a global biologics research ("**GBR**") business unit comprising approximately 800 scientists. As the Group's research and discovery arm, the "R" in CRDMO, it offers a comprehensive and streamlined suite of solutions for biologics discovery. GBR provides standalone and modular services, enabling global clients to access our technologies and discovery platform at any stage through our traditional CRO service. Additionally, its fully integrated project ("**FIP**") service supports clients from initial concept through IND submission, seamlessly integrating with CMC and downstream process development. The Group remains committed to enhancing its biologics generation and optimization capabilities, offering high-throughput protein production across small, medium, and large scales. The Group continues to strengthen its position as an industry partner of choice, accelerating the discovery and development of innovative therapeutic biologics for its clients.

- **Protein Production**. Leveraging our cutting-edge technologies and state-of-the-art facilities, our research protein production service delivers tailored solutions to meet the diverse protein needs of our global clients across various scales and stages of biologics discovery and development with industry highest yield, superior quality and unmatched speed.

__Bispecific Antibodies__. Riding on our deep expertise in antibody development and our top-tier team of scientists, the Group has advanced over 70 different formats across over 150 bispecific projects. __WuXiBody™__, the Group's proprietary bispecific antibody platform, allows valency flexibility, enabling pairing of virtually any monoclonal antibody ("__mAb__") to construct bispecific antibodies. __WuXiBody™__ continues to gain industry recognition, with over 50 collaborations established 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 developed the VHH-based __SDArBodY™__ (Single-Domain Antibody-related Multispecific Antibody) platform. This sophisticated platform provides our clients with multi-functional therapeutic capabilities and has been applied extensively across a diverse range of projects. Together with __WuXiBody™__, __SDArBodY™__ and our protein engineering expertise, we continue to enable our clients to develop multispecific antibodies to meet various therapeutic needs.

- **T-cell Engager ("TCE") Platform**. The Group has leveraged its Immune Cell Engager ("**ICE**") platform to devise TCE with its proprietary cynomolgus monkey cross-reactive anti-CD3 mAb with unique binding epitope and binding kinetics in an optimized antibody format, exploring their potential as preeminent treatments for tumors and autoimmune diseases in close collaboration with clients and partners. The Group is further developing next generation costimulatory TCE, masked TCE, γδTCE and NK cell engager (NKCE) to solidify its position in ICE platforms.

- **Tumor Associated Antigens ("TAA") mAb Technology**. The Group has developed comprehensive technologies for validating TAAs and utilizes its advanced antibody discovery platforms to identify the best mAbs to TAAs to enable clients globally, including leading multinational pharmaceutical companies. These antibodies, with their unique properties, enable our clients to discover potentially best-in-class antibody-drug conjugates ("**ADC**") molecules and other novel tumor targeted therapeutic agents.

- **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 advancement significantly enhances existing technologies, facilitating and enabling the discovery of valuable lead molecules for challenging targets.

These cutting-edge technologies and platforms have allowed the Group to accelerate its collaborations and enable clients to advance new biologics modalities, such as a discovery service agreement with GSK plc (LSE/NYSE: GSK) on multiple novel bi- and multi-specific TCE antibodies, a research agreement with Candid Therapeutics, Inc. for a preclinical trispecific TCE discovered at WuXiBody™ platform for autoimmune diseases, a research service agreement with BioNTech SE (NASDAQ: BNTX) for the discovery of investigational mAbs, and a 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. In addition, in collaboration with Hangzhou DAC Biotechnology Co., Ltd., our FIP research service enabled Aadi Bioscience, Inc. (NASDAQ: AADI) for a three-asset portfolio of preclinical next-wave ADCs. Through these strategic collaborations, our research (R) platform has propelled multiple global discovery projects during the Reporting Period. These partnerships strengthen client trust, drive innovation in biological therapies to benefit patients worldwide, and further expand our biologics pipeline.

Management Discussion and Analysis

CRDMO Platform — Development (D)

To further enable our clients to deliver more high-quality and affordable biologics to patients, the Group's industry-leading biologics development team consistently drives innovation with the mission of "Turning Ideas into Life-Improving Biologics and Vaccines". The Group continues to optimize delivery timelines while maintaining uncompromising quality, reducing the development cycle for mAb projects from DNA to IND to just nine months. Notably, a recent autoimmune disease project was completed in just six months. As of the end of the Reporting Period, the Group had enabled over 600 INDs.

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

WuXia™

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's largest capacities. The Group has delivered more than 1,000 cell lines, including five commercial products. Derived from WuXia™, WuXia RidGS™ is a high-yield glutamine synthetase (GS)-knockout CHO expression system platform specialized in non-antibiotic cell line development, and 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. Both WuXia RidGS™ and WuXia^{ADCC} PLUS™ cell lines are compatible with the WuXia™ platform process, enabling the stable production of biologics at various scales for clinical and commercial manufacturing.*

WuXia RidGS™ WuXia Plus ADCC ™

WuXiUP™

***WuXiUP™**. The Group's ultra-high productivity continuous bioprocessing platform WuXiUP™ is an end-to-end next-generation solution for high-yield drug substance ("**DS**") while also being highly flexible and cost-effective. WuXiUP™ can be implemented in 1,000–2,000L single-use bioreactors to achieve comparable productivity to 10,000–20,000L stainless steel bioreactors while ensuring high product quality. WuXiUP™ has been implemented in over 140 processes achieving productivity of 20–100 g/L and enabling over ten IND approvals.*

***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 a 3- to 6-fold 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 with significantly reduced manufacturing cost of goods (COGS). During the Reporting Period, the Group has successfully completed first scale-up of WuXiUI™ in 2,000L GMP manufacturing.*

***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 provided tailored solutions for over 100 projects (up to 230 mg/mL) with a wide range of modalities.*

Management Discussion and Analysis

During the Reporting Period, underscoring the distinctive advantages of our CRDMO platform and our position as an industry partner of choice, our client, Curon Biopharmaceutical, licensed its investigational B-cell depletion therapy, CN201, to Merck & Co., Inc. (NYSE: MRK) ("**Merck**"). CN201 leveraged our WuXiBody™, TCE platform, and WuXiUP™ platforms, demonstrating the strength of our integrated solutions in advancing innovative therapies.

CRDMO Platform — Manufacturing (M)

The Group's biologics cGMP DS manufacturing facilities exclusively utilize single-use bioreactors, scalable from 200L to 5,000L. In addition, the Group's one-stop comprehensive DP capabilities and capacity expanded its service offerings to the biologics industry, bolstering revenue streams through 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 achieved significant milestones driven by the successful execution of our "Follow and Win the Molecule" and "Global Dual Sourcing" strategies:

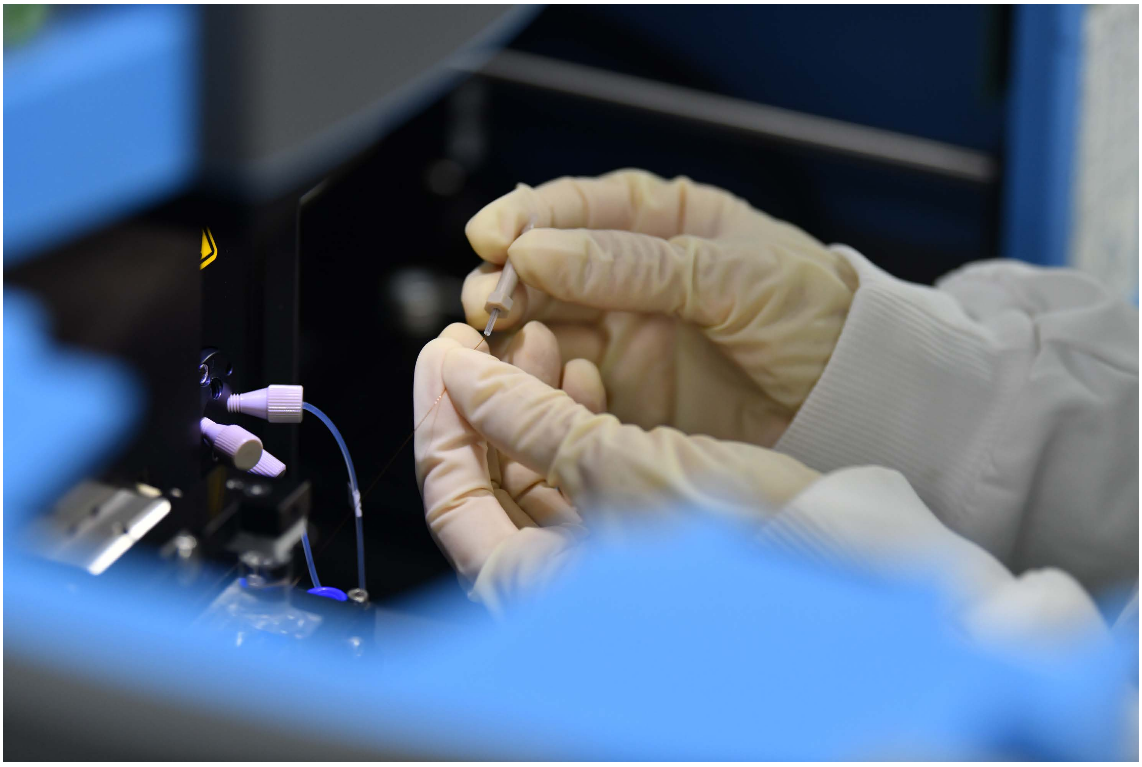
- **Growing Projects**. Late-phase and non-COVID commercial manufacturing projects saw significant expansion, with totals reaching 66 and 21 projects respectively as of the end of the Reporting Period. Moreover, 13 "Win-the-Molecule" late-phase and commercial manufacturing projects were secured during the Reporting Period, reinforcing the Group's long-term growth outlook.

- **Promising Indicators**. The Group's facilities achieved a PPQ (Process Performance Qualification) success rate exceeding 98% for both DS and DP manufacturing. In addition, 16 PPQ projects were successfully completed during the Reporting Period, laying a solid foundation for the growth of commercial manufacturing projects under our "Global Dual Sourcing" strategy.

- **Overseas Milestones**. During the Reporting Period, all three manufacturing facilities at the Ireland site received GMP approval from the Irish HPRA. During the Reporting Period, the Ireland site successfully completed multiple 16,000-liter PPQ runs and started commercial manufacturing. 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 deployed its capabilities and capacity to establish multiple integrated platforms for emerging modalities. Since the launch of these platforms, they have expanded the Group's service offerings, positioning them as key drivers of the Group's continued growth and innovations.



- **Microbial Platform**. The Group continues to offer comprehensive, end-to-end, single-source solutions that encompass CMC development and GMP manufacturing services across a diverse range of biologics and vaccines derived from microbial-based systems. During the Reporting Period, the microbial platform successfully completed substantial manufacturing batches across various modalities, including antibody fragment, enzymes, cytokines, virus-like particles (VLP), pDNA and other recombinant proteins. In addition, the Group established platform capabilities of process characterization study for microbial system, developed platform-based inclusion body production processes, and engineered a proprietary high-expression E. coli strain, which has been trademarked under the brand name EffiX™.

- **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 194 ongoing iCMC (integrated CMC) projects for ADCs and other bioconjugates globally with 34 in phase II and beyond.

- **TCE Platform**. Please refer to the section headed "CRDMO Platform — Research (R)" for detailed information of our proprietary TCE platform.

Quality

The Group consistently prioritizes quality, especially data integrity, at the forefront, ensuring the safeguarding of our clients' and partners' interests. Supported by a world-class quality system, the Group has successfully completed 42 regulatory inspections by various national regulatory agencies since 2017 (including 22 regulatory inspections by the EU EMA and U.S. FDA) with no critical issues identified and zero data integrity findings. This achievement establishes the Group as the first biologics company in China certified by these regulatory agencies for commercial manufacturing. Additionally, the Group has undergone over 1,500 GMP audits by global clients, and approximately 200 audits by EU Qualified Persons ("**EU QP**"). These certifications reinforce the Group's premier quality system, which adheres to global regulatory standards, ultimately ensuring that patients worldwide benefit from high-quality biologics.

Sustainability

The Group regards sustainability as the cornerstone of its business strategy, integrating its corporate vision and mission to drive long-term success. We embrace social and environmental responsibility to deliver stronger ESG performance, offering end-to-end green biologics solutions for the benefit of all 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 corporate governance, climate change, energy saving, resource efficiency and sustainable supply chain, etc.

The Group committed to the Science-Based Targets initiative ("**SBTi**"), became a participant in the United Nations Global Compact ("**UNGC**") in 2023, and joined the Pharmaceutical Supply Chain Initiative ("**PSCI**") as a Supplier Partner during the Reporting Period. The Group has been recognized by various ESG rating agencies. Please refer to the section headed "Company Awards" for further information.

Management Discussion and Analysis

Geographic Footprint

The Group's multi-region manufacturing network offers a flexible and efficient global supply chain, enabling clients to initiate new projects within just four weeks and ensuring the seamless distribution of biologics products worldwide. To meet rising demand and advance its "Global Dual Sourcing" strategy, the Group continued to enhance its manufacturing capacity during the Reporting Period. Highlights include:

- In China, three sets of 5,000L single-use bioreactors were successfully GMP released at the Group's DS facility at the Hangzhou site, which increased the site's total capacity to 23,000L, further enhancing the Group's manufacturing capacity for global clients. At the Suzhou site, the DP facility DP17 achieved mechanical completion during the Reporting Period, and is expected to achieve GMP readiness soon. At the Chengdu site, the Group launched its microbial and viral platform business unit, finalized the site's master plan by the end of the Reporting Period, and is progressing as planned.

- In Europe, Phase 2 of the manufacturing facility MFG6 ("**MFG6.2**") at the Ireland site successfully completed Environmental Monitoring Performance Qualification ("**EMPQ**") on the first attempt. Its engineering run took place at the end of 2024, and was successfully completed in early 2025.

- In the U.S., the Group opened its third global research service center and its first in the country — the Boston research service center. This center complements the Group's comprehensive service offerings both within the U.S. and globally. Additionally, the Group's Manufacturing Facility 11 ("**MFG11**") in Worcester, Massachusetts has completed its facility design optimization. MFG11, featuring extensive automation technologies, six 6,000-liter single-use bioreactors, and one downstream production line, will synergize with the Boston research service center and the Group's Cranbury site ("**MFG18**") in New Jersey upon its operation, to provide end-to-end services in the U.S., encompassing biologics research, development, clinical manufacturing, and both small- and large-scale commercial manufacturing to better support global clients.

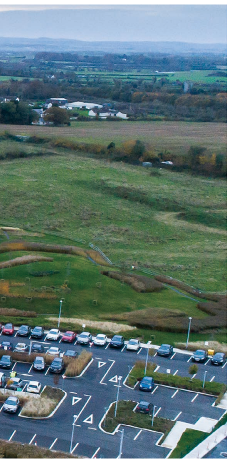
Management Discussion and Analysis

- In Singapore, the lifting of fabricated modules for WuXi XDC production facility has been completed, with critical utilities in the final phase of design and construction. Additionally, significant progress has been made in the design of the Company's production assets.

WBS (WuXi Biologics Business System)

Introduced and implemented across all functions of the Group in 2021, WBS continues to enhance efficiency, quality, and cost optimization, delivering greater value for our clients. During the Reporting Period, the Group executed over 260 Kaizen projects and events and achieved improved labor efficiency, cost savings, inventory reduction, and delivery acceleration. Additionally, ESG-focused Kaizen projects contributed to the Group's sustainability goals, achieving notable reductions in carbon emissions, water consumption, waste, and material usage. The Group remains committed to advancing WBS as a management system, fostering continuous improvement and talent development, and further enhancing value creation for our clients.

Management Discussion and Analysis



Company Awards

During the Reporting Period, the Company received multitudes of recognitions and awards for its outstanding performance in providing exceptional services to accelerate and transform biologics development, as well as its ongoing commitment to ESG initiatives, notably: "CDMO Leadership Award" for the seventh year in a row; "Best CDMO Award", "Bioprocessing Excellence in Greater China Region Award", "Best Bioprocessing Supplier Award" and "Best Aseptic Fill-Finish & Packaging CMO of the Year" from IMAPAC; "Best Engineering Project/Facility" of The Life Science Industry Awards 2024 by Ireland site; "Prime Employers For Women Award" for the third consecutive year from sHero; as well as various ESG top ratings and awards, including inclusion in the Dow Jones Sustainability Indices; an AAA rating from MSCI ESG Ratings; a Platinum Medal from EcoVadis; an ESG Industry Top-Rated and Regional Top-Rated Company by Sustainalytics; a score of A for Water Security and A- for Climate Change from CDP; a Platinum Award from The Asset ESG Corporate Awards; and inclusion in the UNGC 20 Case Examples of Sustainable Development for 20 Years Collection. During the Reporting Period, it was further included in 2024 MSCI ESG Leaders Indexes and Hang Seng ESG 50 Index.

Management Discussion and Analysis

Future Outlook

In 2024, the Group's resilient operations enabled it to navigate a range of crosscurrents in the macro environment while remaining steadfast in its mission and vision: to empower anyone and any company to discover, develop and manufacture biologics from concept to commercial manufacturing. Supported by our unique CRDMO business model and well-established "Follow and Win the Molecule" strategies, we have accomplished solid results in 2024, and we are confident in our capabilities and capacity to provide unparalleled support to our clients, ensuring the delivery of sustainable outcomes in 2025 and beyond.

With extraordinary efficacy in the treatment of chronic diseases and great potential to address diseases that were once deemed untreatable or challenging to treat with fewer side effects, there has been a continuously increasing demand for biologics over recent years. Meanwhile, biotechnology advancements such as bispecifics, multispecific antibodies, and ADCs have fueled the growth of novel therapeutic targets and drug candidates. The global biologics market is forecasted to grow at a double-digit rate in the coming years.

The dynamic nature of the biopharma industry is driving burgeoning demand for biologics outsourcing services to accelerate discovery, development, and manufacturing processes while optimizing costs across research, development, and production. By enhancing efficiency and productivity, outsourcing enables faster delivery of effective treatments to patients. The Group therefore anticipates that biopharmaceutical and biotechnology companies will continue to expand their demand for outsourcing services.

Leveraging its one-stop, end-to-end CRDMO platform, diverse global manufacturing footprint, and best-in-industry timelines, the Group remains committed to delivering fully integrated services to the biologics industry. With continuous investments in both capabilities and capacity, the Group is well positioned to sustain strong growth by attracting new clients and accelerating the introduction of novel biologics through its "Follow and Win the Molecule" and "Global Dual Sourcing" strategies.

Looking ahead, the Group remains committed to enhancing its unique and fully integrated CRDMO platform, expanding its capabilities and capacity, optimizing its WBS operations, and continuing to adhere to the highest standards of compliance to pursue new opportunities and enable its clients and partners to develop and deliver innovative biologics to benefit patients worldwide.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 9.6% from approximately RMB17,034.3 million for the year ended December 31, 2023 to approximately RMB18,675.4 million for the year ended December 31, 2024. Such increase was primarily attributed to (i) successful execution of the Group's "Follow and Win the Molecule" strategies, coupled with the leading technology platform, best-in-industry timeline and excellent execution track record, contributing to the growth of the Group's revenue; (ii) enlarged spectrum of services offered to the biologics industry, fast growing technology platforms including ADCs and bispecific antibodies, contributing to the Group's revenue stream; (iii) growth of research services revenue generated from the Group's various cutting-edge technologies; and (iv) the utilization of existing and newly expanded capacities, including ramp-up of the manufacturing sites in Europe.

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:

	Year ended December 31,			
	2024		2023	
Revenue	**RMB million**	**%**	RMB million	%
— North America	**10,695.8**	**57.3%**	8,073.5	47.4%
— Europe	**4,322.8**	**23.1%**	5,140.8	30.2%
— PRC	**2,820.4**	**15.1%**	3,121.5	18.3%
— Rest of the world *(Note)*	**836.4**	**4.5%**	698.5	4.1%
Total	**18,675.4**	**100.0%**	17,034.3	100.0%

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

Revenue by phase

For the year ended December 31, 2024, the pre-IND services revenue of the Group increased by 30.7% to approximately RMB7,062.2 million, accounting for 37.8% of the total revenue. Early-phase (phases I & II) services revenue amounted to approximately RMB3,815.5 million, representing 5.5% increase as compared to the comparative period, and accounted for 20.4% of the total revenue. Late-phase (phase III) services and commercial manufacturing revenue of the Group decreased by 3.2% to approximately RMB7,485.0 million, accounting for 40.1% of the total revenue. Excluding COVID-related sales in the comparative period, late-phase and commercial manufacturing revenue grew by 3.9% during the year.

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 years indicated:

	Year ended December 31,			
	2024		2023	
Revenue	**RMB million**	**%**	RMB million	%
Pre-IND services	**7,062.2**	**37.8%**	5,401.8	31.7%
Early-phase (phases I & II) services	**3,815.5**	**20.4%**	3,616.5	21.2%
Late-phase (phase III) services & commercial manufacturing	**7,485.0**	**40.1%**	7,731.5	45.4%
Others *(Note)*	**312.7**	**1.7%**	284.5	1.7%
Total	**18,675.4**	**100.0%**	17,034.3	100.0%

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.

The top 5 customers' revenue decreased by 10.2% from approximately RMB6,059.7 million for the year ended December 31, 2023 to approximately RMB5,442.3 million for the year ended December 31, 2024, accounting for 29.1% of the Group's total revenue for the year ended December 31, 2024, as compared to 35.6% for the year ended December 31, 2023.

The top 10 customers' revenue increased by 1.7% from approximately RMB7,660.4 million for the year ended December 31, 2023 to approximately RMB7,787.7 million for the year ended December 31, 2024, accounting for 41.7% of the Group's total revenue for the year ended December 31, 2024, as compared to 45.0% for the year ended December 31, 2023.

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 years, the revenue from each business segment of the Group is as follows:

	Year ended December 31,			
	2024		2023	
Revenue from external customers	**RMB million**	**%**	RMB million	%
— biologics	**14,731.4**	**78.9%**	15,128.2	88.8%
— XDC	**3,944.0**	**21.1%**	1,906.1	11.2%
Total	**18,675.4**	**100.0%**	17,034.3	100.0%

Cost of Sales

The cost of sales of the Group increased by 8.0% from approximately RMB10,206.4 million for the year ended December 31, 2023 to approximately RMB11,024.6 million for the year ended December 31, 2024. The increase of the cost of sales was in line with the Group's revenue growth.

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

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 12.1% from approximately RMB6,827.9 million for the year ended December 31, 2023 to approximately RMB7,650.8 million for the year ended December 31, 2024. The gross profit margin increased from 40.1% for the year ended December 31, 2023 to 41.0% for the year ended December 31, 2024. The increases were mainly due to the efficiency improvements driven from WBS and digitalization, and also the improvements of the ramp-up impacts from the recently commissioned facilities in Europe and the U.S. as expected.

Other Income

The other income of the Group mainly consists of research and other grants, interest income and dividend income. Other income of the Group increased by 41.1% from approximately RMB416.7 million for the year ended December 31, 2023 to approximately RMB588.1 million for the year ended December 31, 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.

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 decreased from approximately RMB320.0 million for the year ended December 31, 2023 to approximately RMB151.8 million for the year ended December 31, 2024, primarily attributable to (i) the implementation of stringent credit control measures by the management; (ii) a warmed BioTech funding environment which secured clients with sound financial positions; and (iii) recovery of certain legacy overdue accounts.

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.

Other Gains and Losses

The other gains and losses of the Group primarily include foreign exchange gain or loss, fair value gains or losses on equity investments measured at fair value through profit or loss ("**FVTPL**"), fair value gains or losses on wealth management products, etc. The Group has reported net other losses of approximately RMB181.6 million for the year ended December 31, 2024, while net other gains of approximately RMB36.5 million reported for the year ended December 31, 2023. The decrease was mainly due to (i) an increased fair value loss recognized on equity investments at FVTPL; and (ii) an unmaterialized foreign exchange translation loss as a result of the depreciation of EUR against RMB, partially offset by the appreciation of USD against RMB during the year, as compared to a net foreign exchange gain recognized in the comparative period.

Selling and Marketing Expenses

The selling and marketing expenses of the Group are primarily comprised of the staff related costs of our business development personnel, marketing and promotion expenditures, etc. The selling and marketing expenses of the Group increased by 61.1% from approximately RMB294.0 million for the year ended December 31, 2023 to approximately RMB473.6 million for the year ended December 31, 2024, and the selling and marketing expenses as a percentage of the Group's revenue increased from 1.7% for the year ended December 31, 2023 to 2.5% for the year ended December 31, 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.

Administrative Expenses

The administrative expenses of the Group primarily consist of the staff related costs of our administrative and management personnel, expenses for purchased services, depreciation and amortization, etc. The Group's administrative expenses increased by 11.9% from approximately RMB1,495.4 million for the year ended December 31, 2023 to approximately RMB1,673.5 million for the year ended December 31, 2024, primarily due to (i) increases in staff related costs, facilities, depreciation, etc. to support the rapid expansion of the Group's operations globally; and (ii) an increased spending in enhancing the standalone capabilities of WuXi XDC post the listing of its shares on the Main Board.

R&D Expenses

The R&D expenses of the Group mainly include labor costs, cost of raw materials and allocated overhead associated with our R&D projects. The R&D expenses of the Group decreased by 2.5% from approximately RMB785.8 million for the year ended December 31, 2023 to approximately RMB766.4 million for the year ended December 31, 2024, as a result of the increased automation and enhanced efficiency driven from WBS and digitalization initiatives.

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 year.

Financing Costs

The financing costs of the Group mainly include interest expense on lease liabilities, interest expense on bank borrowings and interest expense on financing component of an advance payment received from a customer. The financing costs of the Group amounted to approximately RMB157.6 million for the year ended December 31, 2024, quite stable as compared to the amount of approximately RMB158.5 million for the year ended December 31, 2023.

Income Tax Expense

The income tax expense of the Group increased by 47.4% from approximately RMB603.2 million for the year ended December 31, 2023 to approximately RMB889.0 million for the year ended December 31, 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 23.6% for the year ended December 31, 2023 to 21.4% for the year ended December 31, 2024.

Net Profit and Net Profit Margin

As a result of the foregoing, the net profit of the Group increased by 10.5% from approximately RMB3,570.6 million for the year ended December 31, 2023 to approximately RMB3,945.4 million for the year ended December 31, 2024, primarily attributable to the increase in gross profit as discussed above. The net profit margin of the Group was 21.1% for the year ended December 31, 2024, consistent with 21.0% for the year ended December 31, 2023.

The net profit attributable to owners of the Company slightly decreased by 1.3% from approximately RMB3,399.7 million for the year ended December 31, 2023 to approximately RMB3,356.1 million for the year ended December 31, 2024. Furthermore, the margin of net profit attributable to owners of the Company decreased a bit from 20.0% for the year ended December 31, 2023 to 18.0% for the year ended December 31, 2024.

Basic and Diluted Earnings Per Share

The basic earnings per share of the Group remained flat at RMB0.82 for the years ended December 31, 2024 and 2023. The diluted earnings per share of the Group slightly increased by 1.3% from RMB0.77 for the year ended December 31, 2023 to RMB0.78 for the year ended December 31, 2024.

Property, Plant and Equipment

The balance of the property, plant and equipment of the Group decreased by 4.8% from approximately RMB27,377.6 million as at December 31, 2023 to approximately RMB26,070.5 million as at December 31, 2024, mainly due to the reclassification of the assets related to the vaccines manufacturing facility in Ireland ("**Vaccines Ireland Facility**") to "Assets Classified as Held for Sale" as a separate line item presented in the Group's consolidated statement of financial position, as the Group has reached an agreement to divest these assets, which was partially offset by on-going 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 decreased by 7.7% from approximately RMB2,561.8 million as at December 31, 2023 to approximately RMB2,364.9 million as at December 31, 2024, along with the regular amortization during the year, which was partially offset by certain new lease agreements entered.

Goodwill

Both as at December 31, 2024 and 2023, the goodwill of the Group amounted to approximately RMB1,529.9 million, arising from acquisitions of subsidiaries and business in previous years.

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 13.6% from approximately RMB511.8 million as at December 31, 2023 to approximately RMB442.4 million as at December 31, 2024, following the regular amortization schedule during the year.

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 9.1% from approximately RMB1,393.5 million as at December 31, 2023 to approximately RMB1,266.6 million as at December 31, 2024, as a result of fair value loss recognized on this investment during the year.

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 25.4% from approximately RMB1,519.3 million as at December 31, 2023 to approximately RMB1,133.3 million as at December 31, 2024, following the divestitures of certain investments in listed equity securities, partially offset by new investments during the year.

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 57.6% from approximately RMB1,233.6 million as at December 31, 2023 to approximately RMB523.6 million as at December 31, 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 year.

Inventories

The inventories of the Group decreased by 13.8% from approximately RMB1,765.8 million as at December 31, 2023 to approximately RMB1,521.7 million as at December 31, 2024, mainly attributable to the Group's WBS projects, which has been targeting at lean operation, and the reduction of the safety stocks post COVID.

Contract Costs

The contract costs (previously called Service Work in Progress) of the Group increased by 22.0% from approximately RMB1,223.7 million as at December 31, 2023 to approximately RMB1,492.9 million as at December 31, 2024, as a result of the ramping-up of our global operations and the increment of on-going projects.

Trade and Other Receivables

The trade and other receivables of the Group slightly decreased by 0.8% from approximately RMB6,292.7 million as at December 31, 2023 to approximately RMB6,240.7 million as at December 31, 2024, primarily attributed to the decrease in trade receivables following a sound pace of cash collection during the year, partially offset by an increase in value added tax recoverable.

Contract Assets

The contract assets of the Group decreased by 61.6% from approximately RMB499.7 million as at December 31, 2023 to approximately RMB191.9 million as at December 31 2024, mainly due to its conversion to trade receivables during the year, along with the projects achieving the milestones as stipulated in the contracts with customers.

Assets Classified as Held for Sale

The Group has announced a transaction to sell its Vaccines Ireland Facility to MSD International. For further details, please refer to the announcement of the Company dated January 6, 2025. The assets reclassified as held for sales comprise all the property and assets related to Vaccines Ireland Facility, including buildings, manufacturing equipment, inventories, etc. The transaction is expected to be completed in the first half of 2025.

Trade and Other Payables

The trade and other payables of the Group slightly increased by 0.8% from approximately RMB2,755.8 million as at December 31, 2023 to approximately RMB2,778.2 million as at December 31, 2024, mainly due to (i) the reclassification of the remaining balance of advance payment previously received from MSD International under a contract manufacturing agreement from "Contract Liabilities", following the signing of the potential asset divestiture deal with MSD International; (ii) an increase in salary and bonus payables, which was partially offset by the decreases in trade payables and payable for purchase of property, plant and equipment.

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 23.8% from approximately RMB3,089.8 million as at December 31, 2023 to approximately RMB2,355.8 million as at December 31, 2024, primarily due to the continuous project completion and corresponding revenue recognition during the year, and netting with Contract Assets.

The contract liabilities in the non-current liabilities of the Group decreased by 79.9% from approximately RMB711.2 million as at December 31, 2023 to approximately RMB142.8 million as at December 31, 2024, mainly due to the reclassification of the remaining balance of advance payment received from MSD International to "Trade and Other Payables".

Lease Liabilities (Current Portion & Non-current Portion)

The aggregated balance of lease liabilities in the current liabilities and non-current liabilities of the Group decreased by 4.6% from approximately RMB2,414.0 million as at December 31, 2023 to approximately RMB2,303.6 million as at December 31, 2024, following the scheduled repayments during the year.

Liquidity and Capital Resources

The aggregated balance of bank balances and cash and time deposits of the Group amounted to approximately RMB10,186.2 million as at December 31, 2024, comparable to the balance of approximately RMB10,009.8 million as at December 31, 2023, mainly due to the net cash inflow generated from operating activities during the year, which was partially offset by (i) payment for purchase of property, plant and equipment; (ii) payment on repurchase of Shares; and (iii) payment for acquisition of partial interest of certain subsidiaries.

Treasury Policy

Currently, the Group adheres to a comprehensive set of funding and treasury policies to effectively manage its capital requirements and cash flows, thereby mitigating associated risks. The Group anticipates to fund its working capital and other capital needs through a diverse array of sources, which includes, but not limited to cash inflow generated from operating activities, both internal and external financing at competitive market rates, etc. This strategic approach is aimed at ensuring the Group's stability and fostering sustainable growth. To enhance control and minimize the funding costs, the Group's treasury functions are centralized and all cash transactions are conducted with reputable banks.

The Group's treasury policies are also designated to mitigate the foreign currency risks arising from its global operations. In the course of its daily operation, the Group engage in certain transactions denominated in currencies other than the functional currencies of individual entity, which includes sales and purchases transactions, borrowings and repayments, etc., and record monetary assets and liabilities denominated in USD and EUR. Also, the cash and cash equivalents held by the Group primarily consist of RMB and USD. It is the Group's policy to negotiate a range of derivative instruments with various banks, such as foreign currency forward contracts, collar contracts, forward extra contracts, etc., as highly effective hedging instruments to mitigate these foreign currency risks.

Significant Investments, Material Acquisitions and Disposals

As at December 31, 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 increased by 22.8% from approximately RMB2,147.4 million as at December 31, 2023 to approximately RMB2,636.2 million as at December 31, 2024, primarily due to WuXi XDC's financial demands to support its rapid business expansion post its separate listing on the Main Board.

Of the total borrowings as at December 31, 2024, RMB denominated borrowings amounted to approximately RMB710.4 million with the effective interest rates ranging from 1.4% to 3.9% per annum; USD denominated borrowings amounted to approximately RMB1,358.6 million with the effective interest rates ranging from 5.6% to 6.5% per annum; and EUR denominated borrowings amounted to approximately RMB567.2 million with the effective interest rates ranging from 2.4% to 6.0% per annum, respectively.

Among all, approximately RMB2,435.3 million will be due within one year; approximately RMB31.5 million will be due in more than one year but within two years; approximately RMB94.6 million will be due in more than two years but within five years; and approximately RMB74.8 million will be due after five years.

Contingent Liabilities and Guarantees

As at December 31, 2024, the Group did not have any material contingent liabilities or guarantees.

Charges of Assets

The Group has pledged the bank deposits as collateral to secure its bank borrowings and lease arrangements. The pledged bank deposits of the Group decreased by 22.8% from approximately RMB18.0 million as at December 31, 2023 to approximately RMB13.9 million as at December 31, 2024, along with a reduced volume of Letter of Credit issuance.

In addition, as at December 31, 2024, the buildings with carrying amounts of approximately RMB16.9 million has been pledged for RMB denominated borrowing of approximately RMB48.3 million in China.

Gearing Ratio

Gearing ratio is calculated by dividing interest-bearing borrowings by total equity and then multiplying the result by 100%. Gearing ratio increased from 4.9% as at December 31, 2023 to 5.8% as at December 31, 2024, primarily due to the increase of borrowings as discussed above.

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

	Year ended December 31,	
	2024	2023
	RMB million	RMB million
Net Profit	**3,945.4**	3,570.6
Add: share-based compensation expense	**1,215.6**	1,274.1
Add: losses from equity investments	**138.3**	57.8
Add: foreign exchange loss (gain)	**97.6**	(5.7)
Add: listing expenses	**—**	53.6
Adjusted Net Profit *(Note)*	**5,396.9**	4,950.4
Margin of Adjusted Net Profit	***28.9%***	*29.1%*
Adjusted Net Profit Attributable to Owners of the Company	**4,784.1**	4,698.9
Margin of Adjusted Net Profit Attributable to Owners of the Company	***25.6%***	*27.6%*
	RMB	RMB
Adjusted Earnings Per Share		
— Basic	**1.17**	1.13
— Diluted	**1.12**	1.06

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

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

b) gains or losses from equity investments, a non-operating item;

c) 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; and

d) listing expenses incurred during the comparable period by WuXi XDC for its separate listing on the Main Board, a non-recurring expenditure.

EBITDA and Adjusted EBITDA

	Year ended December 31,	
	2024	2023
	RMB million	RMB million
Net Profit	**3,945.4**	3,570.6
Add: income tax expense	**889.0**	603.2
interest expense	**157.6**	158.5
depreciation	**1,496.4**	1,219.8
amortization	**59.4**	61.1
EBITDA	**6,547.8**	5,613.2
EBITDA Margin	***35.1%***	*33.0%*
Add: share-based compensation expense	**1,215.6**	1,274.1
Add: losses from equity investments	**138.3**	57.8
Add: foreign exchange loss (gain)	**97.6**	(5.7)
Add: listing expenses	**—**	53.6
Adjusted EBITDA	**7,999.3**	6,993.0
Adjusted EBITDA Margin	***42.8%***	*41.1%*

Employee and Remuneration Policies

As of the end of the Reporting Period, the Group employed a workforce totaling 12,575 employees, with 4,383 scientists. Talent retention has continued to be successful, with a total key talent retention rate of approximately 95.8%. The staff costs, including Directors' emoluments but excluding any contributions to (i) retirement benefit scheme contributions; and (ii) share-based payment expenses, were approximately RMB5,073.3 million for the year ended December 31, 2024, as compared to approximately RMB4,486.6 million for the year ended December 31, 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 equity incentive plans 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.

KEY EVENTS AFTER THE REPORTING PERIOD

The Group has the following event taken place subsequent to December 31, 2024:

- In January 2025, the Company and WuXi Vaccines Ireland Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with MSD International, pursuant to which WuXi Vaccines Ireland Limited has conditionally agreed to sell, and MSD International has conditionally agreed to purchase, the assets related to the vaccines manufacturing facility. For further details, please refer to the announcement of the Company dated January 6, 2025.

Directors and Senior Management

DIRECTORS

Executive Director

Dr. Zhisheng Chen (陳智勝), aged 52, was appointed as an executive Director and chief executive officer in February 2014 and January 2016, respectively. He joined the Group in June 2011 and also serves as a director of most subsidiaries of the Company. Dr. Chen has been serving as a director of WuXi XDC since December 2020 and was re-designated as a non-executive director since June 2023. He has been appointed as the chairman of the board of WuXi XDC since May 2021. From August 2008 to June 2011, Dr. Chen served as the chief operating officer of Shanghai Celgen Bio-Pharmaceutical Co., Ltd. (上海賽金生物醫藥有限公司), and was responsible for the development, manufacturing and quality control of biologics. From November 2005 to August 2008, Dr. Chen served as a director and senior engineering consultant of Eli Lilly and Company, a global pharmaceutical company listed on NYSE (stock code: LLY) ("**Eli Lilly**"), and was responsible for running a clinical manufacturing facility and providing technical guidance to biologics development and manufacturing. From June 2000 to November 2005, Dr. Chen served as a process engineer and manager of Merck, and was responsible for providing technical support and trouble-shooting manufacturing issues of biologics and recombinant vaccines. Dr. Chen obtained a bachelor's degree in chemical engineering from Tsinghua University in 1994 and a Ph.D. degree in chemical engineering from University of Delaware in 2000.

Non-executive Directors

Dr. Ge Li (李革), aged 58, has been the Chairman and non-executive Director of the Company since February 2014. Dr. Li is primarily responsible for providing overall guidance on business and corporate strategies of the Group. Dr. Li has also been serving as the chairman and the chief executive officer of WuXi AppTec since December 2000. Dr. Li obtained a bachelor's degree in chemistry from Peking University in Beijing and a Ph.D. degree in organic chemistry from Columbia University in New York city.

Directors and Senior Management

Dr. Weichang Zhou (周偉昌), aged 61, was appointed as an executive Director, Chief Technology Officer and President of Global Biologics Development and Operations in May 2016, November 2016 and October 2022, respectively, until his retirement as senior management of the Company and re-designation as a non-executive Director and Honorary President of Global Biologics Development and Operations and Senior Advisor to Chief Executive Officer in March 2024. He is primarily responsible for providing guidance on corporate strategy and governance. He was primarily responsible for overseeing the development and manufacturing of biologics. He was also responsible for several global operational functions such as Global Information and Technology (GIT), Global Automation Integrated Service (GAIS), and Environment and Health and Safety (EHS) from October 2022 to March 2024. He joined the Group in December 2012 as the vice president, and had responsibilities for the management of biologics development and manufacturing function teams at increased scales. Since December 2020, Dr. Zhou has been serving as a director of WuXi XDC, and was re-designated as a non-executive director of WuXi XDC in June 2023, where he is primarily responsible for providing guidance on corporate strategy and governance. Prior to joining the Group, Dr. Zhou served as a senior director of Genzyme Corporation (now part of Sanofi) from March 2008 to December 2012, and was responsible for commercial cell culture process development. From October 2002 to February 2008, Dr. Zhou served as a senior director of PDL BioPharma Inc., a biopharmaceutical company listed on NASDAQ (stock code: PDLI), and was responsible for process sciences and engineering functions. From May 1994 to October 2002, Dr. Zhou served as up to an associate director of Merck, and was responsible for fermentation and cell culture process development. Dr. Zhou obtained a Ph.D. degree in Chemical Engineering from the University of Hannover in 1989 and conducted postdoctoral research at the German Association of Chemical Engineering and Biotechnology, Swiss Federal Institute of Technology Zurich, and the University of Minnesota.

Mr. Yanling Cao (曹彥凌), aged 41, was appointed as a non-executive Director in May 2016. He is primarily responsible for providing guidance on corporate strategy and governance to the Group. He joined the Group in May 2016. Prior to joining the Group, Mr. Cao has been serving as the managing director of Boyu Capital Advisory Co. Limited since March 2011 and currently serves as a partner, mainly responsible for investments in the healthcare industry. From December 2007 to January 2011, Mr. Cao served as an investment professional of General Atlantic LLC, and was responsible for private equity and venture capital investment. From July 2006 to November 2007, Mr. Cao served as an investment banker of Goldman Sachs Asia LLC, and was responsible for providing investment banking advisory services to clients in Asia. In addition, Mr. Cao served as a director of CStone Pharmaceuticals (基石藥業), a company listed on the Main Board of the Stock Exchange (stock code: 2616), from April 2016 to March 2017 and a non-executive director from May 2019 to January 2023. From June 2019 to March 2021, Mr. Cao served as a director and then a non-executive director of Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 6078). Mr. Cao has been serving as a non-executive director of Ocumension Therapeutics (歐康維視生物), a company listed on the Main Board of the Stock Exchange (stock code: 1477), since June 2019. From February 2018 to March 15, 2021, Mr. Cao served as a non-executive director of Viela Bio Inc., a company listed on NASDAQ and delisted in 2021. From February 2019 to December 2021, Mr. Cao served as a director and then a non-executive director of Antengene Corporation Limited (德琪醫藥有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 6996). From May 2020 to December 2021, Mr. Cao served as an independent non-executive director of JW (Cayman) Therapeutics Co. Ltd (藥明巨諾(開曼)有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 2126). Mr. Cao obtained a bachelor's degree in economics and mathematics from Middlebury College in the United States in June 2006.

Ms. Jingwen Miao (繆靜雯), aged 38, was appointed as a non-executive Director in November 2024. She is currently a managing director at Temasek Capital (China) Holdings Pte. Ltd., where she joined in October 2014, and is responsible for overseeing investment efforts in the life sciences sector in China. Ms. Miao began her career in 2008 with Morgan Stanley Investment Banking Division, focusing on providing financial advisory services to clients in the transportation and industrials sectors. In 2010, she entered the private equity industry and joined The Carlyle Group's Asia Buyout Fund focusing on investment in various sectors including healthcare, consumer, retails and industrials. Ms. Miao obtained a bachelor's degree in business administration from Fudan University in 2008.

Independent Non-Executive Directors

Mr. William Robert Keller, aged 77, was appointed as an independent non-executive Director on May 17, 2017. He joined the Group in May 2017. From December 2010 to November 2020, he served as the chairman of Coland Pharmaceutical Co., Ltd. (康聯藥業有限公司), a company previously listed on Taiwan Stock Exchange (stock code: 4144), and was responsible for providing business advice to the company. From September 2014 to December 2015, Mr. Keller served as an independent director of WuXi PharmaTech and was responsible for providing independent advice to the board of the company. From December 2009 to May 2015, Mr. Keller served as a director of Alexion Pharmaceuticals, Inc., a company listed on NASDAQ (stock code: ALXN), and was responsible for providing independent advice to the board of the company. From February 2003 to June 2014, Mr. Keller served as the founder and principal of Keller Pharma Consultancy (Shanghai) Co. Ltd. (凱樂醫藥諮詢(上海)有限公司) and was responsible for market entry and strategy consulting. From March 2003 to June 2014, Mr. Keller served as the deputy general manager of Shanghai Zhangjiang Biotech and Pharmaceutical Base Development Co., Ltd. (上海張江生物醫藥基地開發有限公司) and was responsible for consulting of pharmaceutical and biotechnological startups' industry development in the park. From May 2007 to April 2010, Mr. Keller served as the chairman of HBM Biomed China Partners Ltd. and was responsible for investment in biotechnology companies. From December 2007 to December 2014, Mr. Keller served as a director and later a supervisor of TaiGen Biopharmaceuticals Holding Limited (太景醫藥研發控股股份有限公司), a company listed on Taiwan Stock Exchange (stock code: 4157), and was responsible for overseeing financial matters. From June 1997 to December 2013, Mr. Keller served as the deputy chairman of the Shanghai Association of Enterprises with Foreign Investment (上海市外商投資企業協會), and was responsible for supporting foreign invested companies as a business advisor. From March 2003 to December 2013, Mr. Keller served as a senior consultant of the Shanghai Foreign Investment Development Board (上海市外國投資促進中心) and was responsible for providing advice regarding foreign investment development. From March 2021 to May 2022, Mr. Keller served as an independent non-executive director of Artisan Acquisition Corp., a company listed on NASDAQ (stock code: ARTAU). Since September 14, 2018, Mr. Keller has been serving as an independent non-executive director of Hua Medicine (華領醫藥), a company listed on the Main Board of the Stock Exchange (stock code: 2552) ("**Hua Medicine**"). Mr. Keller has been serving as a director of Cathay Biotech Inc. (上海凱賽生物技術股份有限公司), a company listed on Shanghai STAR Market (stock code: 688065) in August 2020. Mr. Keller obtained a bachelor of science's degrees from the School of Economics and Business Administration in Zurich, Switzerland in July 1972.

Directors and Senior Management

Mr. Kenneth Walton Hitchner III, aged 65, was appointed as an independent non-executive Director on June 9, 2020. He has more than 30 years of experience in corporate finance. He served as the Chairman and Chief Executive Officer of The Goldman Sachs Group, Inc. in Asia Pacific Ex-Japan before his retirement in 2019. He was also a member of Goldman Sachs' Management Committee and co-chaired its Asia Pacific Management Committee. Previously, Mr. Hitchner served as President of Goldman Sachs in Asia Pacific Ex-Japan from 2013 to 2017. Prior to relocating to Hong Kong, he was global head of Goldman Sachs' Healthcare Banking Group and global co-head of its Technology, Media and Telecom Group. He was named managing director in 2000 and partner in 2002. He became head of the global medical device banking practice in 1998 and head of the global pharmaceutical banking practice in 2001. He began his career with Goldman Sachs' Corporate Finance Department in 1991. Mr. Hitchner has been serving as a director of the alternative investment management firm Elements Advisors SPV since May 2020. He has joined Global Advisory Board of the global early-stage venture capitalist Antler since January 2021. He has also been serving as a senior advisor of WuXi AppTec since February 2020. From January 2021 to October 2022, Mr. Hitchner served as an independent non-executive director of Provident Acquisition Corp., a company listed on NASDAQ and delisted in October 2022. Since February 11, 2021, Mr. Hitchner has also been serving as the chairman of the board of HH&L Acquisition Co., a company listed on NYSE (stock code: HHLA) and delisted in 2024. Mr. Hitchner has been serving as a non-executive director of CStone Pharmaceuticals since December 10, 2021. Mr. Hitchner has also been serving as an independent non-executive director of WuXi XDC since November 21, 2024. Mr. Hitchner obtained a bachelor's degree in arts from the University of Colorado in 1982 and a master's degree in business administration (MBA) as a merit fellow from Columbia University Business School in 1992.

Mr. Jackson Peter Tai, aged 74, was appointed as an independent non-executive Director on May 6, 2023. Mr. Tai has over 50 years of subject matter and governance experience in finance and risk management in the banking and pharmaceutical industries. Most recently, he retired as independent non-executive director for three publicly listed companies — Eli Lilly after for 10 years of service, Mastercard Incorporated (New York Stock Exchange stock symbol MA) after 15 years of service, and HSBC Holdings plc (London Stock Exchange stock symbol HSBA, and Main Board of the Stock Exchange stock symbol 0005) after 7 years of service including as Chairman of the Group Risk Committee. Mr. Tai has served as independent non-executive director on other publicly listed companies, including Royal Philips NV, the Bank of China, NYSE Euronext, ING Groep NV, DBS Group, Singapore Airlines, CapitaLand, and Singapore Telecommunications. He was also a director of privately held Canada Pension Plan Investment Board and Russell Reynolds Associates. In terms of management experience, Mr. Tai was Chief Financial Officer in 1999, later President and Chief Operating Officer in 2001, and then Vice Chairman and CEO for DBS Bank and DBS Holdings till 2007. Before that he was an investment banker for J.P. Morgan & Co. Incorporated for 25 years from 1974 to 1999, during which he laterally held management responsibilities including as Chairman of the Western US Management Committee (1995, in San Francisco), Chairman of Asia-Pacific Management Committee (1992, in Tokyo), Global Head of Real Estate Investment Banking (1986, in New York), and Head of Japan Capital Markets (1983, in Tokyo). On the not-for-profit side, Mr. Tai is currently a member of the Harvard Business School Asia-Pacific Advisory Board, and of the boards of The Metropolitan Opera, New York Philharmonic, and Rensselaer Polytechnic Institute. Mr. Tai obtained a bachelor of science degree in management from Rensselaer Polytechnic Institute in 1972 and a master's degree in business administration (MBA) from Harvard University in 1974.

Dr. Jue Chen, aged 55, was appointed as an independent non-executive Director on August 16, 2023. Dr. Chen is a biologist and possesses decades of experience in the biology related sectors. Dr. Chen is currently the William E. Ford Professor at The Rockefeller University, where she has joined since 2014. Dr. Chen has also been serving as an investigator at Howard Hughes Medical Institute since 2008. Prior to such, Dr. Chen joined Purdue University as an assistant professor in 2002, then promoted to an associate professor in 2007 and subsequently served as a professor from 2011 to 2014. Dr. Chen was elected to the National Academy of Sciences in 2019. Dr. Chen obtained her bachelor of science's degree in chemistry from Ohio University in 1993 and Ph.D. degree in biochemistry from Harvard University in 1998. She completed her postdoctoral work at Harvard University from 1998 to 1999 and at Baylor College of Medicine from 1999 to 2001.

Directors and Senior Management

SENIOR MANAGEMENT

For the biographies of Dr. Zhisheng Chen (陳智勝), please refer to "Directors — Executive Director".

Mr. Ming Tu (屠鳴), aged 56, is Chief Financial Officer ("**CFO**") of the Company. Serving as Co-CFO and then CFO since August 23, 2021, Mr. Tu is responsible for overseeing the Group's financial strategies, performance, reporting and business planning, as well as functional support, such as treasury, tax, controllership and investor relations.

Mr. Tu has more than 30 years of experience in management and corporate finance. Prior to joining the Group, Mr. Tu had served as the CFO of General Electric ("**GE**") China and other senior management positions within GE group for around 24 years at different business units in China, the United States, Japan and other global locations. Since August 2019, he had served as the CFO of the Home Credit China, one of the largest consumer finance companies in China. Mr. Tu obtained a bachelor's degree in computer science from Fudan University, attended Wake Forest University and University of Akron, and obtained a master of business administration degree in finance and a master of science degree in information systems management. He is a graduate of GE's Executive Financial Leadership Program (EFLP) and a certified Six Sigma black belt.

Dr. Jijie Gu (顧繼傑), aged 59, serves as President of Global Biologics Research and Chief Scientific Officer of the Company. Dr. Gu brings more than 20 years of drug research and development expertise and extensive management experience to the firm. He has significant expertise in target discovery, therapeutic design, protein engineering, preclinical drug discovery and early clinical development.

Prior to joining the Company, Dr. Gu served as a function head at AbbVie Cambridge Research Center, where he led target validation and lead discovery in AbbVie Immunology for both small and large molecule drugs. Before that, he was a function head of Oncology Biologics in Global Biologics at AbbVie Bioresearch Center.

While at Abbott/AbbVie, Dr. Gu made critical contributions to building antibody platform technologies. He led the construction of novel biologics platform technologies, including Fc engineering, ADC technology, TCR technology, bispecific and multispecific antibody technologies and T cell engagers. He also led projects in multiple therapeutic areas relating to oncology, immunology, immuno-oncology, metabolic disease, neuroscience and ophthalmology, and contributed broadly to AbbVie Biologics portfolio and delivered several New Biological Entities (NBEs) into clinical development.

Throughout his extensive career, Dr. Gu has co-invented more than 20 filed and issued U.S. patents and has coauthored 40 publications. He currently serves on the editorial boards of the peer-reviewed journals Antibody Therapeutics.

Dr. Gu obtained his Ph.D. in Molecular Biology and Biochemistry from Peking Union Medical School. He received postdoctoral training in Tumor Immunology at the Dana Farber Cancer Institute, a principal teaching affiliate of Harvard Medical School, and in Cancer Cell Biology at the Harvard School of Public Health.

Directors and Senior Management

Mr. Jian Dong (董健), aged 61, joined the Company in 2014, is the CEO of WuXi Vaccines.

Mr. Dong has over 30 years' experience in bio-pharmaceutical production and process development. He has extensive experience managing the design, construction, qualification and operation of new current GMP (cGMP) biologics manufacturing facilities.

Prior to joining the Company, Mr. Dong served as Deputy Chief Engineer at Shenzhen Kangtai Biological Products, Senior Process Engineer at Eli Lilly, Vice President of Manufacturing and Vice President of Quality at Shanghai Celgen and Deputy General Manager of Unilab Bioscience and Shanghai United Cell Biotechnology, the subsidiaries of UNILAB.

Mr. Dong obtained his Master's degree in Biology from Wuhan University in China and his MBA from Webster University in the United States. He was granted a Senior Pharmaceutical Engineer certification by the Personnel Department of Guangdong Province in 1996.

Dr. Sherry Gu, aged 54, is Chief Technology Officer and Executive Vice President of the Company. She joined the Company in 2017 as the Vice President of CMC Management for the West Coast of the United States, and expanded her responsibilities to include the East Coast of the United States in 2019 and Europe in 2021. During such period, she led numerous early and late-stage CMC projects directly and achieved several project IND, PPQ and approval milestones, including from DNA to EUA (Emergency Use Authorization) approval of Sotrovimab through the VIR-GSK collaboration in the combat of the worldwide COVID-19 pandemic.

Dr. Gu received her Ph.D. in Biochemical Engineering from Massachusetts Institute of Technology and has been working in the biopharmaceutical field for over 28 years, including 2 years at Bristol Myers Squibb and 18 years at Eli Lilly prior to joining the Company.

Dr. Wei Guo, aged 44, is Senior Vice President and Head of Global Manufacturing Department of the Company. She joined the Group in 2014 and held various management positions, including DS manufacturing, overseas process development, and project management.

Dr. Guo has over 15 years of experience in process development, manufacturing, and project management in biopharmaceutical and healthcare fields. Prior to joining the Company, she had worked at AgaMatrix in the U.S., where she was engaged in production support, process improvement, and new facility launch for medical devices.

Dr. Guo received her Bachelor's and Master's Degrees in Chemical Engineering from Tsinghua University and her Ph.D. in Chemical Engineering from Massachusetts Institute of Technology. Dr. Wei Guo received Lean Six Sigma Black Belt Certificate from Villanova University.

Directors and Senior Management

Dr. Juergen Hinderer, aged 60, is Senior Vice President and Head of Global Engineering Department of the Company. In addition, he is a Managing Director of WuXi Biologics Germany GmbH. Dr. Hinderer has over 30 years of experience in project management and engineering, technical, and commercial operations in the petrochemical, chemical, and life science industries around the world. Prior to joining the Company, Dr. Hinderer held leading positions in Bayer, AkzoNobel, and Nouryon. Dr. Hinderer obtained his Master's degree in Process Engineering from University of Stuttgart and his Ph.D. in Chemical Engineering from Technical University of Hamburg.

Dr. William Aitchison, aged 70, is Senior Vice President and Head of US Operations Department and Worcester site of the Company.

Dr. Aitchison has over 30 years of experience in the development and manufacturing of vaccines and biopharmaceutical products. Prior to joining the Company, Dr. Aitchison was Senior Vice President, Technical Operations for TESARO (GSK), Senior Vice President of Global Manufacturing Operations at Sanofi Genzyme and Senior Vice President of Global Manufacturing Operations at Sanofi Pasteur.

Dr. Aitchison obtained his Master's degree from the University of Toronto School of Pharmacy and his Ph.D. in Cell Biology from the University of Ottawa, Canada.

Mr. Angus Scott Marshall Turner, aged 57, is Senior Vice President and Head of Global Business Development and Alliance Management at the Company. Mr. Turner, who joined the Company in 2016, is responsible for business development, strategic alliances and partnerships.

Prior to joining the Company, Mr. Turner served from 2010 to 2016 as Director of Sales Europe and Asia for Lonza AG, a Swiss supplier of products and services to the global pharmaceutical, healthcare and life science industries. In addition to building the sales team there, he oversaw the successful implementation of sales strategies across all technologies in the contract manufacturing business unit. Before working at Lonza AG, Mr. Turner was Director of Business Development Europe and Asia for AppTec Laboratory Services, Inc. with a focus on biopharmaceutical and medical device testing, as well as biologics-based manufacturing and related services. Upon the acquisition of AppTec Laboratory Services, Inc. by WuXi PharmaTech in 2008, Mr. Turner served as Director of International Biopharmaceutical Business Development for WuXi PharmaTech. Mr. Turner also worked for Bayer AG for several years in sales and marketing, including supporting the launch of Kogenate® FS Antihemophilic Factor (Recombinant).

Mr. Turner obtained a bachelor's degree in biology from Stirling University, a master's degree in biotechnology from Strathclyde University and an MBA from Warwick Business School, with a scholarship to Copenhagen Business School.

Mr. Ing Hou Loh (羅仁豪), aged 53, is Senior Vice President and Head of Global Quality Department of the Company. He joined the Company as Senior Director of Quality Assurance in August 2018. He advanced to the position of Vice President in 2020 and was designated as Head of Quality Assurance for the Mashan facilities. His responsibilities further expanded when he became the QA Head for China Manufacturing, Suzhou Biosafety lab, Singapore and US (KOP and MFG18) in 2021. Over the years, under his guidance, the Company's facilities have successfully passed numerous regulatory evaluations conducted by entities such as the U.S. FDA, EU EMA, China NMPA, PMDA, MFDS, COFEPRIS, and others.

With over 26 years of professional experience in the bio-pharmaceutical sector, Mr. Loh carries a wealth of expertise from various esteemed organizations, including Schering-Plough, Genentech/Roche (Singapore), and CMAB Biopharma (Suzhou).

Mr. Loh holds a Bachelor of Science Degree majoring in Medical Technology from National Yang Ming University in Taiwan. In 2012, he further enhanced his qualifications by completing the Quality Professional Certification Program (QCP) provided by Roche.

Directors' Report

The Directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of end-to-end solutions and services for biologics discovery, development and manufacturing to customers involving in biologics industry.

A list of the Company's subsidiaries, together with their places of incorporation, principal activities and particulars of their issued shares/paid up capital, is set out in note 45 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business are set out in the sections headed "Chairman and CEO Statement" on pages 4 to 6 of this annual report, "Financial Highlights" on page 7 of this annual report, and "Management Discussion and Analysis" on pages 8 to 35 of this annual report. The financial risk management objectives and policies of the Group are set out in note 39 to the consolidated financial statements in this annual report. Significant events that have an effect on the Group subsequent to the financial year ended December 31, 2024 are set out in note 49 to the consolidated financial statements in this annual report. All the above sections shall form an integral part of this directors' report.

DIRECTORS

The Directors during the Reporting Period and up to the date of this Directors' Report were:

Executive Director

Dr. Zhisheng Chen *(Chief Executive Officer)*

Non-executive Directors

Dr. Ge Li *(Chairman)*
Dr. Weichang Zhou *(Re-designated as a non-executive Director on March 31, 2024)*
Dr. Yibing Wu *(Resigned on November 20, 2024)*
Mr. Yanling Cao
Ms. Jingwen Miao *(Appointed on November 20, 2024)*

Independent non-executive Directors

Mr. William Robert Keller
Mr. Kenneth Walton Hitchner III
Mr. Jackson Peter Tai
Dr. Jue Chen

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 36 to 45 of this annual report.

SERVICE CONTRACTS OF THE DIRECTORS

Each of the Directors has entered into a three-year service contract with the Company, subject to termination before expiry by either party giving not less than three months' notice in writing to the other.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

REMUNERATION OF THE DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in note 12 to the consolidated financial statements in this annual report.

No Director has waived or has agreed to waive any emoluments during the year ended December 31, 2024.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the changes in Directors' information after the publication of the 2024 interim report are set out below:

- Dr. Yibing Wu ceased to be a non-executive Director and a member of the Strategy Committee on November 20, 2024.
- Ms. Jingwen Miao was appointed as a non-executive Director and a member of the Strategy Committee on November 20, 2024.
- Mr. Kenneth Walton Hitchner III was appointed as an independent non-executive director of WuXi XDC on November 21, 2024.
- The Director's fees for the independent non-executive Directors increased to RMB2,200,000 per annum with effect from March 25, 2025.

Save as disclosed above and in this annual report, there were no changes in information which are required to be disclosed and had not been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Saved as disclosed in this annual report, as at December 31, 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, there was no transaction, arrangement or contract of significance subsisted in which a Director or an entity connected with a Director was materially interested, whether directly or indirectly, during or at the end of the Reporting Period.

CONNECTED TRANSACTIONS

During the Reporting Period, the Group entered into the following non-exempt connected transactions (including continuing connected transactions):

NON-EXEMPT CONNECTED TRANSACTION

On August 30, 2024, the Company entered into an equity transfer agreement with Shanghai Hile Bio-Technology Co., Ltd* (上海海利生物技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603718) ("**Hile Bio-Technology**"), pursuant to which the Company has conditionally agreed to purchase, and Hile Bio-Technology has conditionally agreed to sell, 30% of the equity interest in WuXi Vaccines at a total consideration of US$108,500,000 (equivalent to approximately HK$846,300,000)(the "**Acquisition**"). Upon completion of the Acquisition, WuXi Vaccines became a wholly-owned subsidiary of the Company and the financial results of WuXi Vaccines will continue to be consolidated into the financial statements of the Group. The Acquisition enables the Company to increase its shareholding interest in WuXi Vaccines to 100%, thereby enhancing and allowing the Company to have complete control and influence over the management and operation of WuXi Vaccines. For details of the Acquisition, please refer to the announcement of the Company dated August 30, 2024.

As at the date of the Acquisition, Hile Bio-Technology was a substantial shareholder of WuXi Vaccines, and hence, a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constituted a connected transaction of the Company.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

On November 3, 2023, WuXi XDC entered into the Payload-Linkers Master Services Agreement for the provision of research, development and manufacturing services in relation to payload-linkers and supply of the related intermediate products to the XDC Group for use in their ADC CRDMO services. The Payload-Linkers Master Services Agreement is effective from November 17, 2023 to December 31, 2025. For each of the two years ended December 31, 2024 and ending December 31, 2025, the total amount payable by the XDC Group under the Payload-Linkers Master Services Agreement shall not exceed the annual caps of RMB182.0 million and RMB168.0 million, respectively. The actual amount incurred during the Reporting Period was RMB142.63 million. For details, please refer to the prospectus of WuXi XDC dated November 7, 2023 and the announcement of the Company dated March 31, 2024.

As at the date of this annual report, STA Pharmaceutical Hong Kong Investment Limited is a substantial shareholder of WuXi XDC and hence, a connected person of the Company at the subsidiary level. Based on the annual results of the Company for the year ended December 31, 2023 published on March 26, 2024, WuXi XDC ceased to be an insignificant subsidiary of the Company. Accordingly, the Payload-Linkers Master Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the above-mentioned continuing connected transactions and confirmed that such transactions have been entered into: (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company was engaged to report on the Group's above-mentioned continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unmodified letter containing the conclusions in respect of the above-mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

Save as disclosed above, none of the related party transactions set out in note 43 to the consolidated financial statements constitute "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules. In respect of the above-mentioned non-exempt connected transactions (including continuing connected transactions), the Directors also confirmed that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

During the Reporting Period, there was no connected transaction of the Group which has to be disclosed in accordance with the Listing Rules, save for the foregoing.

RISK MANAGEMENT

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

Regulatory Risk

The biologics industry, being a division of the pharmaceutical and healthcare industry, has continued to experience drastic changes in recent years. Since 2024, China NMPA has introduced more new policies to better meet the people's demand for high-quality drugs and medical devices. To name a few, the introduction of the divided manufacturing pilot program, the exploratory on the digitalization approaches to improve the efficiency of the approval of drug applications, etc.

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

Risks related to Global Politics, International Trade and Regulations

The Group operates globally and, as such, its operations could be impacted by global and regional changes in macro-economic, geopolitical and social conditions, and regulatory environments.

The Group has diversified its geographic sources of revenue and profit to reduce its dependency on any single country or region. It continuously monitors the external environment, and develops action plans and conducts sensitivity and scenario analyses to position the Group for favorable outcomes. The Group also vigilantly monitors political developments and adapts its strategy to address the shifting dynamics of regions and countries. It follows closely legal and regulatory changes to maintain stringent compliance programs.

The previously proposed BIOSECURE Act did not pass the U.S. Congress last year. The Group will continue to closely monitor legislative activities and remains committed to operating in compliance with the applicable laws and regulations of all jurisdictions where it has business operations.

Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and fixed-rate pledged bank deposits and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits and variable-rate bank borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range. In addition, the Group will consider to enter into interest rate swap agreements with selected banks as a proactive measure to manage and mitigate risks associated with interest rate fluctuations, if appropriate.

Credit Risk

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

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

Currency Risk

During the Reporting Period, the majority of the Group's revenue was generated from sales denominated in USD, while the procurement 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 its construction and operational activities. Additionally, at the end of each reporting period, certain entities of the Group have maintained monetary assets and liabilities denominated in foreign currencies other than their functional currencies (predominantly in USD and EUR), exposing the Group to foreign currency risks. As a result, fluctuations in foreign exchange rates among USD, RMB, and EUR have had an impact on the Group's net profit margin.

The Group aims to mitigate 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 foreign currency risks. Hedge accounting is also adopted by the Group for its derivatives to reduce the impact of fluctuations in foreign exchange rates on its consolidated statement of profit or loss.

Data Privacy and Data Security Risk

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

We attach great importance to data protection and data compliance and have established our data compliance program to monitor the relevant risk. The Company has established solid policies and practices for protecting local data and trade secrets.

Nevertheless, we may still face unforeseen or uncontrollable threats to our data and systems, such as computer viruses, malicious code, phishing, ransomware, hacker attacks, and various other cyber security threats. With the diversity of sources and technologies of network attacks, we may not be able to foresee all types of security threats, or to establish effective and preventive measures against all security threats. Consequently, the management is continuously monitoring these risks and is committed to allocating more resources and investments towards ongoing risk management and security enhancement.

Natural Disasters, Outbreaks of Epidemics and Other Force Majeure Events

Natural disasters, outbreaks of epidemics and other force majeure events could endanger our personnel and even cause negative business impact like interrupting business services. In 2024, the Company received ISO 22301 certification for Business Continuity Management System ("**BCMS**"), covering all operational areas and the full spectrum of business functions. By adopting a structured PDCA (Plan-Do-Check-Act) cycle, the Company proactively identifies potential influence factors internally and externally and conducts risk analysis. The Company developed targeted countermeasures and contingency plans, complemented those plans with regular drills to ensure preparedness, and verified the effectiveness of Business Continuity Management ("**BCM**") strategies through those drills.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at December 31, 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares and underlying Shares of the Company

Name of Directors	Capacity/ Nature of Interest	Number of Shares[1]	Number of Underlying Shares	Aggregate Interest[1]	Approximate Percentage of Shareholding Interest[2]
Dr. Ge Li	Interests of controlled corporations	592,902,633 (L)[3] [4]	–	592,902,633 (L)	14.44%
Dr. Zhisheng Chen	Beneficial owner and founder of a discretionary trust	14,189,015 (L)[5]	5,879,539 restricted shares (L)[6] 102,532,000 share options (L)[7]	122,600,554 (L)	2.99%
Dr. Weichang Zhou	Beneficial owner	462,656 (L)	2,347,088 restricted shares (L)[6] 13,089,000 share options (L)[7]	15,898,744 (L)	0.39%
Mr. Kenneth Walton Hitchner III	Beneficial owner	203,205 (L)	–	203,205 (L)	0.00%
Mr. Jackson Peter Tai	Beneficial owner	25,700 (L)	–	25,700 (L)	0.00%
Mr. William Robert Keller	Beneficial owner	21,899 (L)	–	21,899 (L)	0.00%

Notes:

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

(2) As at December 31, 2024, the total number of Shares in issue was 4,105,937,505 Shares.

(3) Dr. Ge Li held approximately 19.66% of the total issued share capital of Biologics Holdings and controlled approximately 55.03% of the total voting power at general meetings of Biologics Holdings. Hence, he was indirectly interested in approximately 2.80% of the total issued Shares, and controlled the voting power attached to 584,191,133 Shares held by Biologics Holdings, representing approximately 14.23% of the total issued Shares.

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

(5) Among the 14,189,015 Shares, 10,706,254 Shares were held by Dr. Zhisheng Chen through a trust of which Dr. Zhisheng Chen is the settlor (founder) and his spouse and child are the beneficiaries.

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

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

Interests in associated corporation(s) of the Company

Name of Director	Name of Associated Corporation	Capacity/ Nature of Interest	Number of shares[1]	Approximate Percentage of Shareholding Interest
Dr. Zhisheng Chen	WuXi XDC[2]	Beneficial owner and founder of a discretionary trust	418,878 (L)[3]	0.03%[4]

Notes:

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

(2) WuXi XDC is a subsidiary of the Company, and therefore, is an associated corporation of the Company within the meaning of Part XV of the SFO.

(3) Among the 418,878 shares, 415,636 shares were held by Dr. Zhisheng Chen through a trust of which Dr. Zhisheng Chen is the settlor (founder) and his spouse and child are the beneficiaries.

(4) As at December 31, 2024, the total number of shares of WuXi XDC in issue was 1,200,013,419 shares.

Save as disclosed above, as at December 31, 2024, so far as it was known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2024, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Interests in Shares and underlying Shares of the Company

Name of Shareholders	Capacity/Nature of Interest	Number of Shares[(1)]	Approximate Percentage of Shareholding Interest[(2)]
Dr. Ge Li	Interests of controlled corporations	592,902,633 (L)[(3)(4)]	14.44%
Mr. Zhaohui Zhang	Interests of parties acting in concert	592,902,633 (L)[(4)]	14.44%
Mr. Xiaozhong Liu	Interests of parties acting in concert	592,902,633 (L)[(4)]	14.44%
Life Science Holdings	Interests of controlled corporations	584,191,133 (L)[(5)]	14.23%
Life Science Limited	Interests of controlled corporations	584,191,133 (L)[(5)]	14.23%
WuXi PharmaTech	Interests of controlled corporations	584,191,133 (L)[(5)]	14.23%
Biologics Holdings	Beneficial owner	584,191,133 (L)[(5)]	14.23%

Notes:

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

(2) As at December 31, 2024, the total number of Shares in issue was 4,105,937,505 Shares.

(3) Dr. Ge Li held approximately 19.66% of the total issued share capital of Biologics Holdings and controlled approximately 55.03% of the total voting power at general meetings of Biologics Holdings. Hence, he was indirectly interested in approximately 2.80% of the total issued Shares, and controlled the voting power attached to 584,191,133 Shares held by Biologics Holdings, representing approximately 14.23% of the total issued Shares.

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

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

PRE-IPO SHARE OPTION SCHEME

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

The purpose of the Pre-IPO Share Option Scheme is to attract, retain and motivate employees, Directors and such other participants of the Group, to provide a means of compensating them through the grant of options under the Pre-IPO Share Option Scheme for their contribution to the growth and profits of the Group, and to allow them to participate in the growth and profitability of the Group. Participants of the Pre-IPO Share Option Scheme include (a) any employee (whether full-time or part-time) of the Company or its subsidiaries, including any executive Director, (b) any non-executive Director or independent non-executive Director of the Company appointed or proposed to be appointed prior to the Listing Date, or any director of any of the subsidiaries, and (c) any other person who in the sole opinion of the Board, will contribute or have contributed to the Group. No further option would be granted under the Pre-IPO Share Option Scheme on or after the Listing Date. The life of the Pre-IPO Share Option Scheme is 10 years from the date of adoption. There are no more securities available for grant under the Pre-IPO Share Option Scheme on or after the date on which the Shares of the Company are listed. As at the date of this annual report, the total number of Shares available for issue under the Pre-IPO Share Option Scheme is 145,700,858 Shares, representing approximately 3.55% of the total issued Shares.

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

Category of Participants	Date of Grant	Exercise Price	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ Forfeited/ Cancelled during the Reporting Period	Outstanding as at December 31, 2024	Exercise Period
Directors								
Dr. Zhisheng Chen	January 7, 2016	US$0.1667	85,000,000	–	–	–	85,000,000	10 years
	March 15, 2017	US$0.3400	17,532,000	–	–	–	17,532,000	10 years
			102,532,000	**–**	**–**	**–**	**102,532,000**	
Dr. Weichang Zhou	January 7, 2016	US$0.1667	10,596,000	–	–	–	10,596,000	10 years
	March 15, 2017	US$0.3400	2,493,000	–	–	–	2,493,000	10 years
			13,089,000	**–**	**–**	**–**	**13,089,000**	
Sub-total			**115,621,000**	**–**	**–**	**–**	**115,621,000**	
Employees in aggregate								
230 employees	January 7, 2016	US$0.1667	18,708,758	–	4,092,343	–	14,616,415	10 years
24 employees	March 28, 2016	US$0.1667	744,825	–	145,900	–	598,925	10 years
102 employees	August 10, 2016	US$0.2200	5,500,350	–	1,144,050	–	4,356,300	10 years
92 employees	November 11, 2016	US$0.2633	1,524,803	–	273,000	–	1,251,803	10 years
321 employees	March 15, 2017	US$0.3400	11,326,448	–	2,123,096	–	9,203,352	10 years
74 employees	May 12, 2017	US$0.6000	2,847,675	–	940,000	–	1,907,675	10 years
Sub-total			**40,652,859**	**–**	**8,718,389**	**–**	**31,934,470**	
Total			**156,273,859**	**–**	**8,718,389**	**–**	**147,555,470**	

Notes:

(1) In respect of the options exercised during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK$15.22.

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

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

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

The options granted under the Pre-IPO Share Option Scheme shall be exercisable during a period from the vesting date of the option until the expiry of 10 years from the date of the grant of the option. Subject to the other terms of the Pre-IPO Share Option Scheme, save as determined otherwise by the Board at its sole discretion, the vesting schedule of the options under the Pre-IPO Share Option Scheme is as follows: (i) 20% of the options shall be vested on the date falling on the second anniversary of the date of grant; (ii) 20% of the options shall be vested on the date falling on the third anniversary of the date of grant; (iii) 20% of the options shall be vested on the date falling on the fourth anniversary of the date of grant; and (iv) 40% of the options shall be vested on the date falling on the fifth anniversary of the date of grant. Participants accepting options granted under Pre-IPO Share Option Scheme have to sign an acceptance letter and pay to the Company an amount of HK$1.00 as consideration for the grant. Details of the terms and movement of the options granted during the Reporting Period and the impact of options granted under the Pre-IPO Share Option Scheme on the financial statements are set out in the Prospectus and under note 44 to the consolidated financial statements in this annual report.

RESTRICTED SHARE AWARD SCHEME

The Company has adopted the Restricted Share Award Scheme on January 15, 2018, which was amended and restated on June 27, 2023. The purposes of the Restricted Share Award Scheme are to (i) recognize the contributions by the selected participants; (ii) encourage, motivate and retain the selected participants, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the selected participants to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants to the Shareholders through ownership of Shares. The Restricted Share Award Scheme became effective on January 15, 2018. Participants of the Restricted Share Award Scheme include any Director or employee of the Company or any of its subsidiaries. The total number of Shares issued and to be issued pursuant to grant of restricted shares to each participant (including any Shares where the right to acquire such Shares has been vested or lapsed) in any 12-month period shall not exceed 1% of the Shares in issue unless approved by the Shareholders. Vesting shall only occur upon satisfaction (or where applicable, wavier by the Board) of the conditions imposed by the Board as set forth in the notice of award. Participants are not required to pay for the acceptance of the restricted shares. For the purpose of determining the share price of each restricted share under the Restricted Share Award Scheme, it shall be the average closing price of the Company's Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of granting the restricted shares. Subject to earlier termination by the Board, the Restricted Share Award Scheme shall be valid and effective for a period of 10 years from the adoption date. The maximum number of Shares which can be awarded under the Restricted Share Award Scheme is limited to 3% (i.e. 127,452,353 Shares) of the issued Shares as at June 27, 2023 (the date on which the amendments to the Restricted Share Award Scheme were approved by Shareholders). The number of Shares available for grant under the Restricted Share Award Scheme was 109,687,717 and 93,441,555 as of January 1, 2024 and December 31, 2024, respectively. As at the date of this annual report, the total number of Shares available for issue under the Restricted Share Award Scheme is 68,375,058 Shares, representing approximately 1.66% of the total issued Shares. During the Reporting Period, the number of Shares that may be issued in respect of restricted shares granted under the Restricted Share Award Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is 0.47%.

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

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

Category of Participants	Date of Grant	Closing Price of the Shares immediately before the Date of Grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at December 31, 2024	Vesting Period
Directors									
Dr. Zhisheng Chen	June 5, 2019	HK$23.75	1,183,800	–	1,183,800	–	–	–	5 years
	November 12, 2020	HK$74.47	707,278	–	235,759	–	–	471,519	5 years
	June 16, 2021	HK$121.00	756,160	–	189,040	–	–	567,120	5 years
	June 10, 2022	HK$71.10	1,324,333	–	264,866	–	–	1,059,467	5 years
	August 24, 2023	HK$41.10	522,478	–	–	–	–	522,478	5 years
	March 27, 2024	HK$13.56	–	740,638	–	–	–	740,638	5 years
			4,494,049	740,638	1,873,465	–	–	3,361,222	
Dr. Weichang Zhou	June 5, 2019	HK$23.75	189,408	–	189,408	–	–	–	5 years
	November 12, 2020	HK$74.47	212,183	–	70,727	–	–	141,456	5 years
	June 16, 2021	HK$121.00	210,944	–	52,735	–	–	158,209	5 years
	June 10, 2022	HK$71.10	450,281	–	90,056	–	–	360,225	5 years
	August 24, 2023	HK$41.10	241,642	–	–	–	–	241,642	5 years
	November 21, 2023	HK$48.00	132,484	–	–	–	–	132,484	5 years
	March 27, 2024	HK$13.56	–	411,048	–	–	–	411,048	5 years
			1,436,942	411,048	402,926	–	–	1,445,064	
Sub-total			5,930,991	1,151,686	2,276,391	–	–	4,806,286	

Category of Participants	Date of Grant	Closing Price of the Shares immediately before the Date of Grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at December 31, 2024	Vesting Period
Employees in aggregate									
6 employees	March 19, 2019	HK$27.00	55,170	–	55,170	–	–	–	5 years
846 employees	June 5, 2019	HK$23.75	2,695,659	–	2,615,661	79,998	–	–	5 years
335 employees	August 20, 2019	HK$27.47	1,307,844	–	1,273,323	23,628	10,893	–	5 years
67 employees	November 20, 2019	HK$29.50	387,072	–	339,033	48,039	–	–	5 years
383 employees	March 27, 2020	HK$34.60	2,084,093	–	687,913	137,048	20,166	1,238,966	5 years
77 employees	June 9, 2020	HK$41.67	976,131	–	323,623	27,647	–	624,861	5 years
126 employees	August 18, 2020	HK$56.33	809,428	–	244,152	120,178	2,961	442,137	5 years
1,391 employees	November 12, 2020	HK$74.47	2,145,329	–	642,602	203,459	39,220	1,260,048	5 years
1,617 employees	March 24, 2021	HK$87.40	2,870,517	–	709,793	198,343	47,583	1,914,798	5 years
3 employees	June 16, 2021	HK$121.00	92,580	–	23,145	–	–	69,435	5 years
1,752 employees	June 17, 2021	HK$116.90	8,035,593	–	1,951,886	827,838	93,167	5,162,702	5 years
745 employees	August 24, 2021	HK$113.00	2,737,196	–	652,145	220,328	12,093	1,852,630	5 years
486 employees	November 23, 2021	HK$105.70	2,296,997	–	714,139	179,305	21,777	1,381,776	5 years
2,458 employees	March 23, 2022	HK$58.35	15,254,338	–	2,873,256	1,286,513	170,052	10,924,517	5 years
725 employees	June 10, 2022	HK$71.10	6,232,207	–	1,222,911	581,021	11,040	4,417,235	5 years
151 employees	August 18, 2022	HK$69.75	1,562,686	–	291,276	239,686	–	1,031,724	5 years
681 employees	November 28, 2022	HK$47.75	6,722,098	–	1,258,957	452,401	39,212	4,971,528	5 years
1,852 employees	August 24, 2023	HK$41.10	14,046,122	–	–	1,616,351	229,409	12,200,362	5 years
455 employees	November 21, 2023	HK$48.00	2,821,910	–	–	226,240	18,594	2,577,076	5 years
1,892 employees	March 27, 2024	HK$13.56	–	18,220,505	–	1,208,209	139,575	16,872,721	5 years
9 employees	June 18, 2024	HK$11.90	–	434,227	–	121,878	–	312,349	5 years
Sub-total			**73,132,970**	**18,654,732**	**15,878,985**	**7,798,110**	**855,742**	**67,254,865**	
Total			**79,063,961**	**19,806,418**	**18,155,376**	**7,798,110**	**855,742**	**72,061,151**	

Notes:

(1) Certain employees of the Group may be offered to join the share scheme(s) of the Company's subsidiaries. Upon participating in such subsidiary share scheme(s), share options and/or share awards under the subsidiary share scheme(s) will be granted to the employees while the outstanding restricted shares granted under the Restricted Share Award Scheme held by the respective employees will be cancelled accordingly.

(2) In respect of the restricted shares vested during the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the restricted shares were vested was HK$12.49.

(3) For details of the fair value of the restricted shares at the date of grant and the accounting standard and policy adopted, please refer to note 44 to the consolidated financial statements of this annual report.

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

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

(6) Pursuant to the vesting of the restricted shares under the Restricted Share Award Scheme, a certain portion of the vested restricted shares of the relevant grantee(s) will be sold by the trustee Computershare Hong Kong Trustees Limited on behalf of the relevant grantee(s) for the purpose of satisfying relevant tax liabilities and other transactional fees pursuant to the scheme rules.

Details of the restricted shares granted under the Restricted Share Award Scheme during the Reporting Period are set out in the Company's announcements dated March 27, 2024 and June 18, 2024 and under note 44 to the consolidated financial statements in this annual report. For more details of the Restricted Share Award Scheme, please refer to the Company's announcements dated January 15, 2018 and January 18, 2018 and the Company's circular dated May 23, 2023.

GLOBAL PARTNER PROGRAM SHARE SCHEME

The Company has adopted the Global Partner Program Share Scheme on June 16, 2021, which was amended and restated on June 27, 2023. The purposes of the Global Partner Program Share Scheme are to further reward and incentivize the Group's top employees and attract key talents to ensure the continuous business development and growth of the Company. The Global Partner Program Share Scheme became effective on June 16, 2021. Participants of the Global Partner Program Share Scheme include any Director or employee of the Company or any of its subsidiaries, or any joint venture or other business arrangement of the Group, who, in the opinion of the Board, has significant contribution to the business development and growth of the Group. The total number of Shares issued and to be issued pursuant to grant of restricted shares to each participant (including any Shares where the right to acquire such Shares has been vested or lapsed) in any 12-month period shall not exceed 1% of the Shares in issue unless approved by the Shareholders. Vesting shall only occur upon satisfaction (or where applicable, wavier by the Board) of the conditions imposed by the Board as set forth in the notice of award. Participants are not required to pay for the acceptance of the restricted shares. For the purpose of determining the share price of each restricted share under the Global Partner Program Share Scheme, it shall be the average closing price of the Company's Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of granting the restricted shares. Subject to earlier termination by the Board, the Global Partner Program Share Scheme shall be valid and effective for a period of 10 years from the adoption date. The maximum number of Shares which can be awarded under the Global Partner Program Share Scheme is limited to 3% (i.e. 127,452,353 Shares) of the issued Shares as at June 27, 2023 (the date on which the amendments to the Global Partner Program Share Scheme were approved by Shareholders). The number of Shares available for grant under the Global Partner Program Share Scheme was 118,243,527 and 118,862,886 as of January 1, 2024 and December 31, 2024, respectively. As at the date of this annual report, the total number of Shares available for issue under the Global Partner Program Share Scheme is 118,889,239 Shares, representing approximately 2.89% of the total issued Shares. During the Reporting Period, the number of Shares that may be issued in respect of restricted shares granted under the Global Partner Program Share Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is nil.

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

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

Category of Participants	Date of Grant	Closing Price of the Shares immediately before the Date of Grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at December 31, 2024	Vesting Period
Directors									
Dr. Zhisheng Chen	June 10, 2022	HK$71.10	877,694	–	–	–	–	877,694	2 years
	August 24, 2023	HK$41.10	957,015	–	–	–	–	957,015	2 years
	November 21, 2023	HK$48.00	683,608	–	–	–	–	683,608	2 years
			2,518,317	**–**	**–**	**–**	**–**	**2,518,317**	
Dr. Weichang Zhou	June 10, 2022	HK$71.10	298,416	–	–	–	–	298,416	2 years
	August 24, 2023	HK$41.10	325,385	–	–	–	–	325,385	2 years
	November 21, 2023	HK$48.00	278,223	–	–	–	–	278,223	2 years
			902,024	**–**	**–**	**–**	**–**	**902,024**	
Sub-total			**3,420,341**	**–**	**–**	**–**	**–**	**3,420,341**	
Employees in aggregate									
198 employees	November 23, 2021	HK$105.70	2,420,829	–	–	359,122	51,359	2,010,348	2 years
2 employees	June 10, 2022	HK$71.10	47,037	–	–	–	–	47,037	2 years
234 employees	November 28, 2022	HK$47.75	6,399,432	–	–	703,488	128,229	5,567,715	2 years
2 employees	August 24, 2023	HK$41.10	61,224	–	–	–	–	61,224	2 years
253 employees	November 21, 2023	HK$48.00	6,903,371	–	–	572,461	93,053	6,237,857	2 years
Sub-total			**15,831,893**	**–**	**–**	**1,635,071**	**272,641**	**13,924,181**	
Total			**19,252,234**	**–**	**–**	**1,635,071**	**272,641**	**17,344,522**	

Notes:

(1) Certain employees of the Group may be offered to join the share scheme(s) of the Company's subsidiaries. Upon participating in such subsidiary share scheme(s), share options and/or share awards under the subsidiary share scheme(s) will be granted to the employees while the outstanding restricted shares granted under the Global Partner Program Share Scheme held by the respective employees will be cancelled accordingly.

(2) For details of the fair value of the restricted shares at the date of grant and the accounting standard and policy adopted, please refer to note 44 to the consolidated financial statements of this annual report.

(3) The restricted shares under the Global Partner Program Share Scheme are subject to vesting conditions and performance targets (which are based on the overall business and financial performance of the Group as a whole and the market capitalization of the Company), whereupon the restricted shares granted under the Global Partner Program Share Scheme can only be vested when the Share price is no less than HK$97.80, and the vesting schedule of 50% on each of the first and second anniversaries of the date of grant. For further details, please refer to note 44 to the consolidated financial statements of this annual report.

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

(5) Pursuant to the vesting of the restricted shares under the Global Partner Program Share Scheme, a certain portion of the vested restricted shares of the relevant grantee(s) will be sold by the trustee Computershare Hong Kong Trustees Limited on behalf of the relevant grantee(s) for the purpose of satisfying relevant tax liabilities and other transactional fees pursuant to the scheme rules.

Details of the movements in the restricted shares granted under the Global Partner Program Share Scheme during the Reporting Period are set out under note 44 to the consolidated financial statements in this annual report. For more details of the Global Partner Program Share Scheme, please refer to the Company's announcements dated June 16, 2021 and the Company's circular dated May 23, 2023.

The Scheme Mandate Limit was approved by Shareholders, and adopted by the Company, on June 27, 2023 (the "**Adoption Date**"), pursuant to which the maximum number of Shares which may be issued and allotted in respect of all restricted shares to be granted under the Restricted Share Award Scheme and the Global Partner Program Share Scheme and all share options and share awards to be granted under any other share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time would be 6% of the issued Shares as at the Adoption Date (i.e. 254,904,706 Shares). The number of restricted shares available for grant under the Scheme Mandate Limit was 212,304,441 as of December 31, 2024.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2024, the Group's sales to its five largest customers accounted for 29.1%, as compared to 35.6% of the Group's total revenue for the year ended December 31, 2023, and the Group's sales to the largest customer accounted for 11.1%, as compared to 11.4% of the Group's total revenue for the year ended December 31, 2023.

Major Suppliers

For the year ended December 31, 2024, the Group's five largest suppliers accounted for 41%, as compared to 31.0% of the Group's total purchases for the year ended December 31, 2023. The Group's single largest supplier accounted for 17%, as compared to 12% of the Group's total purchases for the year ended December 31, 2023.

During the year ended December 31, 2024, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5% of the number of issued Shares) had any interest in the Group's five largest customers and suppliers.

Relationship with Employees, Suppliers and Customers

The Group recognizes that employees, suppliers and customers are key to the Group's success. The Group actively maintains a good relationship with employees, suppliers and customers. There was no material and significant dispute between the Group and its employees, suppliers and/or customers during the Reporting Period.

Management Contracts

During the Reporting Period, the Company has not entered into any contract with any individuals, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group.

Directors' Permitted Indemnity Provision

Each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto in accordance with the Articles of Association. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the year ended December 31, 2024, which is still in force.

Results and Dividends

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 106 to 107 of this annual report. The Board does not recommend any payment of final dividend for the year ended December 31, 2024.

Share Capital

Details of movements in share capital of the Company during the Reporting Period are set out in note 37 to the consolidated financial statements in this annual report.

Directors' Report

Reserves

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 47 to the consolidated financial statements in this annual report.

Details of the Company's reserves available for distribution to the Shareholders as at December 31, 2024 are set out in note 47 to the consolidated financial statements in this annual report.

Donations

During the Reporting Period, charitable and other donations made by the Group amounted to RMB797,000 (2023: RMB1,013,000).

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements in this annual report.

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 with an aggregate nominal value of approximately US$983.33 (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent professional, institutional and/or other investors (the "**Fourth Placing**"). The Fourth Placing would allow the Company to raise further capital to fund its future expansion and keep up with its current business development. 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 December 31, 2024:

Use of proceeds	Planned applications (RMB million)	Percentage of total net proceeds	Actual usage up to December 31, 2024 (RMB million)	Net proceeds brought forward for the Reporting Period (RMB million)	Unutilized net proceeds as at December 31, 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 2026
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 2027
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 125,512,500 Shares on the Stock Exchange at an aggregate purchase price of approximately HK$1,938.09 million. The reason for repurchase is to demonstrate the Company's confidence in its own business outlook and prospects as the Company believes that the current trading price of the Shares does not reflect their intrinsic value or the actual prospects of the Company. As at the date of this annual report, the Shares repurchased during the Reporting Period had 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 Highest (HK$)	Lowest (HK$)	Aggregate purchase price (HK$ million)
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
September 2024	44,420,500	13.52	10.52	502.94
October 2024	4,183,000	20.25	17.60	79.67

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 December 31, 2024, the Company did not hold any treasury Shares.

Arrangement to Purchase Shares or Debentures

Save for the Pre-IPO Share Option Scheme, at no time during the year ended December 31, 2024 did the Company or any of its holding companies, subsidiaries or fellow subsidiaries a part to any arrangements that would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Equity-Linked Agreements

Save for the share incentive arrangements as disclosed on in the Director's Report of this annual report, no equity-linked agreements were entered into by the Company, or existed during the Reporting Period.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Friday, June 6, 2025. A notice convening the AGM is expected to be published 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 Tuesday, June 3, 2025 to Friday, June 6, 2025, 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, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, June 2, 2025.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 75 to 100 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

For the Reporting Period, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available and within the knowledge of the Directors, the Company maintained the prescribed public float as required under the Listing Rules from the Listing Date to the latest practicable date prior to the issue of this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands where the Company is incorporated which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

AUDITOR

The Company has appointed Deloitte Touche Tohmatsu as the auditor of the Company for the year ended December 31, 2024. A resolution will be proposed for approval by Shareholders at the forthcoming AGM to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Dr. Ge Li
Chairman
Hong Kong, March 25, 2025

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report for the year ended December 31, 2024.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximized in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

— satisfactory and sustainable returns to Shareholders;

— that the interests of those who deal with the Company are safeguarded;

— that overall business risk is understood and managed appropriately;

— the delivery of high-quality products and services to the satisfaction of customers; and

— that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions in Part 2 of the CG Code as the basis of the Company's corporate governance practices.

Corporate Governance Report

The Board is of the view that the Company has complied with all applicable code provisions as set out in Part 2 of the CG Code throughout the Reporting Period 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 Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Written Guidelines on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code and the Written Guidelines throughout the Reporting Period.

The Company has also established the Guidelines for Securities Transactions by Employees (the "**Employees' Written Guidelines**") on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees' Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

The Directors during the Reporting Period and up to the date of this Corporate Governance Report (March 25, 2025) were:

Executive Director

Dr. Zhisheng Chen *(Chief Executive Officer)*

Non-executive Directors

Dr. Ge Li *(Chairman)*
Dr. Weichang Zhou *(re-designated as a non-executive Director on March 31, 2024)*
Dr. Yibing Wu *(resigned on November 20, 2024)*
Mr. Yanling Cao
Ms. Jingwen Miao *(appointed on November 20, 2024)*

Independent Non-executive Directors

Mr. William Robert Keller
Mr. Kenneth Walton Hitchner III
Mr. Jackson Peter Tai
Dr. Jue Chen

Ms. Jingwen Miao, who has been appointed as the non-executive Director during the Reporting Period, has obtained the legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on October 31, 2024, and she has confirmed she understood her obligations as a director of a listed issuer.

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 36 to 41 of this annual report.

The Directors do not have financial, business, family or other material/relevant relationships with one another.

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Code provision of the CG Code requires that the Chairman of the Board should at least annually hold meetings with independent non-executive Directors without the presence of other directors. Arrangements have been made for compliance with the code provision and four meetings were held during the Reporting Period.

During the Reporting Period, the Board held eight meetings and the Directors' attendance records are as follows:

Name of Directors	Attendance
Dr. Zhisheng Chen	8/8
Dr. Ge Li	8/8
Dr. Weichang Zhou (re-designed as non-executive Director on March 31, 2024)	8/8
Mr. Yanling Cao	8/8
Dr. Yibing Wu (resigned on November 20, 2024)	7/8
Ms. Jingwen Miao (appointed on November 20, 2024)	1/1
Mr. William Robert Keller	8/8
Mr. Kenneth Walton Hitchner III	7/8
Mr. Jackson Peter Tai	8/8
Dr. Jue Chen	8/8

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Dr. Ge Li and Dr. Zhisheng Chen respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board as well as provides overall guidance on business and corporate strategies of the Group. The Chief Executive Officer focuses on the overall management of the business, strategy and corporate development of the Group.

Independent Non-executive Directors

Rules 3.10(1) and 3.10(2) of the Listing Rules require every board of directors of a listed issuer must include at least three independent non-executive directors and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. Rule 3.10A of the Listing Rules requires an issuer must appoint independent non-executive directors representing at least one-third of the board.

During the Reporting Period, the Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism since 2022 which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximize strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the Reporting Period, the Directors have completed the independence evaluation questionnaire. Based on the answers from the Directors, the evaluation results were satisfactory.

During the Reporting Period, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

Each of the Directors is engaged on a director's service agreement for a specific term of three years, which is renewable by mutual consent and subject to the Articles of Association of the Company.

Every Director (including those appointed for a specific term) shall be subject to retirement and re-election by rotation at least once every three years at the annual general meetings of the Company under the Articles of Association of the Company.

The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

Corporate Governance Report

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, approves and monitors all notifiable and connected transactions of the Group in accordance with the Listing Rules, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Besides, meetings with senior management of the Company will also be arranged. Comprehensive and tailored induction was provided to Ms. Jingwen Miao, the newly appointed non-executive Director during the Reporting Period.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, the Company organized training sessions conducted by the legal advisers for all Directors. The training sessions covered a wide range of relevant topics including Listing Rules and regulatory updates and anti-corruption policy. In addition, relevant reading materials including legal and regulatory updates have been provided to the Directors for their reference and studying.

The training records of the Directors for the Reporting Period are summarized as follows:

Directors	Type of Training[Note]
Executive Director	
Dr. Zhisheng Chen	A & B
Non-executive Directors	
Dr. Ge Li	A & B
Dr. Weichang Zhou (re-designated as a non-executive Director on March 31, 2024)	A & B
Mr. Yanling Cao	A & B
Dr. Yibing Wu (resigned on November 20, 2024)	B
Ms. Jingwen Miao (appointed on November 20, 2024)	A & B
Independent Non-executive Directors	
Mr. William Robert Keller	A & B
Mr. Kenneth Walton Hitchner III	A & B
Mr. Jackson Peter Tai	A & B
Dr. Jue Chen	A & B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and/or workshops

B: Reading relevant news alerts, newspapers, journals, magazines and/or relevant publications

BOARD COMMITTEES

The Board has established five committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee, Strategy Committee, and Environmental, Social and Governance Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("**HKEX**") and are available to Shareholders upon request.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Jackson Peter Tai, Mr. William Robert Keller and Mr. Kenneth Walton Hitchner III, with Mr. Jackson Peter Tai as its chairman.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the Company's financial information and related public disclosures, overseeing the Company's financial reporting system, risk management and internal control system, reviewing and monitoring the findings and effectiveness of the internal audit function, scope and effectiveness of the external audit and appointment of external auditors, reviewing the arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company, and overseeing business ethics and anti-corruption issues and ensuring that they comply with applicable laws, regulations, regulatory requirements, international standards, as well as the Company's own standards.

The Audit Committee is also responsible for performing the functions set out in code provision in Part 2 of the CG Code. These include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and reviewing the Company's compliance with the CG Code from time to time adopted by the Company and the disclosure in the corporate governance report to be contained in the Company's annual report.

During the Reporting Period, the Audit Committee held four meetings to review and consider annual financial results and report and corporate governance report in respect of the year ended December 31, 2023, the interim financial results and report in respect of the six months ended June 30, 2024, and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works, the reported case and investigation progress in accordance with the Whistleblowing and Investigation Policy, and evaluate and assess the adequacy of the terms of reference of the Audit Committee.

During the Reporting Period, the Audit Committee met with the external auditors four times without the presence of the executive Directors and the management, in advance of each Audit Committee meeting to review the findings of the external auditors and to update the external auditors' audit plan for the Group.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Jackson Peter Tai	4/4
Mr. William Robert Keller	4/4
Mr. Kenneth Walton Hitchner III	4/4

Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. William Robert Keller, Mr. Kenneth Walton Hitchner III and Mr. Jackson Peter Tai, with Mr. William Robert Keller as its chairman.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, establishing a formal and transparent procedure for developing remuneration policy and ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration, as well as reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee held four meetings to review and make recommendation to the Board on the remuneration policy and structure of the Company, the remuneration packages of the executive Directors, non-executive Directors and senior management, evaluate and assess the adequacy of the terms of reference of the Remuneration Committee, consider and make recommendation to the Board on key terms of the new director's service agreement entered with the newly appointed non-executive Director and other related matters as well as to consider the grant of restricted shares under the Restricted Share Award Scheme.

The grant of restricted shares under the Restricted Share Award Scheme during Reporting Period did not have performance targets attached. A time-based vesting schedule is applicable to the grant of restricted shares. In view that (i) the grant of restricted shares under the Restricted Share Award Scheme will give the grantees an opportunity to have a personal stake in the Company and will help motivate the grantees in optimizing their performance and efficiency; and (ii) the number of restricted shares granted is based on the work performance and potential of the grantees and no additional performance target is imposed before the restricted shares are vested to the grantees, and in line with the previous customary practice of the Company in terms of equity-based remuneration, the Remuneration Committee considered the grant of restricted shares without performance targets are in alignment with the purposes of the Restricted Share Award Scheme.

Pursuant to code provision in Part 2 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year ended December 31, 2024 is as follows:

	Number of employees
HKD30,000,001 to HKD40,000,000	1
HKD20,000,001 to HKD30,000,000	1
HKD10,000,001 to HKD20,000,000	3
HKD4,000,001 to HKD10,000,000	4

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Mr. William Robert Keller	4/4
Mr. Kenneth Walton Hitchner III	4/4
Mr. Jackson Peter Tai	4/4

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration package of executive Director is also determined with reference to the Company's performance, the prevailing market conditions and the performance of executive Director. The remuneration for the executive Director comprises basic salary and discretionary bonus. Executive Director shall receive restricted shares to be granted under the Company's Restricted Share Award Scheme. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to the prevailing market conditions, their performance, time commitment and responsibilities with the Company. Individual Directors and senior management have not been involved in deciding their own remuneration.

Nomination Committee

The Nomination Committee consists of one non-executive Director and two independent non-executive Directors, namely Dr. Ge Li, Mr. William Robert Keller and Mr. Jackson Peter Tai, with Dr. Ge Li as its chairman.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, identifying individuals suitably qualified to become Board members and selecting or making recommendation to the Board on the selection of individuals nominated for directorship, making recommendations to the Board on the appointment or re-appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee met once to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the 2024 annual general meeting and evaluate and assess the adequacy of the terms of reference of the Nomination Committee.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Dr. Ge Li	1/1
Mr. William Robert Keller	1/1
Mr. Jackson Peter Tai	1/1

Board Diversity Policy

The Board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

In accordance with the Board Diversity Policy, a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of directors. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments will be based on merit while taking into account diversity (including gender diversity).

The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender.

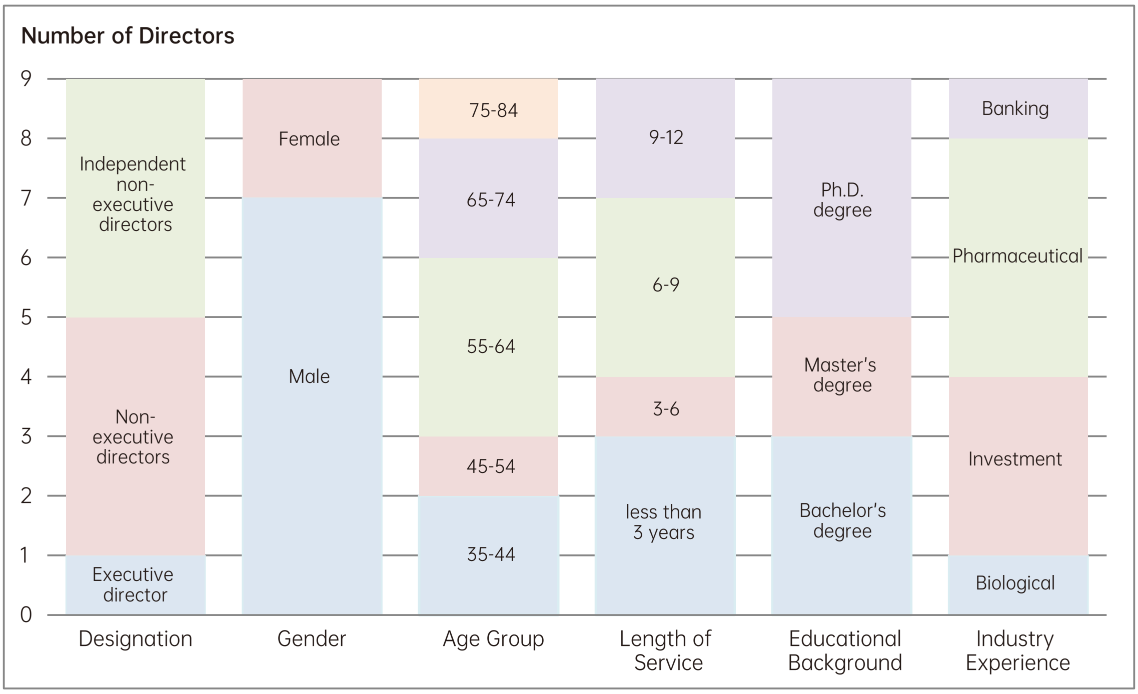
The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will report annually, in the corporate governance report contained in the Company's annual report, on the Board's composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The following chart shows the diversity profile of the Board as at the date of this Corporate Governance Report:



Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at December 31, 2024:

	Female	Male
Board	22.22%	77.78%
Senior Management (as listed in the "Directors and Senior Management" section)	20%	80%
Other employees	54.14%	45.89%
Overall workforce	54.1%	45.9%

The Board considers that the above current gender diversity is satisfactory.

The Board will continue, taking into account the business needs of the Company and changes from time to time that may affect the Company's business plans, to ensure the gender diversity when recruiting staff at senior level, so that the qualified female senior management and potential successors may join the Board in due course to ensure gender diversity of the Board. The Company will continue to focus on training talent in different gender and providing long-term development opportunities for different gender.

Director Nomination Policy

The Board has adopted a Director Nomination Policy which sets out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors and ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Company's business.

The nomination process set out in the Director Nomination Policy is as follows:

a) The Nomination Committee may adopt any procedures and process it deems appropriate in identifying or selecting suitable candidates and evaluating the suitability of the candidates;

b) Upon considering a candidate suitability for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

c) The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of remuneration package of such selected candidate;

d) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive Director is considered, the Remuneration Committee will make the recommendation to the Board on the proposed remuneration package;

e) The Board will thereafter deliberate and decide the appointment as the case may be; and

f) Upon Directors' appointment, relevant documents shall be duly filed with registration offices and other authorities including but not limited to the Companies Registry of the Cayman Islands and Hong Kong.

The Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Diversity required for the operation of the Company;
- Commitment for responsibilities of the Board in respect of available time and relevant interest;
- Skills, qualification and experiences;
- Independence from the Company and its subsidiaries;
- Reputation for integrity;
- Potential contributions that the individual(s) can bring to the Board; and
- Plan(s) in place for the orderly succession of the Board.

The Director Nomination Policy also sets out the criteria for evaluation and recommendation to the Board on the re-appointment of retiring Director(s) and the position(s) of the independent non-executive Directors.

During the Reporting Period, the Nomination Committee recommended to the Board the appointment of the non-executive Director, namely Ms. Jingwen Miao. The appointment was subject to a stringent nomination process in accordance with the Director Nomination Policy and the Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Strategy Committee

As of the end of the Reporting Period, the Strategy Committee consists of one executive Director, three non-executive Directors, and three independent non-executive Directors, namely Dr. Zhisheng Chen, Dr. Ge Li, Dr. Weichang Zhou, Ms. Jingwen Miao, Mr. William Robert Keller, Mr. Kenneth Walton Hitchner III and Dr. Jue Chen, with Dr. Zhisheng Chen as its chairman.

The principal duties of the Strategy Committee include conducting research and making recommendations to the Board on the Group's mid-term and long-term strategies and their feasibility, conducting research and making recommendations to the Board on the Group's investment plans, major business decisions and investment earnings forecast and evaluating and monitoring the implementation of the strategy, plans and measures adopted by the Strategy Committee.

During the Reporting Period, the Strategy Committee met once to review and consider the implementation of the "Follow and Win the Molecule" and "Global Dual Sourcing" strategies.

The attendance records of the members of the Strategy Committee are as follows:

Name of Members of the Strategy Committee	Attendance
Dr. Zhisheng Chen	1/1
Dr. Ge Li	1/1
Dr. Yibing Wu (resigned on November 20, 2024)	1/1
Ms. Jingwen Miao (appointed on November 20, 2024)	N/A
Dr. Weichang Zhou	1/1
Mr. William Robert Keller	1/1
Mr. Kenneth Walton Hitchner III	1/1
Dr. Jue Chen	1/1

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee ("**ESG Committee**") consists of one executive Director and three independent non-executive Directors, namely Dr. Zhisheng Chen, Mr. Kenneth Walton Hitchner III, Mr. Willian Robert Keller and Dr. Jue Chen, with Dr. Zhisheng Chen as its chairman.

The principal duties of the ESG Committee include but not limited to:

- guiding and formulating the Group's environmental, social and governance ("**ESG**") vision, objectives, strategies and structure to ensure that they are in line with the needs of the Group and comply with applicable laws, regulations, regulatory requirements and international standards;

- monitoring the development and implementation of the Group's ESG vision, strategies, policies and governance structure;

- guiding and reviewing the identification and ranking of important ESG issues and assessing ESG targets of the Group on an annual basis;

- reviewing the key ESG trends and related risks and opportunities, and assessing the adequacy and effectiveness of the Group's ESG strategies, policies, action plans, and governance structure accordingly on a regular basis;

- monitoring the channels and means of communication with the Group's stakeholders and ensuring that the relevant policies are in place to effectively promote the relationship between the Group and its stakeholders and protect the Group's reputation; and

- reviewing the Company's ESG report and other ESG related disclosures, and making recommendations and reporting on ESG progresses to the Board, so as to promote the continuous improvement of the ESG performance of the Group.

During the Reporting Period, the ESG Committee met once to review the Company's ESG practice, ESG policy and targets updates.

The attendance records of the members of the ESG Committee are as follows:

Name of Members of the ESG Committee	Attendance
Dr. Zhisheng Chen	1/1
Mr. Kenneth Walton Hitchner III	1/1
Mr. William Robert Keller	1/1
Dr. Jue Chen	1/1

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing the design, implementation and monitoring of the risk management and internal control systems.

The Company has developed its risk management mechanism to:

- Support effective decision-making that is guided by the Group's mission and vision;
- Ensure a consistent and effective approach to risk management;
- Formalize its commitment to the principles of risk management and incorporate them into all areas of the Group;
- Foster and encourage a risk-aware culture where risk management is seen as a positive attribute of decision-making rather than a corrective measure;
- Align the Group's planning, compliance and risk management systems, and their integration into all areas of the Group's operations; and
- Ensure robust operational and corporate governance practices to effectively manage risk while allowing innovation and sustainable growth.

The Company is committed to excellence and continual improvement, and will continue to encourage innovation while maintaining a low-risk profile. Employees are encouraged to adopt a positive approach to risk management, which further strengthens the risk-aware culture (as opposed to risk-adverse culture) of the Group.

Risk management is incorporated into the strategic and operational processes at all levels within the Group in order to minimize the impact of risk.

Opportunities and risks are identified and are proactively assessed and monitored by employees on an on-going basis.

The Group's approach to risk management, is aligned with COSO Enterprise Risk Management Framework-Aligning Risk with Strategy and Performance.

In order to formalize risk management across the Group and in order to set a common level of transparency and risk management performance, a number of requirements have been defined for the business units. Divisions, business units and group functions of the Group are obliged to address the following requirements with regard to risk management:

- Develop and review, at least annually, a statement on the risk tolerance of the Group;
- Conduct a formalized risk assessment at least annually either in the form of risk assessment questionnaire or risk assessment workshop, which is to include the identification, prioritization, measurement and categorization of all key risks that could potentially affect the Company's objectives;
- Report annually on the key risks as identified in the Group's risk reporting formats;
- Continuously monitor key risks and controls and implement appropriate risk responses where necessary;
- Formalize responsibilities for managing risk and for sustaining the Group's risk management framework; and
- Monitor and review the application of the risk management framework.

The internal control system of the Group is built up on a clear organization structure and management duties, a set of standardized policies and procedures, a sound accounting system, continuing training to employees, and independent review and oversight of operation and financial controls by internal audit department of the Company (the "**Internal Audit Department**"). The Company has formulated code of conduct for all employees which ensures their ethical value and competency. The Company attaches great importance to the prevention of fraud and has formulated its internal reporting system, which encourages anonymous reporting of situations where internal employees or external customers and suppliers have breached the rules. The Company has set up the policy regulating the handling and dissemination of inside information, which has clearly defined the scope of inside information, the roles and responsibilities, the reporting and disclosure requirements, the registration of insiders and confidentiality management. It has also clearly regulated the punishment if the policy is violated. The Company has adopted Written Guidelines and Employees' Written Guidelines for security transactions. The Company has also promulgated the Conflict of Interest Management Policy which sets guidelines in consultation, judgment, declaration and addressing conflict of interest.

The Internal Audit Department plays a vital role in supporting the Board and the management with the risk management and internal control systems. The functions of the Internal Audit Department are independent of the Company's business operations, and play an important role in the monitoring of the Group's internal management. The Internal Audit Department is responsible for internal controls assessment of the Group at least annually, and provides an objective assurance to the Audit Committee and the Board that the risk management and internal control systems are maintained and operated by the management in compliance with agreed processes and standards on a risk-based approach.

The Internal Audit Department regularly reports the internal audit results to the Audit Committee on a quarterly basis per year, which are then reported to the Board through the Audit Committee.

The Internal Audit Department is also responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Board has reviewed the effectiveness of the internal audit function and the review result is satisfactory.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period. The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems of the Group, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and staff qualifications, experience and relevant resources.

Arrangements are in place to facilitate employees of the Group to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Group.

The Company has in place the Whistleblowing and Investigation Policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company. The Whistleblowing and Investigation Policy is available on the website of the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal audit department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery. During the Reporting Period, the Company held one anti-corruption training to all employees. The Anti-Corruption Policy is available on the website of the Company.

The Company has developed its disclosure policy which provides a general guide to the Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 104 to 105 of this annual report.

AUDITORS' REMUNERATION

An analysis of the remuneration paid/payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

Service Category	Fees Paid/ Payable RMB'000
Audit and audit-related service for the Company	18,320
Non-audit service	3,121
TOTAL	**21,441**

JOINT COMPANY SECRETARIES

Mr. Huang Yue and Ms. Sham Ying Man are the joint company secretaries of the Company.

Ms. Sham Ying Man is a manager of Company Secretarial Services of Tricor Services Limited, a member of Vistra Group and a global professional services provider specializing in integrated Business, Corporate and Investor Services. The primary contact person at the Company is Mr. Huang Yue, joint company secretary of the Company and the Executive Director of the Secretary Office to the Board.

The joint company secretaries attended sufficient professional training as required under the Listing Rules for the year ended December 31, 2024 to update their skills and knowledge.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and HKEX after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to article 12.3 of the Articles of Association of the Company, extraordinary general meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s).

Putting Forward Proposals at General Meetings

There are no provisions in the Company's Articles of Association or the Cayman Islands Companies Law for Shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a director of the Company, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director" of the Company which is posted on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	No. 5, 800 Lane, Qifan Road, Pudong, Shanghai, China (For the attention of the board secretary office)
Fax:	86 (21) 5046 1000

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The attendance records of Directors at the annual general meeting held during the Reporting Period are as follows:

Name of Directors	Attendance
Dr. Ge Li	0/1
Dr. Zhisheng Chen	1/1
Dr. Weichang Zhou (re-designated as a non-executive Director on March 31, 2024)	1/1
Dr. Yibing Wu (resigned on November 20, 2024)	0/1
Mr. Yanling Cao	0/1
Ms. Jingwen Miao (appointed on November 20, 2024)	N/A
Mr. William Robert Keller	0/1
Mr. Kenneth Walton Hitchner III	0/1
Mr. Jackson Peter Tai	0/1
Dr. Jue Chen	0/1

The non-executive Director, Dr. Weichang Zhou, has attended general meeting of the Company to gain and develop a balanced understanding of the view of the Shareholders.

The Company maintains a website at www.wuxibiologics.com as a communication platform with Shareholders and investors, where the financial information and other relevant information of the Company are available for public access.

Constitutional Documents

During the Reporting Period, the Company has amended its Memorandum and Articles of Association. Details of the amendments are set out in the circular dated May 24, 2024 to the Shareholders. An up-to-date version of the Company's Memorandum and Articles of Association is also available on the websites of the Company and HKEX.

Policies relating to Shareholders

The Company has in place a shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the shareholders' communication policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Means of Communication

Shareholders' Enquires

Shareholders shall direct their questions about their shareholdings to the Company's Hong Kong share registrar, Tricor Investor Services Limited.

Shareholders and the investment community may at any time contact either the Company's investor relations department or the company secretary to enquire about the information published by the Company.

Corporate Communication

Corporate communication (as defined in the Listing Rules) shall be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding.

Shareholders have the right to choose the languages (either English and/or Chinese) or means of receipt of the corporate communication (in hard copy or through electronic means).

Shareholders are encouraged to provide, among other things, in particular, their email addresses to the Company through the Company's Hong Kong share registrar in order to ensure the receipt of the information published by the Company in a timely manner.

Relevant Websites

Disclosures made by the Company pursuant to the Listing Rules are available on the website of HKEX.

A dedicated "Investors" section is available on the Company's website. Information on the Company's website is updated on a regular basis.

Information uploaded by the Company to the HKEX's website is also posted on the Company's website immediately thereafter. Such information includes announcements, annual report, interim report, circulars and notices of general meetings and other documents.

All press releases will be made available on the Company's website.

Shareholders' General Meetings

Shareholders are encouraged to participate in general meetings (including annual general meetings) or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend such meetings.

Appropriate arrangements for the annual general meetings will be in place to encourage Shareholders' participation.

The process and results of the Company's general meeting shall be monitored and reviewed on a regular basis, and, if necessary, demonstrable changes or follow-up be made to ensure that Shareholders' needs are best served with appropriate responsiveness and engagement.

Board members, in particular, the Chairman of the Board, the chairmen of Board committees or their delegates, appropriate management executives and external auditors and such other person as the Board deems appropriate shall attend annual general meetings to answer Shareholders' questions.

Shareholders are encouraged to attend Shareholders' activities organized by the Company, where information about the Company, including its latest strategic plan, products, services and etc. will be communicated.

Investment Market Communications

The Company, depending on its need, will arrange, without limitation, investor/analysts briefings and group/one-on-one meetings, roadshows (both domestic and international) and media interviews, and participate in marketing activities and forums for specialists and etc. on a regular basis in order to facilitate communication between the Company, Shareholders and the investment community.

(b) Shareholder Privacy

The Company recognizes the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

The Company has adopted a policy on payment of dividends which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration and payment of dividends pursuant to code provision of the CG Code that has become effective from January 1, 2019.

The Board has adopted a dividend policy in which the Company may declare dividends in any currency in general meeting but no dividends shall exceed the amount recommended by the Board, subject to the Companies Law of the Cayman Islands and the Memorandum and Articles of Association of the Company. Based on the financial results for the Reporting Period and the current cash flow and working capital projections, the Board believes that it will not be advisable to make a distribution for the Reporting Period, given considerable requirements of capital expenditure for business expansion. The Board will continue to review its financial position from time to time, and decide whether it would be in the interest of the Company and its Shareholders to make any distribution.

Deloitte. 德勤

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

Opinion

We have audited the consolidated financial statements of WuXi Biologics (Cayman) Inc. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 106 to 255, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for contract research, development and manufacturing organization ("CRDMO") contracts under fee-for-service ("FFS") basis	
As disclosed in Note 5 to the consolidated financial statements, for the year ended December 31, 2024, revenue of the Group in total was RMB18,675 million, of which RMB17,883 million was derived from CRDMO contracts under FFS basis, representing 96% total revenue. The management of the Group recognized revenue when control of the services or goods underlying the performance obligation as stipulated in the contracts is transferred to customers. Given that revenue from CRDMO contracts under FFS constitutes the largest proportion of total revenue, any misstatement in the recognition of such revenue could have a material impact on the consolidated financial statements. The risk of inappropriate revenue recognition may arise from (i) the performance obligations are not satisfied; and (ii) revenue is recognized in accounting period that does not coincide with the timing of the transfer of control of goods and services to customers. We identified the assertions of occurrence and cut-off of revenue recognition for CRDMO contracts under FFS basis to be a key audit matter.	Our procedures to address the risk of inappropriate revenue recognition included the following: • Understanding the key controls related to occurrence and cut-off assertions of revenue recognition for CRDMO contracts under FFS basis and evaluating the design, implementation and operating effectiveness of these controls; • Inquiring the Group's management and examining the contract terms under FFS basis, on a sampling basis, to evaluate the appropriateness of the identification of performance obligation and the timing of revenue recognition determined by the management in accordance with IFRS 15 *Revenue from Contracts with Customers*; • Selecting samples from recorded revenue transactions for CRDMO contracts under FFS basis and examining evidence supporting the transfer of control of services or goods; • Testing, on a sampling basis, revenue recognized for CRDMO contracts under FFS basis occurring before and after year-end and tracing the samples to evidence supporting the transfer of control of services or goods to determine that the revenue is recognized in the correct accounting period.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung, David.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 25, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	**18,675,371**	17,034,255
Cost of sales		**(11,024,551)**	(10,206,354)
Gross profit		**7,650,820**	6,827,901
Other income	7	**588,078**	416,657
Impairment losses under expected credit loss model, net of reversal	10	**(151,779)**	(319,970)
Other gains and losses	8	**(181,576)**	36,464
Selling and marketing expenses		**(473,601)**	(294,009)
Administrative expenses		**(1,673,514)**	(1,495,352)
Research and development expenses		**(766,443)**	(785,822)
Other expenses	10	**—**	(53,578)
Financing costs	9	**(157,587)**	(158,488)
Profit before tax	10	**4,834,398**	4,173,803
Income tax expense	11	**(889,027)**	(603,179)
Profit for the year		**3,945,371**	3,570,624
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(21,486)**	(20,806)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(429,472)**	116,555
Fair value loss on hedging instruments designated in cash flow hedges, net foreign investment hedges and time value within fair value hedges, net of income tax		**(377,762)**	(288,821)
Other comprehensive expense for the year		**(828,720)**	(193,072)
Total comprehensive income for the year		**3,116,651**	3,377,552

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

	NOTE	2024 RMB'000	2023 RMB'000
Profit for the year attributable to:			
Owners of the Company		**3,356,081**	3,399,729
Non-controlling interests		**589,290**	170,895
		3,945,371	3,570,624
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,524,660**	3,190,997
Non-controlling interests		**591,991**	186,555
		3,116,651	3,377,552
		RMB	RMB
Earnings per share — Basic	13	**0.82**	0.82
— Diluted	13	**0.78**	0.77

Consolidated Statement of Financial Position

At December 31, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Assets			
Property, plant and equipment	15	**26,070,458**	27,377,643
Right-of-use assets	16	**2,364,916**	2,561,828
Goodwill	17	**1,529,914**	1,529,914
Intangible assets	20	**442,369**	511,834
Investment of an associate measured at fair value through profit or loss ("**FVTPL**")	18	**1,266,560**	1,393,531
Equity instruments at FVTOCI	21	**—**	21,408
Financial assets at FVTPL	22	**1,133,265**	1,519,347
Finance lease receivables	23	**85,665**	165,503
Deferred tax assets	19	**444,318**	235,783
Other long-term deposits and prepayments	24	**66,779**	60,686
		33,404,244	35,377,477
Current Assets			
Inventories	25	**1,521,669**	1,765,751
Finance lease receivables	23	**11,027**	21,575
Trade and other receivables	27	**6,240,747**	6,292,682
Contract assets	28	**191,927**	499,669
Contract costs	26	**1,492,931**	1,223,701
Tax recoverable		**14,105**	5,765
Derivative financial assets	33	**—**	127,652
Financial assets at FVTPL	22	**523,593**	1,233,598
Pledged bank deposits	29	**13,854**	18,017
Time deposits	29	**1,907,016**	340,000
Bank balances and cash	29	**8,279,182**	9,669,839
		20,196,051	21,198,249
Assets classified as held for sale	30	**3,377,140**	—
		23,573,191	21,198,249
Current Liabilities			
Trade and other payables	31	**2,778,195**	2,755,774
Borrowings	34	**2,435,302**	576,328
Contract liabilities	32	**2,355,772**	3,089,762
Income tax payable		**647,658**	618,883
Lease liabilities	35	**183,704**	154,980
Derivative financial liabilities	33	**220,620**	440,293
		8,621,251	7,636,020
Net Current Assets		**14,951,940**	13,562,229
Total Assets less Current Liabilities		**48,356,184**	48,939,706

Consolidated Statement of Financial Position

At December 31, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Liabilities			
Deferred tax liabilities	19	**97,306**	122,540
Borrowings	34	**200,898**	1,571,046
Contract liabilities	32	**142,770**	711,216
Lease liabilities	35	**2,119,945**	2,259,005
Deferred income	36	**317,696**	258,017
		2,878,615	4,921,824
Net Assets		**45,477,569**	44,017,882
Capital and Reserves			
Share capital	37	**226**	235
Reserves		**41,818,983**	40,331,362
Equity attributable to owners of the Company		**41,819,209**	40,331,597
Non-controlling interests		**3,658,360**	3,686,285
Total Equity		**45,477,569**	44,017,882

The consolidated financial statements on pages 106 to 255 were approved and authorized for issue by the Board of Directors on March 25, 2025 and are signed on its behalf by:

Zhisheng Chen
DIRECTOR

Consolidated Statement of Changes In Equity

For the year ended December 31, 2024

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Statutory reserve RMB'000 *(note i)*	Equity-settled share-based compensation reserve RMB'000 *(note ii)*	Hedging reserve RMB'000	FVTOCI reserve RMB'000	Group reorganization reserve RMB'000 *(note iii)*	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2023	233	–	22,102,026	1,062,021	2,011,380	(80,259)	(92,236)	(4,636)	(467,235)	10,516,113	35,047,407	1,165,670	36,213,077
Profit for the year	–	–	–	–	–	–	–	–	–	3,399,729	3,399,729	170,895	3,570,624
Other comprehensive income (expense) for the year													
– Fair value adjustments on hedges	–	–	–	–	–	441,694	–	–	–	–	441,694	3,160	444,854
– Recycling from hedging reserve to profits or loss	–	–	–	–	–	(396,688)	–	–	–	–	(396,688)	–	(396,688)
– Fair value change of equity instruments at FVTOCI	–	–	–	–	–	–	(20,806)	–	–	–	(20,806)	–	(20,806)
– Fair value adjustments on hedges of net investments in foreign operations	–	–	–	–	–	–	–	–	(336,987)	–	(336,987)	–	(336,987)
– Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	–	104,055	–	104,055	12,500	116,555
Total comprehensive income (expense) for the year	–	–	–	–	–	45,006	(20,806)	–	(232,932)	3,399,729	3,190,997	186,555	3,377,552
Transfer to statutory reserve	–	–	–	430,055	–	–	–	–	–	(430,055)	–	–	–
Recognition of equity-settled share-based compensation	–	–	–	–	1,366,378	–	–	–	–	–	1,366,378	57,143	1,423,521
Exercise of pre-IPO share options and vest of restricted shares	1	–	769,033	–	(742,876)	–	–	–	–	–	26,158	–	26,158
Issue of new shares *(Note 37)*	1	–	(1)	–	–	–	–	–	–	–	–	–	–
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	289,298	289,298
Repurchase of shares	–	(916,916)	–	–	–	–	–	–	–	–	(916,916)	–	(916,916)
Issue of new shares of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	3,740,956	3,740,956
Transaction costs of issue of new shares of a subsidiary	–	–	(68,957)	–	–	–	–	–	–	–	(68,957)	(66,807)	(135,764)
Deemed contribution from the owners of the Company arising from issue of new shares of a subsidiary	–	–	1,686,530	–	–	–	–	–	–	–	1,686,530	(1,686,530)	–
As at December 31, 2023	235	(916,916)	24,488,631	1,492,076	2,634,882	(35,253)	(113,042)	(4,636)	(700,167)	13,485,787	40,331,597	3,686,285	44,017,882
Profit for the year	–	–	–	–	–	–	–	–	–	3,356,081	3,356,081	589,290	3,945,371
Other comprehensive income (expense) for the year													
– Fair value adjustments on hedges	–	–	–	–	–	(280,050)	–	–	–	–	(280,050)	–	(280,050)
– Recycling from hedging reserve to profits or loss	–	–	–	–	–	160,117	–	–	–	–	160,117	–	160,117
– Fair value change of equity instruments at FVTOCI	–	–	–	–	–	–	(21,486)	–	–	–	(21,486)	–	(21,486)
– Fair value adjustments on hedges of net investments in foreign operations	–	–	–	–	–	–	–	–	(257,829)	–	(257,829)	–	(257,829)
– Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	–	(432,173)	–	(432,173)	2,701	(429,472)
Total comprehensive (expense) income for the year	–	–	–	–	–	(119,933)	(21,486)	–	(690,002)	3,356,081	2,524,660	591,991	3,116,651

Consolidated Statement of Changes In Equity

For the year ended December 31, 2024

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Statutory reserve RMB'000 *(note i)*	Equity-settled share-based compensation reserve RMB'000 *(note ii)*	Hedging reserve RMB'000	FVTOCI reserve RMB'000	Group reorganization reserve RMB'000 *(note iii)*	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Transfer to statutory reserve	–	–	–	485,930	–	–	–	–	–	(485,930)	–	–	–
Recognition of equity-settled share-based compensation	–	–	–	–	1,147,465	–	–	–	–	–	1,147,465	61,527	1,208,992
Exercise of pre-IPO share options and vest of restricted shares of the Company	1	–	2,158,929	–	(2,143,175)	–	–	–	–	–	15,755	–	15,755
Exercise of pre-IPO share options of a subsidiary	–	–	(2,562)	–	(1,196)	–	–	–	–	–	(3,758)	7,871	4,113
Repurchase of shares *(note iv)*	–	(1,765,946)	–	–	–	–	–	–	–	–	(1,765,946)	–	(1,765,946)
Cancellation of treasury stock *(Note 37)*	(10)	2,682,862	(2,682,852)	–	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interest of subsidiaries *(Note 48)*	–	–	(430,564)	–	–	–	–	–	–	–	(430,564)	(689,314)	(1,119,878)
As at December 31, 2024	226	–	23,531,582	1,978,006	1,637,976	(155,186)	(134,528)	(4,636)	(1,390,169)	16,355,938	41,819,209	3,658,360	45,477,569

Notes:

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

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

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

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

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

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

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

(f) the restricted share award scheme of the Company's subsidiaries (the "**Subsidiary Restricted Share Award Scheme**").

iii. Group reorganization reserve represents the combined capital contribution of the entities comprising the Group, net of the settlement of the payables to their then shareholders; and the administration service cost borne or on behalf of the fellow subsidiaries by the Company prior to the completion of a group reorganization to rationalize the current group structure as at December 31, 2015.

iv. During the year ended December 31, 2024, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as follows:

Month of repurchase	No. of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid RMB'000
January 2024	10,091,500	30.35	28.00	265,684
February 2024	37,556,500	19.70	16.90	619,300
March 2024	3,490,000	14.38	13.80	45,295
April 2024	10,705,000	14.22	12.62	129,250
May 2024	13,256,000	15.00	11.14	156,691
June 2024	1,810,000	11.08	10.98	18,170
September 2024	44,420,500	13.52	10.52	458,987
October 2024	4,183,000	20.25	17.60	72,569

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**4,834,398**	4,173,803
Adjustments for:		
Financing costs	**157,587**	158,488
Interest income from banks and other financial assets at amortized cost	**(350,366)**	(219,178)
Depreciation for property, plant and equipment	**1,203,911**	934,389
Depreciation of right-of-use assets	**173,720**	173,920
Amortization of intangible assets	**59,423**	61,067
Impairment loss, net of reversal		
— trade and other receivables	**139,968**	318,983
— contract assets	**11,811**	987
Write-down of inventories, net of reversal	**48,327**	72,907
Write-down (reversal) of contract costs	**24,428**	(73,877)
Net foreign exchange gain	**(525,439)**	(537,472)
Share-based compensation expense	**1,215,587**	1,274,051
Income from research and other grants related to asset	**(25,855)**	(22,198)
Gain on fair value changes of wealth management products	**(47,782)**	(71,626)
Loss (gain) on fair value changes of equity investments at FVTPL	**6,361**	(139,122)
Loss on fair value changes of investment of an associate measured at FVTPL	**133,136**	196,914
Loss on derivative financial instruments	**52,390**	41,068
Dividend income from an equity instrument at FVTPL	**(1,170)**	—
(Gain) loss on disposal of property, plant and equipment	**(456)**	3,484
Operating cash flows before movements in working capital	**7,109,979**	6,346,588
Decrease in inventories	**201,850**	442,462
(Increase) decrease in contract costs	**(218,379)**	173,337
Increase in trade and other receivables	**(134,873)**	(1,030,511)
Decrease (increase) in contract assets	**296,805**	(7,162)
(Increase) decrease in other long-term deposits	**(8,310)**	5,073
Decrease in contract liabilities	**(1,312,998)**	(312,542)
Increase (decrease) in trade and other payables	**375,383**	(162,344)
Increase (decrease) in deferred income	**18**	(4,658)
Cash generated from operations	**6,309,475**	5,450,243
Income taxes paid	**(1,092,218)**	(782,531)
NET CASH FROM OPERATING ACTIVITIES	**5,217,257**	4,667,712

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	**87,328**	196,855
Purchases of property, plant and equipment	**(3,929,621)**	(4,045,574)
Purchases of intangible assets	**—**	(10,000)
Payment for interest in subsidiaries held by a non-controlling shareholder	**—**	(9,000)
Payments for right-of-use assets	**—**	(174,940)
Payments for rental deposits	**(800)**	(9,915)
Research and other grants received	**88,498**	43,680
Withdrawal of pledged bank deposits	**6,441**	31,125
Placement of pledged bank deposits	**(2,073)**	(23,449)
Dividends received from an equity instrument at FVTPL	**1,170**	—
Withdrawal of financial assets at FVTPL	**10,632,906**	15,085,405
Placement of financial assets at FVTPL	**(9,474,729)**	(14,453,501)
Receipt of interest from banks	**343,716**	217,633
Withdrawal of time deposits	**260,000**	552,933
Placement of time deposits	**(1,806,145)**	(588,450)
Net settlement of derivative financial instruments	**(148,397)**	(41,068)
NET CASH USED IN INVESTING ACTIVITIES	**(3,941,706)**	(3,228,266)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	**1,128,640**	1,097,335
Repayments of bank borrowings	**(638,539)**	(1,802,084)
Interest paid	**(200,611)**	(217,284)
Repayments of lease liabilities	**(180,137)**	(113,701)
Proceeds from exercise of pre-IPO share options of the Company	**15,755**	26,158
Proceeds from exercise of pre-IPO share options of a subsidiary	**3,637**	—
Capital injection by non-controlling shareholders	**—**	289,298
Net proceeds from issue of new shares of a subsidiary	**—**	3,603,962
Acquisition of partial interest of subsidiaries	**(1,110,884)**	—
Payment of transaction cost of issue of new shares of a subsidiary	**(2,106)**	(5,605)
Payment on repurchase of shares	**(1,765,946)**	(916,916)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(2,750,191)**	1,961,163
Effect of foreign exchange rate changes	**83,983**	(125,992)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(1,390,657)**	3,274,617
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**9,669,839**	6,395,222
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash	**8,279,182**	9,669,839

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 since June 13, 2017. 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. The Company is an investment holding company. The Group is a contract research, development and manufacturing organization ("**CRDMO**") offering end-to-end solutions for biologics discovery, development and manufacturing.

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 IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (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 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 IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective (Continued)

IFRS 18 *Presentation and Disclosure in Financial Statements* (Continued)

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards 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.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("**IFRS 9**") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in subsidiaries

Investments in subsidiaries are stated at cost less than any identified impairment loss on the statement of financial position of the Company.

Investment of an associate measured at FVTPL

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment of an associate was made in the form of ordinary shares with preferential rights and measured at financial assets at FVTPL.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Disposal group held for sale

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 5, 26, 28 and 32.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases (including equipment, office, laboratories and staff dormitories) that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognized as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss. When a fair value gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is also recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Research and other grants

Research and other grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Research and other grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, research and other grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Research and other grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the schemes. Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave, and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees (including directors of the Company) are measured at the fair value of the equity instruments at the grant date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to employees (Continued)

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (equity-settled share-based compensation reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share-based compensation reserve.

When the share options are exercised, the amount previously recognized in equity-settled share-based compensation reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in equity-settled share-based compensation reserve will continue to be held in equity-settled share-based compensation reserve.

Restricted share award payment transactions

For shares of the Group granted under Restricted Share Award Scheme and Global Partner Program Share Scheme ("**Restricted Shares**"), the fair value of the employee services received is determined by reference to the fair value of the Restricted Shares granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (equity-settled share-based compensation reserve). At the end of each reporting period, the Group revises its estimates of the number of Restricted Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the estimates, if any, is recognized in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled share-based compensation reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Share-based payments (Continued)

Restricted share award payment transactions (Continued)

When the Restricted Shares are vested, the amount previously recognized in equity-settled share-based compensation reserve will be transferred to share premium.

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangements, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and construction in progress as described below). Property, plant and equipment other than assets under construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognized in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

Depreciation is recognized so as to write off the cost of assets other than property, plant and equipment in the course of construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, contract costs and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (Continued)

Before the Group recognizes an impairment loss for assets capitalized as contract costs under IFRS 15, the Group assesses and recognizes any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalized as contract costs is recognized to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognized as expenses. The assets capitalized as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the selling price less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in OCI and accumulated in FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity instruments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets as FVTPL are measured at fair value at the end of each reporting, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, receivables for purchase of raw materials on behalf of customers, other receivables, other long-term deposits, bills receivables, time deposits, pledged bank deposits and bank balances) and other items (finance lease receivables and contract assets) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivable, contract assets and finance lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 60 weighted average overdue days, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 weighted average overdue days unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL for certain trade receivables/contract assets/finance lease receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, finance lease receivables, receivables for purchase of raw materials on behalf of customers and contract assets where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item as part of the fair value gain/(losses) of financial assets;
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the FVTOCI reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortized cost

Financial liabilities including borrowings and trade and other payables are subsequently measured at amortized cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'Other gains and losses' line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments for fair value hedges and cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Hedge accounting (Continued)

Assessment of hedging relationship and effectiveness (Continued)

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Hedge accounting (Continued)

Cash flow hedges (Continued)

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future that amount is immediately reclassified to profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "other gains or losses" line item.

Gains or losses on the hedging instrument relating to the effective portion of the hedge accumulated in the translation reserve are reclassified to profit or loss on disposal of the foreign operation.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transactions is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumption are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets credit-impaired with latest repayment in subsequent period and repayment schedule are assessed for ECL individually. In estimating ECL on remaining trade receivables and contract assets, the Group groups the debtors based on shared credit risk characteristics of the debtors. Subsequently, the Group determines the internal credit rating and provision rates for each group. The provision rates are based on the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Note 39(b).

As at December 31, 2024, the carrying amount of trade receivables is RMB5,515,440,000 (2023: RMB5,653,630,000) net of loss allowances of RMB969,375,000 (2023: RMB756,639,000).

Additionally, as at December 31, 2024, the carrying amount of contract assets is RMB191,927,000 (2023: RMB499,669,000) net of loss allowances of RMB38,217,000 (2023: RMB27,280,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Fair value measurements of unlisted equity investments

As at December 31, 2024, certain of the Group's investments in unlisted equity instruments accounted under financial assets at FVTPL, equity instruments at FVTOCI and investment of an associate measured at FVTPL amounting to RMB951,523,000 (2023: RMB1,059,648,000), nil (2023: RMB21,408,000) and RMB1,266,560,000 (2023: RMB1,393,531,000), respectively. The fair value of these instruments are determined based on direct or indirect observable inputs or significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and relevant inputs thereof. Any changes in the underlying assumptions could affect the fair values of these instruments. Details of the fair value measurement are disclosed in Note 39(c).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated. This recoverable amount is determined based on value-in-use calculation. The value-in-use calculation involves significant management judgements and forward looking estimates, particularly regarding factors such as revenue growth rate and long-term growth rate used in project the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units). Additionally, selecting an appropriate discount rate to determine the present value of these cash flows is critical. Where the actual future cash flows fall short of expectations, or if change in facts and circumstances leads to a downward revision of future cash flows or upward adjustment of the discount rate, a material impairment loss may arise.

As at December 31, 2024, the carrying amount of goodwill is RMB1,529,914,000 (2023: RMB1,529,914,000). Details of the recoverable amount calculation are disclosed in Note 17.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment of contract costs

The Group periodically assesses whether contract costs are recoverable by evaluating the remaining amount of consideration expected to be received in exchange of goods or services. Impairment is recognized on contract costs where events or changes in circumstances indicate that the remaining amount of consideration expected to be received less the costs directly related to providing goods or services that have not been recognized as expense is lower than the carrying amount of contract costs. The remaining amount of consideration to be received is determined based on the remaining amount of consideration expected to be recognized upon the completion of the contract. Where the expectation is deviate from the original estimate, such difference will impact the carrying value of contract costs in the year in which such estimate changes.

As at December 31, 2024, the carrying amounts of contract costs are RMB1,492,931,000 (2023: RMB1,223,701,000) (net of write-down of approximately RMB86,834,000 (2023: RMB62,406,000)).

Allowance for inventories

The Group reviews the carrying amount of inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and realizable value. Net realizable value is estimated based on current market situation and historical experience on similar inventories. Any change in these assumptions may increase or decrease the amount of inventory allowance or its subsequent reversal. The change in allowance would affect the Group's loss for the year.

As at December 31, 2024, the carrying amounts of inventories are RMB1,521,669,000 (2023: RMB1,765,751,000) (net of write-down of approximately RMB186,004,000 (2023: RMB193,316,000)).

5. REVENUE

(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 major service lines:

	2024 RMB'000	2023 RMB'000
Type of services		
CRDMO services	**18,362,739**	16,749,791
Others	**312,632**	284,464
Total	**18,675,371**	17,034,255
Timing of revenue recognition		
A point in time		
— CRDMO services	**16,924,365**	15,626,052
— Others	**312,632**	269,231
Over time		
— CRDMO services	**1,438,374**	1,123,739
— Others	**—**	15,233
Total	**18,675,371**	17,034,255

CRDMO services

The Group offers end-to-end solutions for biologics discovery, development and manufacturing. Revenue generated from CRDMO services is derived from the transfer of services and/or goods through contracts under fee-for-service ("**FFS**") basis and full-time-equivalent ("**FTE**") basis. During the year ended December 31, 2024, revenue from CRDMO contracts under FFS basis and FTE basis was RMB17,883,051,000 and RMB479,688,000 (December 31, 2023: RMB16,479,118,000 and RMB270,673,000), respectively.

Others

Others mainly include sales of other biologics products by two non-wholly owned subsidiaries of the Group which primarily engage in production and sale of biologics purification medium and chromatographic column. In prior year, the Group also offered services related to construction project management service on facilities (the "**PMO services**").

5. REVENUE (Continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies

CRDMO services

FFS basis

The Group primarily generates revenue by providing CRDMO services through contracts under FFS basis, with contract duration of which generally ranging from few months to years.

Most of FFS contracts entered by the Group include multiple deliverable units. Usually, each deliverable unit is recognized as a performance obligation. These deliverables typically consist of technical laboratory reports, samples and/or products for commercial manufacturing. Revenue from these contractual elements is recognized at the point when the deliverable units are accepted by the customers. The contracts typically include milestones-based payment schedules, requiring stage payments throughout the service period upon reaching specified milestones. The Group's performance does not create an asset with alternative future use since the Group cannot redirect the asset for use on another customer, and at the same time the Group has a present right to payment from the customers for services performed only upon acceptance of the deliverable units by the customers. Based on these factors, the Group's management has determined that the performance obligation of such contracts is satisfied at a point in time and recognized revenue at a point in time.

For certain type of contracts under FFS basis, services are delivered to the customers based on the extent of progress towards completion of the performance obligation as the Group's performance does not create an asset with an alternative future use and the contract terms specify that the Group has an enforceable right to payment for performance completed to date. Therefore, revenue generated from such FFS contracts is recognized over time using input method.

5. REVENUE (Continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies (Continued)

CRDMO services (Continued)

FTE basis

For CRDMO services provided through contracts under FTE basis, the Group provides its customer with a project team of employees dedicated to the customer's projects for a specific period of time and charges the customer at a fixed hourly/daily rate per employee. For the services through contracts under FTE basis, the management of the Group has assessed and determined that the customers simultaneously receive and consume benefit provided by the Group's performances. As a result, the performance obligation of contracts under FTE basis is satisfied over time and revenue is recognized over the service period. The customers shall pay the Group a prorated amount for the service based on the fixed rate per employee.

Others

For sales of other biologics products, revenue is recognized at a point in time upon customers' acceptance of the deliverable goods. For PMO services, the directors of the Company have assessed that the customers simultaneously receive and consume benefit provided by the Group's performances. Therefore, the management of the Group has concluded that the performance obligation on PMO services is satisfied over time and the associated revenue is recognized over the service period using input method.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The aggregate amount of the transaction price allocated to performance obligations of goods or services that are unsatisfied (or partially unsatisfied) was RMB132,891 million as at December 31, 2024 (December 31, 2023: RMB145,847 million). The management of the Group expects that RMB26,242 million of the total transaction price allocated to the unfulfilled contracts as at December 31, 2024 during the reporting period will be recognized as revenue within three years from the reporting date (December 31, 2023: RMB27,271 million). The amounts and timing disclosed above represent the Group's expectation on the progress of contract execution.

6. 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.

The CODM considered the Group has two reportable segments for the purpose of allocation of performance assessment as set out below.

Segment revenue and results

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

For the year ended December 31, 2024

	Biologics RMB'000	XDC RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE				
External sales	14,731,421	3,943,950	—	18,675,371
Inter-segment sales	1,776,863	108,370	(1,885,233)	—
	16,508,284	4,052,320	(1,885,233)	18,675,371
Segment results	3,635,385	1,219,791	—	4,855,176
Unallocated expenses				(20,778)
Group's profit before tax				4,834,398

6. OPERATING SEGMENTS (Continued)

Segment revenue and results (Continued)

For the year ended December 31, 2023

	Biologics RMB'000	XDC RMB'000	Adjustments and eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE				
External sales	15,128,154	1,906,101	—	17,034,255
Inter-segment sales	903,924	217,738	(1,121,662)	—
	16,032,078	2,123,839	(1,121,662)	17,034,255
Segment results	3,835,483	359,612	—	4,195,095
Unallocated expenses				(21,292)
Group's profit before tax				4,173,803

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. 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.

Inter-segment sales are charged at prevailing market rates.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability 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.

6. OPERATING SEGMENTS (Continued)

Geographical information

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

	2024 RMB'000	2023 RMB'000
Revenue		
— North America	**10,695,807**	8,073,476
— Europe	**4,322,782**	5,140,787
— PRC	**2,820,434**	3,121,516
— Rest of the world	**836,348**	698,476
	18,675,371	17,034,255

As at December 31, 2024, other than financial instruments, investment of an associate measured at FVTPL and deferred tax assets, the Group had non-current assets located in Ireland, Germany, the U.S. and Singapore amounted to RMB7,600,712,000, RMB3,593,255,000, RMB2,392,077,000 and RMB1,717,993,000 respectively (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 are located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Customer A *(note)*	**2,064,954**	N/A
Customer B *(note)*	**N/A**	1,937,363

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

	2024 **RMB'000**	2023 RMB'000
Interest income from banks and other financial assets at amortized cost	**350,366**	219,178
Research and other grants related to		
— Asset *(note i)*	**25,855**	22,198
— Income *(note ii)*	**210,687**	175,281
Dividend from an equity instrument at FVTPL	**1,170**	—
	588,078	416,657

Notes:

i. The Group has received certain research and other grants as incentive for investing in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets. Details of the grants are set out in Note 36.

ii. 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 no future related costs expected to be incurred and not related to any assets of the Group.

8. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Net foreign exchange (loss) gain	**(45,223)**	46,733
Loss on derivative financial instruments	**(52,390)**	(41,068)
Fair value (loss) gain on		
— listed equity securities at FVTPL	**(83,859)**	26,616
— unlisted equity investments at FVTPL	**77,498**	112,506
— investment of an associate measured at FVTPL	**(133,136)**	(196,914)
— wealth management products	**47,782**	71,626
Others	**7,752**	16,965
	(181,576)	36,464

9. FINANCING COSTS

	2024 RMB'000	2023 RMB'000
Interest expense on financing component of an advance payment received from a customer recorded as contract liabilities	**10,563**	10,797
Interest expense on bank borrowings	**120,078**	140,872
Interest expense on lease liabilities	**82,812**	80,526
Less: amounts capitalized in the cost of qualifying assets	**(55,866)**	(73,707)
	157,587	158,488

During the current year, borrowing costs from certain general borrowings were capitalized to expenditure on qualifying assets at rates varying from 6.34% to 6.45% (2023: 1.27% to 6.46%) per annum.

10. PROFIT BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Depreciation for property, plant and equipment	1,337,882	1,077,599
Depreciation for right-of-use assets	261,900	246,996
Amortization of intangible assets	59,423	61,067
	1,659,205	1,385,662
Staff cost (including directors' emoluments):		
— Salaries and other benefits	5,073,271	4,486,572
— Retirement benefits scheme contributions	460,568	420,361
— Share-based payment expenses	1,208,992	1,423,521
	6,742,831	6,330,454
Depreciation, amortization, and staff cost capitalized in:		
— Contract costs	(655,263)	(633,464)
— Property, plant and equipment	(618,844)	(695,887)
	(1,274,107)	(1,329,351)
Impairment losses under expected credit loss model, net of reversal		
— Trade receivables	139,968	295,513
— Contract assets	11,811	987
— Receivables for purchase of raw materials on behalf of customers	—	23,470
	151,779	319,970
Auditors' remuneration		
— Auditor of the Company	7,169	6,553
Write-down of inventories (included in cost of sales)	96,673	142,267
Reversals of inventories write-down (included in cost of sales)	(48,346)	(69,360)
Write-down of contract costs (included in cost of sales)	79,373	45,190
Reversals of contract costs write-down (included in cost of sales)	(54,945)	(119,067)
Other expenses *(note)*	—	53,578
(Gain) loss on disposal of property, plant and equipment	(456)	3,484
Cost of inventories recognized as an expense	3,635,571	3,274,800

10. PROFIT BEFORE TAX (Continued)

Note: Other expenses of the Group represented the listing expenses incurred for the spin-off of WuXi XDC Cayman Inc. ("**WuXi XDC**") for separate listing of its shares on the Main Board of the Stock Exchange in 2023.

11. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax:		
— PRC Enterprise Income Tax ("**EIT**")	**1,078,907**	921,621
— Hong Kong Profits Tax	**160,376**	134,863
— Other jurisdictions	**27,364**	1,408
Over provision in prior years	**(153,788)**	(402,960)
	1,112,859	654,932
Deferred tax:		
— Current year	**(223,832)**	(51,753)
	889,027	603,179

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%.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. However, each group of connected entities can only nominate one entity to enjoy the two-tiered tax rates.

Certain Group's subsidiaries operating in the PRC, which were accredited as "High and New Technology Enterprise", "Technologically Advanced Service Enterprise", "Western Development Enterprise" or "Micro and Small Enterprise", were eligible for a preferential EIT rate of 15% or other concessions.

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

11. INCOME TAX EXPENSE (Continued)

The Group is subject to the global minimum top-up tax Pillar Two Rules. Pillar Two Rules has become effective in Germany, Ireland and the United Kingdom in which certain subsidiaries are incorporated. For the year ended December 31, 2024, tax implication of the Group's annual profits, after taking into account certain adjustments in the Pillar Two Rules, arising from Germany, Ireland and the United Kingdom are immaterial. Therefore, no top-up tax has been accrued in the current period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year.

In addition, Pillar Two Rules has been enacted in Singapore and Hong Kong, and took effect from January 1, 2025. Since the Pillar Two Rules were not yet effective at the reporting date, the Group has no related current tax exposure.

The Group has applied the temporary mandatory exception from recognizing and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Group continues to evaluate the impact of the Pillar Two income taxes legislation on its future financial performance.

11. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	**4,834,398**	4,173,803
Tax charge at the EIT rate of 25%	**1,208,600**	1,043,451
Tax effect of income not taxable for tax purpose	**(98,632)**	(47,006)
Tax effect of expenses not deductible for tax purpose	**601,040**	521,408
Over provision in respect of prior years	**(153,788)**	(402,960)
Effect of super deduction of research and development expense	**(133,198)**	(146,083)
Effect of unused tax losses and temporary differences not recognized as deferred tax assets	**399,544**	370,409
Utilization of tax losses previously not recognized as deferred tax assets	**(6,046)**	(32,884)
Recognition of tax losses and temporary differences previously not recognized as deferred tax assets	**(202,024)**	(32,875)
Tax at concessionary rates	**(691,533)**	(608,692)
Decrease in opening deferred tax assets resulting from a decrease in applicable tax rates	**389**	10,641
Effect of different tax rate of entities operating in other jurisdictions	**(35,325)**	(72,230)
Income tax expense	**889,027**	603,179

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the directors and the Chief Executive of the Company for service provided to the Group during the years ended December 31, 2024 and 2023 are as follows:

For the year ended December 31, 2024

	Director's fee RMB'000	Salaries and other benefits RMB'000	Performance-based bonus RMB'000 (note viii)	Retirement benefit scheme contributions RMB'000	Share-based compensation RMB'000	Total RMB'000
Chief executive and executive director:						
Dr. Zhisheng Chen *(note i)*	–	6,000	2,500	–	87,195	95,695
Non-executive directors:						
Dr. Ge Li	–	–	–	–	–	–
Dr. Weichang Zhou *(note ii)*	825	3,221	–	92	31,510	35,648
Dr. Yibing Wu *(note iii)*	–	–	–	–	–	–
Mr. Jingwen Miao *(note iv)*	–	–	–	–	–	–
Mr. Yanling Cao	–	–	–	–	–	–
Independent non-executive directors:						
Mr. William Robert Keller	1,098	–	–	–	–	1,098
Mr. Kenneth Walton Hitchner III	1,098	–	–	–	–	1,098
Mr. Jackson Peter Tai *(note vi)*	1,098	–	–	–	–	1,098
Dr. Jue Chen *(note vii)*	1,098	–	–	–	–	1,098
	5,217	9,221	2,500	92	118,705	135,735

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

For the year ended December 31, 2023

	Director's fee RMB'000	Salaries and other benefits RMB'000	Performance-based bonus RMB'000 *(note viii)*	Retirement benefit scheme contributions RMB'000	Share-based compensation RMB'000	Total RMB'000
Chief executive and executive director:						
Dr. Zhisheng Chen *(note i)*	–	3,992	–	–	92,919	96,911
Executive director:						
Dr. Weichang Zhou *(note ii)*	–	2,818	1,059	98	28,916	32,891
Non-executive directors:						
Dr. Ge Li	–	–	–	–	–	–
Dr. Yibing Wu *(note iii)*	–	–	–	–	–	–
Mr. Yanling Cao	–	–	–	–	–	–
Dr. Ning Zhao *(note v)*	181	–	–	–	–	181
Independent non-executive directors:						
Mr. William Robert Keller	799	–	–	–	107	906
Mr. Kenneth Walton Hitchner III	718	–	–	–	215	933
Mr. Jackson Peter Tai *(note vi)*	710	–	–	–	–	710
Dr. Jue Chen *(note vii)*	408	–	–	–	–	408
	2,816	6,810	1,059	98	122,157	132,940

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Notes:

i. Dr. Zhisheng Chen is the Chief Executive of the Group and his emoluments disclosed above included those services rendered by him as the Chief Executive.

ii. On March 31, 2024, Dr. Weichang Zhou resigned as executive director and was appointed as non-executive director.

iii. On November 20, 2024, Mr. Yibing Wu resigned as non-executive director of the Company.

iv. On November 20, 2024, Ms. Jingwen Miao was appointed as non-executive director of the Company.

v. On May 16, 2023, Dr. Ning Zhao ceased to be as non-executive director of the Company.

vi. On May 6, 2023, Mr. Jackson Peter Tai was appointed as independent non-executive director of the Company.

vii. On August 16, 2023, Dr. Jue Chen was appointed as independent non-executive director of the Company.

viii. The performance-based bonus is discretionary based on the Group's financial results and the directors' performance, as reviewed by the remuneration committee of the board of the directors of the Company, and approved by the board of the directors of the Company.

Five highest paid individuals' emoluments

The five individuals with the highest emoluments in the Group include two (2023: two) directors disclosed above. The emoluments of the five highest paid individuals (including directors) for the years ended December 31, 2024 and 2023 were as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries and other benefits	**21,185**	14,006
Performance-based bonus	**5,777**	3,697
Retirement benefits scheme contributions	**109**	98
Share-based compensation	**163,059**	169,044
	190,130	186,845

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Five highest paid individuals' emoluments (Continued)

The emoluments of the five highest paid individuals were within the following bands:

	Number of individuals 2024	Number of individuals 2023
HK$13,000,001 to HK$13,500,000	1	—
HK$14,500,001 to HK$15,000,000	—	1
HK$16,000,001 to HK$16,500,000	1	—
HK$16,500,001 to HK$17,000,000	—	1
HK$31,500,001 to HK$32,000,000	—	1
HK$35,500,001 to HK$36,000,000	1	—
HK$36,500,001 to HK$37,000,000	—	1
HK$39,000,001 to HK$39,500,000	1	—
HK$104,500,001 to HK$105,000,000	1	—
HK$107,500,001 to HK$108,000,000	—	1
	5	5

During the year ended December 31, 2024, no emoluments (2023: nil) were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the year ended December 31, 2024 (2023: nil).

13. EARNINGS PER SHARE

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

	2024 RMB'000	2023 RMB'000
Earnings:		
Earnings for the purpose of calculating basic earnings per share	**3,356,081**	3,399,729
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of subsidiaries based on dilution of their earnings per share	**(39,251)**	(39,505)
Earnings for the purpose of diluted earnings per share	**3,316,830**	3,360,224

	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**4,082,094,311**	4,163,542,567
Effect of dilutive potential ordinary shares:		
Share options	**136,913,597**	158,707,682
Restricted shares	**8,156,659**	26,624,229
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,227,164,567**	4,348,874,478

The weighted average number of ordinary shares shown above have been arrived at after deducting the weighted average effect on 67,478,244 shares (December 31, 2023: 76,792,800 shares) held by a trustee under Restricted Share Award Scheme as set out in Note 37 for the year ended December 31, 2024.

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

15. PROPERTY, PLANT AND EQUIPMENT

	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Freehold land, buildings and staff living quarters RMB'000 *(Note)*	Leasehold and other improvements RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
COST							
As at January 1, 2023	5,260,063	763,829	4,891	2,114,211	2,581,129	15,934,991	26,659,114
Additions	25,746	1,889	177	–	558	3,719,080	3,747,450
Transfer from CIP	1,364,395	206,171	2,931	4,186,026	757,232	(6,516,755)	–
Disposals	(23,891)	(2,266)	–	(164,234)	(1,047)	(54,616)	(246,054)
Exchange alignment	22,788	5,737	(15)	59,303	19,621	666,965	774,399
As at December 31, 2023	6,649,101	975,360	7,984	6,195,306	3,357,493	13,749,665	30,934,909
Additions	41,842	4,918	768	113,106	–	3,767,946	3,928,580
Transfer from CIP	1,479,617	346,779	44	4,578,042	446,894	(6,851,376)	–
Disposals	(23,630)	(9,386)	(32)	(2,593)	(41,458)	–	(77,099)
Reclassified as held for sale *(note 30)*	(22,705)	(4,836)	(320)	(2,935,930)	–	(681,570)	(3,645,361)
Exchange alignment	(45,778)	(11,377)	32	(246,778)	1,489	(229,801)	(532,213)
As at December 31, 2024	8,078,447	1,301,458	8,476	7,701,153	3,764,418	9,754,864	30,608,816
DEPRECIATION AND IMPAIRMENT							
As at January 1, 2023	(1,602,268)	(232,655)	(2,214)	(144,196)	(507,042)	–	(2,488,375)
Provided for the year	(601,086)	(118,499)	(696)	(167,122)	(190,196)	–	(1,077,599)
Eliminated on disposals	18,520	2,120	–	79	214	–	20,933
Exchange alignment	(3,392)	(790)	(6)	(5,718)	(2,319)	–	(12,225)
As at December 31, 2023	(2,188,226)	(349,824)	(2,916)	(316,957)	(699,343)	–	(3,557,266)
Provided for the year	(680,123)	(139,762)	(1,067)	(289,529)	(227,401)	–	(1,337,882)
Eliminated on disposals	19,887	8,330	12	58	41,458	–	69,745
Reclassified as held for sale *(note 30)*	7,532	2,418	159	263,723	–	–	273,832
Exchange alignment	2,801	1,005	(2)	9,105	304	–	13,213
As at December 31, 2024	(2,838,129)	(477,833)	(3,814)	(333,600)	(884,982)	–	(4,538,358)
CARRYING VALUES							
As at December 31, 2023	4,460,875	625,536	5,068	5,878,349	2,658,150	13,749,665	27,377,643
As at December 31, 2024	5,240,318	823,625	4,662	7,367,553	2,879,436	9,754,864	26,070,458

Note: During the years ended December 31, 2024 and 2023, the Group disposed of certain staff living quarters in Shanghai to eligible employees as part of the employees' benefits. Some of these disposals were made under finance lease arrangements. Details are set out in Note 23.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Except for freehold land and CIP, the above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account of the residual value, as follows:

Machinery	9%–30% per annum
Furniture, fixtures and equipment	9%–23% per annum
Transportation equipment	18% per annum
Buildings and staff living quarters	1.4%–6.7% per annum
Leasehold and other improvements	2.2%–20% per annum

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Machinery and equipment RMB'000	Total RMB'000
As at December 31, 2024				
Carrying amount	371,106	1,650,761	343,049	2,364,916
As at December 31, 2023				
Carrying amount	387,021	1,785,860	388,947	2,561,828
For the year ended December 31, 2024				
Depreciation charge	10,029	205,972	45,899	261,900
Capitalized in contract costs	—	(10,154)	(3,128)	(13,282)
Capitalized in property, plant and equipment	—	(70,680)	(4,218)	(74,898)
	10,029	125,138	38,553	173,720
For the year ended December 31, 2023				
Depreciation charge	8,044	193,054	45,898	246,996
Capitalized in contract costs	—	(16,495)	(5,469)	(21,964)
Capitalized in property, plant and equipment	—	(65,414)	(3,574)	(68,988)
	8,044	111,145	36,855	156,044

16. RIGHT-OF-USE ASSETS (Continued)

	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases	**21,712**	37,082
Total cash outflow for leases	**284,661**	406,249
Additions to right-of-use assets	**103,168**	1,021,905

In both years, the Group leases various offices, laboratories, plant and equipment for its operations. Lease contracts have entered into for fixed terms ranging from two to fifteen years, with some lease contracts including extension options. Lease terms are negotiated on an individual basis and vary in terms and conditions. When determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Leasehold lands mainly represent upfront payments for leasehold lands in the PRC and Singapore. Land use right certificates for leasehold land in the PRC have been obtained.

The Group regularly entered into short-term leases for its equipment, offices, laboratories and staff dormitories. As at December 31, 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses are disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB2,303,649,000 are recognized with related right-of-use assets of RMB1,993,810,000 as at December 31, 2024 (2023: lease liabilities of RMB2,413,985,000 are recognized with related right-of-use assets of RMB2,174,807,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. GOODWILL

As at December 31, 2024, goodwill totaling RMB1,529,914,000 arose from acquisitions in previous financial years. (i) Bestchrom (Zhejiang) Biosciences Co., Ltd. ("**Bestchrom Zhejiang**", formerly known as Pinghu U-Pure Biosciences Co., Ltd.) and Bestchrom (Shanghai) Biosciences Ltd. ("**Bestchrom Shanghai**") (collective referred to as "**Bestchrom**"), (ii) CMAB Biopharma Limited ("**CMAB BVI**") and its subsidiaries (together, the "**CMAB Group**"), and (iii) the payload and linker business (the "**Payload and Linker Business**").

	Acquisition of Bestchrom RMB'000	Acquisition of CMAB Group RMB'000	Acquisition of Payload and Linker Business RMB'000	Total RMB'000
COST AND CARRYING VALUES				
As at December 31, 2023 and December 31, 2024	185,408	1,129,313	215,193	1,529,914

(a) Acquisition of Bestchrom

Goodwill amounting to RMB185,408,000 arose from the Group's acquisition of 50.1% equity interest in Bestchrom Zhejiang and Bestchrom Shanghai by the Group during the year ended December 31, 2019.

For the purpose of impairment testing, Bestchrom Zhejiang and Bestchrom Shanghai are allocated as one individual cash-generating unit (the "**Bestchrom Unit**"). The recoverable amount of the Bestchrom Unit has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and pre-tax discount rate of 14.5% (2023: 16%). Pre-tax discount rate reflects the current market assessment of the time value of money and the risks specific to the Bestchrom Unit. The Bestchrom Unit's expected annual revenue growth rate up to the financial year of 2029 ranges from 0% to 2% (2023: 3%). The Bestchrom Unit's cash flows beyond the 5-year period are extrapolated using a steady long-term growth rate of 2.0% (2023: 2.2%). Other key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows, including revenue growth rate, are based on the Bestchrom Unit's past performance and management's expectation for the market development.

As the recoverable amount of Bestchrom Unit is significantly above its carrying amount, the management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

17. GOODWILL (Continued)

(b) Acquisition of CMAB Group

Goodwill amounting to RMB1,129,313,000 arose from the Group's acquisition of 100% equity interest in CMAB Group during the year ended December 31, 2021.

For the purpose of impairment testing, CMAB Group is allocated as one individual cash-generating unit (the "**CMAB Unit**"). The recoverable amount of the CMAB Unit has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 15% (2023: 16%). Pre-tax discount rate reflects the current market assessment of the time value of money and the risks specific to the CMAB Unit. The CMAB Unit's expected annual growth rate up to the financial year of 2029 ranges from 0% to 5.8% (2023: 2% to 14%). The CMAB Unit's cash flows beyond the 5-year period are extrapolated using a steady long-term growth rate of 2.0% (2023: 2.2%). Other key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows, including revenue growth rate, are based on the CMAB Group's past performance and management's expectation for the market development.

As the recoverable amount of the CMAB Unit is significantly above its carrying amount, the management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

(c) Acquisition of Payload and Linker Business

Goodwill amounting to RMB215,193,000 arose from the Group's acquisition of Payload and Linker Business during the year ended December 31, 2021.

For the purposes of impairment testing, Payload and Linker Business is allocated as an individual cash-generating unit (the "**Payload and Linker Unit**"). The recoverable amount of the Payload and Linker Unit has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 17% (2023: 17%). Pre-tax discount rate applied reflects the current market assessment of the time value of money and the risks specific to the Payload and Linker Unit. The expected annual growth rate up to the financial year of 2029 ranges from 10% to 40% (2023: 10% to 45%). The cash flows beyond the 5-year period are extrapolated using a steady long-term growth rate of 2% (2023: 2%). Other key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows, including revenue growth rate, is based on the Payload and Linker Unit's past performance and management's expectation for the market development.

17. GOODWILL (Continued)

(c) Acquisition of Payload and Linker Business (Continued)

As the recoverable amount is significantly above the carrying amount of the Payload and Linker Business, the management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

18. INVESTMENT OF AN ASSOCIATE MEASURED AT FVTPL

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

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2024	2023	**2024**	2023	
Shanghai Duoning Biotechnology Co., Ltd. ("**Duoning**")	PRC	PRC	**17.36%**	17.36%	**20%**	20%	Sales of serum-free media and disposable products, formulation production and services

As at December 31, 2024, the Group had 17.36% equity interest in Duoning and maintained significant influence through its representation on the board of directors.

Details of the fair value measurement of the investment of an associate measured at FVTPL are set out in Note 39(c).

19. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is a summary of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**444,318**	235,783
Deferred tax liabilities	**(97,306)**	(122,540)
	347,012	113,243

The following are the major deferred tax assets and liabilities recognized and movements thereon before offsetting during the reporting periods:

	Deferred income RMB'000	Allowance on inventories and credit losses RMB'000	Accrued expenses RMB'000	Accelerated tax depreciation RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Derivative financial instruments RMB'000	Deductible loss RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2023	33,361	108,101	28,906	(1,766)	462,101	(445,633)	(59,043)	11,685	18,967	(66,187)	90,492
(Charged) credited to profit or loss	(4,379)	43,088	(8,893)	788	192,788	(167,398)	8,624	–	15,395	(28,260)	51,753
Charged to OCI	–	–	–	–	–	–	–	(28,125)	–	–	(28,125)
Exchange alignment	–	–	–	–	–	–	–	–	–	(877)	(877)
As at December 31, 2023	**28,982**	**151,189**	**20,013**	**(978)**	**654,889**	**(613,031)**	**(50,419)**	**(16,440)**	**34,362**	**(95,324)**	**113,243**
Credited (charged) to profit or loss	**12,409**	**13,479**	**9,425**	**491**	**(47,348)**	**63,570**	**22,821**	**–**	**378,411**	**(229,426)**	**223,832**
Charged to OCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16,440**	**–**	**–**	**16,440**
Exchange alignment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,503)**	**(6,503)**
As at December 31, 2024	**41,391**	**164,668**	**29,438**	**(487)**	**607,541**	**(549,461)**	**(27,598)**	**–**	**412,773**	**(331,253)**	**347,012**

19. DEFERRED TAXATION (Continued)

As at December 31, 2024, the Group had unused tax losses of RMB5,547,988,000 (2023: RMB2,688,157,000) available to offset against future profits. A deferred tax asset has been recognized in respect of such losses amounting to RMB2,751,813,000 (2023: RMB229,076,000). No deferred tax asset has been recognized in respect of the remaining balance of RMB2,796,175,000 (2023: RMB2,459,081,000), due to the unpredictability of future profit streams.

As at December 31, 2024, the unrecognized tax losses include a total balance of RMB2,507,941,000 (December 31, 2023: RMB2,362,343,000), representing tax losses from subsidiaries in Hong Kong, the U.S., Switzerland, Germany, Ireland, and the United Kingdom, which can be carried forward indefinitely. The remaining unrecognized tax losses will be carried forward and expire in the following years:

	2024 RMB'000	2023 RMB'000
2025	**378**	378
2026	**—**	2,232
2027	**15,278**	16,620
2028	**90,072**	77,508
2029	**182,506**	—
	288,234	96,738

As at December 31, 2024, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB23,879,165,000 (December 31, 2023: RMB17,570,897,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

20. INTANGIBLE ASSETS

	Technology RMB'000 *(note i)*	Customer relationship RMB'000 *(note i)*	Patent and license RMB'000 *(note ii)*	Total RMB'000
Cost				
As at January 1, 2023	81,885	309,217	324,489	715,591
Additions	—	—	10,000	10,000
Exchange alignment	—	—	19,003	19,003
As at December 31, 2023	81,885	309,217	353,492	744,594
Exchange alignment	—	—	(14,526)	(14,526)
As at December 31, 2024	**81,885**	**309,217**	**338,966**	**730,068**
Amortization				
As at January 1, 2023	(19,548)	(72,465)	(74,800)	(166,813)
Charge for the year	(6,755)	(36,023)	(18,289)	(61,067)
Exchange alignment	—	—	(4,880)	(4,880)
As at December 31, 2023	(26,303)	(108,488)	(97,969)	(232,760)
Charge for the year	(6,754)	(33,653)	(19,016)	(59,423)
Exchange alignment	—	—	4,484	4,484
As at December 31, 2024	**(33,057)**	**(142,141)**	**(112,501)**	**(287,699)**
Carrying Values				
As at December 31, 2023	55,582	200,729	255,523	511,834
As at December 31, 2024	**48,828**	**167,076**	**226,465**	**442,369**

Notes:

i. Technology and customer relationship were recognized following the acquisitions of subsidiaries and business in years 2019 and 2021, respectively. These amounts represented the intellectual property and existing customer relationships, both of which have finite useful life and are amortized on a straight-line basis over their estimated useful lives of 11 to 16 years and 5 to 10 years, respectively.

ii. License payment is amortized on a straight-line basis over the estimated useful life of 5 years and 18 years. These periods reflect the average duration of contracts benefit derived from the licenses as estimated based on the Group's management understanding of the technology and market.

21. EQUITY INSTRUMENTS AT FVTOCI

Movement of equity instruments at FVTOCI are as follows:

	RMB'000
Unlisted equity instruments	
As at January 1, 2023	41,470
Fair value change	(20,806)
Exchange alignment	744
As at December 31, 2023	21,408
Fair value change	(21,486)
Exchange alignment	78
As at December 31, 2024	—

Details of the fair value measurement of the equity instrument at FVTOCI are set out in Note 39(c).

22. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Current asset		
Wealth management products *(note)*	**523,593**	1,233,598
Non-current assets		
Listed equity securities	**181,742**	459,699
Unlisted equity investments	**951,523**	1,059,648
Financial assets at FVTPL	**1,133,265**	1,519,347

Note: During the year ended December 31, 2024, the Group entered into multiple wealth management product contracts with banks, all of which have maturity terms of less than 12 months. The returns of these products are linked to the performance of the underlying instruments in the currency market, interbank market, bond market, security and equity market, and the derivative financial assets. As a result, they are recognized as financial assets at FVTPL. The expected annual return rates range from 0.85% to 8.00% (December 31, 2023: 1.00% to 5.18%).

22. FINANCIAL ASSETS AT FVTPL (Continued)

Details of the fair value measurement of the financial assets at FVTPL are set out in Note 39(c).

Financial assets at FVTPL that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2024 RMB'000	2023 RMB'000
Hong Kong dollars ("**HK$**")	54,082	106,474
RMB	43,613	38,096
Euro ("**EUR**")	32,312	—
Swiss Francs ("**CHF**")	10,839	22,349

23. FINANCE LEASE RECEIVABLES

During the years ended December 31, 2024 and 2023, the Group, acting as lessor, entered into finance lease arrangements for the disposal of certain staff living quarters to eligible employees. The finance leases have an average term of 10 years, after which the eligible employees have the option to purchase the properties. The inherent interest rate in these leases ranges from 3.4% to 4.9% at the contract date over the lease terms.

	Minimum lease payments December 31, 2024 RMB'000	**Present value of minimum lease payments December 31, 2024 RMB'000**	Minimum lease payments December 31, 2023 RMB'000	Present value of minimum lease payments December 31, 2023 RMB'000
Finance lease receivables comprise:				
Within one year	**16,436**	**11,027**	31,549	21,575
Within a period of more than one year but not exceeding two years	**17,464**	**12,499**	31,297	22,228
Within a period of more than two years but not exceeding five years	**49,069**	**37,030**	93,892	72,531
Within a period of more than five years	**44,826**	**36,136**	85,794	70,744
	127,795	**96,692**	242,532	187,078
Less: unearned finance income	**(31,103)**	**N/A**	(55,454)	N/A
Present value of minimum lease payment receivables	**96,692**	**96,692**	187,078	187,078
Analyzed as:				
Current		**11,027**		21,575
Non-current		**85,665**		165,503
		96,692		187,078

Finance lease receivables are secured by the associated staff living quarters. The Group is not permitted to sell or pledge the collateral in the absence of default by the lessees.

Details of impairment assessment are set out in Note 39(b).

24. OTHER LONG-TERM DEPOSITS AND PREPAYMENTS

Other long-term deposits represent rental deposits paid for certain lease arrangements of office premises, and deposits paid as guarantee for certain milestones of construction projects.

Prepayments comprise amounts paid to the banks for banking facilities granted to the Group, which will be amortized over the facility period, along with prepaid insurance fee.

25. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials and consumables	**1,490,333**	1,740,323
Work in progress	**15,410**	8,471
Finished goods	**15,926**	16,957
Total	**1,521,669**	1,765,751

Raw materials and consumables are net of a write-down of approximately RMB186,004,000 as at December 31, 2024 (2023: RMB193,316,000).

26. CONTRACT COSTS

	2024 RMB'000	2023 RMB'000
Costs to fulfil contracts	**1,492,931**	1,223,701

The contract costs are net of a write-down of approximately RMB86,834,000 as at December 31, 2024 (2023: RMB62,406,000).

27. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables from contracts with customers		
— related parties	**6,209**	4,576
Less: allowance for credit losses	**(588)**	(329)
— third parties	**6,478,606**	6,405,693
Less: allowance for credit losses	**(968,787)**	(756,310)
	5,515,440	5,653,630
Bills receivables from contracts with customers	**16,163**	9,551
Receivables for purchase of raw materials on behalf of customers *(note i)*	**—**	37,491
Advances to suppliers		
— related parties	**3,895**	3,244
— third parties	**33,486**	67,677
	37,381	70,921
Other receivables *(note ii)*	**63,278**	47,652
Prepayments	**46,005**	36,214
Value added tax recoverable	**562,480**	437,223
	671,763	521,089
Total trade and other receivables	**6,240,747**	6,292,682

Notes:

i. As at December 31, 2023, the carrying amount of receivables for purchase of raw materials on behalf of customers was net of allowance for credit losses of RMB52,359,000.

ii. As at December 31, 2024, other receivables included an amount of RMB2,987,000 (December 31, 2023: RMB9,246,000), representing the receivable from bank in connection with the settled derivative financial instruments.

27. TRADE AND OTHER RECEIVABLES (Continued)

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB4,650,663,000 (net of allowance for credit loss of RMB549,088,000).

Details of the trade and other receivables due from related parties are set out in Note 43(b).

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:

	2024 RMB'000	2023 RMB'000
Not past due	**3,778,576**	3,708,023
Overdue:		
— Within 90 days	**837,570**	838,005
— 91 days to 1 year	**459,092**	709,700
— Over 1 year	**440,202**	397,902
	5,515,440	5,653,630

As at December 31, 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB1,736,864,000 (2023: RMB1,945,607,000) which are past due as at the reporting date. Out of the past due balances, RMB899,294,000 (2023: RMB1,107,602,000) 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.

Details of impairment assessment of trade receivables, other receivables and bills receivable are set out in Note 39(b).

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

	2024 RMB'000	2023 RMB'000
United States Dollar ("**US$**")	**3,992,650**	4,424,097
HK$	**2,656**	651
EUR	**488**	823
CHF	**1**	875

28. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Contract assets		
— related parties	7,250	7,685
Less: allowance for credit losses	(211)	(229)
— third parties	222,894	519,264
Less: allowance for credit losses	(38,006)	(27,051)
	191,927	499,669

As at January 1, 2023, carrying amount of contract assets amounted to RMB493,566,000 (net of allowance for credit losses of RMB26,406,000).

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional upon the Group's future performance in achieving specified milestones as stipulated in the contract. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms in CRDMO contracts under FFS basis impact the amount of contract assets recognized. These contracts include payment schedules which require stage payments over the service period once certain specified milestones are reached and control of goods are transferred to customers.

The Group classifies these contract assets as current because the Group expects to realize these contract assets in their normal operating cycle.

Details of the impairment assessment of contract assets are set out in Note 39(b).

29. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/TIME DEPOSITS

As at December 31, 2024, 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 ranging from 0% to 4.50% (2023: 0% to 5.68%) per annum.

As at December 31, 2024, time deposits are carried fixed interest rates ranging from 2.60% to 5.76% (2023: 1.7% to 2.8%) per annum and have an original maturity of over three months.

The Group conducted an impairment assessment on time deposits, pledged bank deposits and 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, pledged bank deposits and time deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2024 **RMB'000**	2023 RMB'000
US$	**6,663,533**	3,871,266
EUR	**25,756**	23,611
HK$	**193,757**	4,107,097

30. DISPOSAL GROUP HELD FOR SALE

Subsequent to reporting period, the Company and WuXi Vaccines Ireland Limited ("**Vaccines Ireland**"), an indirect wholly-owned subsidiary of the Company, entered into a formal agreement with MSD International GmbH ("**MSD International**"), an independent third party on January 6, 2025. Under this agreement, the property and assets associated with the vaccines manufacturing facility used for the manufacturing of commercial vaccine products are expected to be sold within twelve months, have been classified as a disposal group held for sale as at December 31, 2024 and are presented separately in the consolidated statement of financial position (see below).

For segment reporting purposes, the manufacturing facility remains part of the Group's Biologics segment (see Note 6). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets. As a result, no impairment loss has been recognized. Details of the transaction are set out in Note 49.

The major classes of assets of the Vaccines Facility classified as held for sale are as follows:

	2024 RMB'000
Property, plant and equipment	3,343,683
Right-of-use assets	7,125
Inventories	26,332
Total assets classified as held for sale	3,377,140

31. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables		
— related parties	**119,156**	105,193
— third parties	**627,991**	728,073
	747,147	833,266
Other payables and accrual		
— related parties	**7,998**	10,901
— third parties *(note)*	**873,186**	596,656
	881,184	607,557
Payable for purchase of property, plant and equipment	**321,506**	518,651
Consideration payables for acquisition of subsidiaries	**2,968**	2,968
Salary and bonus payables	**752,705**	707,099
Other taxes payable	**72,685**	86,233
Trade and other payables	**2,778,195**	2,755,774

Note: As at December 31, 2024, other payables included an amount of RMB18,441,000 related to disposal of shares options exercised and restricted shares vested on behalf of employees (2023: RMB11,199,000).

Details of the trade and other payables due to related parties are set out in Note 43(b).

31. TRADE AND OTHER PAYABLES (Continued)

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 or received date at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Within three months	695,662	748,784
Over three months but within one year	49,366	76,174
Over one year but within five years	2,119	8,308
	747,147	833,266

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

	2024 RMB'000	2023 RMB'000
US$	127,310	185,489
EUR	47,551	51,129
HK$	14,190	12,582
SGD	3,889	249
GBP	2,158	56
CHF	151	8,269

32. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Contract liabilities		
— related parties	—	1,002
— third parties	2,498,542	3,799,976
	2,498,542	3,800,978
Less: amounts shown under current liabilities	(2,355,772)	(3,089,762)
Amounts shown under non-current liabilities *(note)*	142,770	711,216

32. CONTRACT LIABILITIES (Continued)

Note: The contract liabilities are classified as non-current as the related services are expected to be provided beyond twelve months, taking into account the financing components and the recognition of revenue during the reporting periods.

As at January 1, 2023, contract liabilities amounted to RMB4,090,913,000.

Revenue of RMB2,854,573,000, that was included in the contract liabilities at the beginning the year of 2024, was recognized during the year ended December 31, 2024 (2023: RMB2,408,117,000).

Typical payment terms which impact on the amount of contract liabilities recognized are as follows:

— Revenue from CRDMO contracts under FFS basis

The Group typically requires certain customers to pay a percentage of total contract value as a down payment for project start-up cost as part of its credit risk management policies. The advance payment is accounted for as contract liabilities, representing the Group's obligation to provide services to the customer in the future.

— Revenue from others

The Group generally invoices its clients a percentage of total price upon order acceptance to initiate work, which will give rise to contract liability at the start of a contract.

33. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	Assets		Liabilities	
	December 31, 2024 RMB'000	December 31, 2023 RMB'000	**December 31, 2024 RMB'000**	December 31, 2023 RMB'000
Derivatives under hedge accounting				
Fair value hedges				
— Forward extra, collar and structured deposit contracts	**–**	9,159	**–**	305,324
Cash flow hedges				
— European vanilla option, foreign currency forward, forward extra, and collar contracts	**–**	117,370	**39,547**	5,547
Net investment hedge in foreign operations				
— Foreign currency forward, forward extra, collar and structured deposit contracts	**–**	1,123	**181,073**	129,422
Total	**–**	127,652	**220,620**	440,293

Derivatives not under hedge accounting

During the current year, the Group entered into capped forward contracts with a bank to manage its currency risk. Under these contracts, the Group will pay to the bank a notional amount of HK$, in return, receive from the bank an equivalent amount in US$ based on notional HK$ amount and the relevant strike rate as specified in each contract. There is no outstanding balance as at December 31, 2024 and 2023.

The Group did not elect to adopt hedge accounting for these contracts. A gain of RMB2,583,000 (2023: RMB13,435,000 gains) from capped forward contracts was recognized as "loss on derivative financial instruments" in other gains and losses during the year ended December 31, 2024.

33. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Derivatives under hedge accounting

In view of the management of the Group, the respective foreign currency forward contracts, forward extra contracts and European vanilla option contracts are highly effective hedging instruments and qualified as cash flow.

(i) The Group entered into European vanilla option contracts with a bank to eliminate the exposure to fluctuations in foreign currency exchange rate arising from anticipated foreign currency sales transactions, in particular, the exchange rate between US$ and RMB for foreign currency sales transactions which is designated as cash flow hedges.

These contracts enabled the Group to settle an aggregate notional amount of US$180,000,000 on a net settlement basis within the next 12 months. Derivative financial liabilities arising from these contracts amounted to RMB39,547,000 as at December 31, 2024.

(ii) The Group entered into foreign currency forward contracts with banks to manage its net investments in foreign operations which are denominated in currencies at US$ up to 6 months, which is designated as net investments hedge. The major terms of the foreign currency forward contracts are as follows:

	Average strike rate	Notional amount US$'000	Fair value liabilities RMB'000
Sell US$			
Less than 6 months	6.9000–7.1600	314,000	(104,944)

(iii) The Group entered into forward extra contracts with a bank to manage its net investments in foreign operations which are denominated in currencies at US$ up to 6 months, which is designated as net investments hedge. The major terms of the forward extra contracts are as follows:

	Average strike rate	Notional amount US$'000	Fair value liabilities RMB'000
Sell US$			
Less than 6 months	6.9000–7.0300	229,000	(76,129)

33. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Derivatives under hedge accounting (Continued)

As at December 31, 2024, the aggregate amount of losses after tax under European vanilla option contracts, foreign currency forward contracts and forward extra contracts recognized in other comprehensive income relating to the exposure on anticipated future sales transactions and net exposure denominated in US$ is RMB155,186,000 (December 31, 2023: RMB35,253,000 losses). It is anticipated that the sales and net exposure denominated in US$ related to European vanilla option contracts, foreign currency forward contracts and forward extra contracts will take place within next 12 months (December 31, 2023: 11 months) at which time the amount deferred in equity will be recycled to profit or loss.

During the current year, loss relating to the ineffective hedge portion of RMB54,973,000 (2023: RMB54,503,000 loss) is recognized immediately in profit or loss, and is included as "loss on derivative financial instruments" in other gains and losses.

Additionally, during the current year, the total amount of losses previously recognized in comprehensive income and accumulated in equity of RMB25,685,000 (2023: credit RMB342,188,000) are reclassified to revenue when the hedged item impacted profit or loss.

34. BORROWINGS

	2024 RMB'000	2023 RMB'000
Secured bank loans	**48,300**	57,500
Unsecured bank loans	**2,587,900**	2,089,874
	2,636,200	2,147,374
The carrying amounts of the above borrowings are repayable:		
Within one year	**2,435,302**	576,328
Within a period of more than one year but not exceeding two years	**31,517**	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	**74,830**	106,347
	2,636,200	2,147,374
Less: amounts due within one year shown under current liabilities	**(2,435,302)**	(576,328)
Amounts shown under non-current liabilities	**200,898**	1,571,046

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:

	2024 RMB'000	2023 RMB'000
Fixed-rate borrowings	**506,300**	57,500
Variable-rate borrowings	**2,129,900**	2,089,874
	2,636,200	2,147,374

The Group's variable-rate borrowings carry interest at European Central Bank Rate plus 1.5%, Euro Interbank Offered Rate ("**EURIBOR**") plus 0.75%, Secured Overnight Financing Rate ("**SOFR**") plus 0.8% and plus 0.79%, 5-years Loan Prime Rate ("**LPR**") minus 0.9%, and 1-years LPR minus 0.7%.

34. BORROWINGS (Continued)

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

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	1.36% to 3.85%	4.90%
Variable-rate borrowings	2.40% to 6.45%	2.71% to 6.46%

The Group's bank borrowings that are denominated in currencies other than the functional currencies of the respective group entities are set out below:

	2024 RMB'000	2023 RMB'000
US$	1,358,608	1,427,872

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	2024 RMB'000	2023 RMB'000
Floating rate		
— expiring within one year	1,111,026	936,041
Fixed rate		
— expiring within one year	239,420	—
	1,350,446	936,041

As at December 31, 2024, the Group's property, plant and equipment with carrying amounts of RMB16,930,000 (December 31, 2023: RMB10,299,000) were secured as collaterals for the Group's borrowings.

35. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	**183,704**	154,980
Within a period of more than one year but not exceeding two years	**357,036**	139,808
Within a period of more than two year but not exceeding five years	**492,291**	662,671
Within a period of more than five years	**1,270,618**	1,456,526
	2,303,649	2,413,985
Less: amounts due within one year shown under current liabilities	**(183,704)**	(154,980)
Amounts shown under non-current liabilities	**2,119,945**	2,259,005

The incremental borrowing rates applied to lease liabilities ranged from 1.5% to 8.5% (2023: from 1.5% to 8.5%).

36. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Assets related research and other grants	**314,027**	254,366
Income related research and other grants	**3,669**	3,651
	317,696	258,017

36. DEFERRED INCOME (Continued)

Movements of research and other grants:

	Assets related RMB'000	Income related RMB'000	Total RMB'000
As at January 1, 2023	229,612	8,309	237,921
Research and other grants received	43,680	170,623	214,303
Credited to profit or loss *(Note 7)*	(22,198)	(175,281)	(197,479)
Exchange alignment	3,272	—	3,272
As at December 31, 2023	**254,366**	**3,651**	**258,017**
Research and other grants received	**88,498**	**210,716**	**299,214**
Credited to profit or loss *(Note 7)*	**(25,855)**	**(210,687)**	**(236,542)**
Exchange alignment	**(2,982)**	**(11)**	**(2,993)**
As at December 31, 2024	**314,027**	**3,669**	**317,696**

During the year ended December 31, 2024, the Group received research and other grants of RMB88,498,000 (2023: RMB43,680,000) for the construction of its laboratory equipment. The assets related grants were recognized in profit or loss over the useful lives of the relevant assets.

37. SHARE CAPITAL

AUTHORIZED:

	Number of shares	Par value US$	Authorized share capital US$
At January 1, 2023, December 31, 2023 and December 31, 2024	6,000,000,000	1/120,000	50,000

37. SHARE CAPITAL (Continued)

ISSUED AND FULLY PAID:

	Number of shares	Amount US$	Shown in the financial statements as RMB'000
As at January 1, 2023	4,225,261,885	35,211	233
Issue of new shares *(note)*	17,642,323	147	1
Exercise of pre-IPO share options	14,596,408	122	1
As at December 31, 2023	**4,257,500,616**	**35,480**	**235**
Exercise of pre-IPO share options	**8,718,389**	**73**	**1**
Shares cancelled	**(160,281,500)**	**(1,336)**	**(10)**
As at December 31, 2024	**4,105,937,505**	**34,217**	**226**

Note: On June 1, 2023, the Company issued and allotted 17,642,323 new ordinary shares at nil consideration to trustee under the Restricted Share Award Scheme or the Global Partner Program Share Scheme, respectively. Details of the Restricted Share Award Scheme and Global Partner Program Share Scheme are set out in Note 44.

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

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes borrowings and lease liabilities disclosed in Notes 34 and 35 respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the issue of new shares as well as the issue of new debts or the redemption of existing debts.

39. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortized cost	15,847,933	15,817,953
Financial assets at FVTPL	1,656,858	2,752,945
Equity instruments at FVTOCI	—	21,408
Derivative financial assets	—	127,652
Financial liabilities		
Derivative financial liabilities	220,620	440,293
Financial liabilities at amortized cost	3,821,414	3,764,395

b. Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, other long-term deposits, financial assets at FVTPL, time deposits, pledged bank deposits, bank balances and cash, derivative financial liabilities, borrowings, and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk

The Group's activities expose it primarily to currency risk, interest rate risk and other price risk. There had been no change in the Group's exposure to these risks or the manner in which it managed and measured the risks during the year ended December 31, 2024.

Currency risk

Certain group entities have foreign currency transactions, including sales and purchases, which expose the Group to foreign currency risk. Certain of the Group's bank balances and cash, time deposits, pledged bank deposits, trade and other receivables, trade and other payables and borrowings are denominated in currencies other than the functional currency of the relevant group entities and expose to such foreign currency risk. The carrying amounts of relevant group entities' foreign currency denominated monetary assets and liabilities other than their functional currency are disclosed in the respective notes.

The Group mainly exposes to foreign currency of US$, EUR, HK$, SGD, GBP and CHF. The Group entered into European vanilla option contracts with a bank in order to manage the Group's currency risk associated with anticipated sales transactions up to 12 months (2023: 11 months). During the year ended December 31, 2024, the Group also entered into several foreign currency forward contracts and forward extra contracts with banks in order to manage the Group's currency risk associated with the net exposure denominated in currencies at US$ up to 6 months (see Note 33 for details).

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Before considering the hedging activities, the carrying amounts of the Group's foreign currency denominated monetary assets (trade and other receivables, pledged bank deposits, time deposits and bank balances and cash) and liabilities (trade and other payables and borrowings) at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Assets		
US$	**10,656,183**	8,295,363
HK$	**196,413**	4,107,748
EUR	**26,244**	24,434
CHF	**1**	875
Liabilities		
US$	**1,485,918**	1,613,361
EUR	**47,551**	51,129
HK$	**14,190**	12,582
SGD	**3,889**	249
GBP	**2,158**	56
CHF	**151**	8,269

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against US$, HK$ and EUR, the foreign currencies with which the Group may have a material exposure. No sensitivity analysis has been disclosed for the SGD, CHF, and GBP denominated assets/liabilities as the impact on profit is immaterial. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A negative number below indicates a decrease in post-tax profit where RMB strengthens 5% against US$ and HK$, while a positive number indicates an increase in post-tax profit where RMB strengthens 5% against EUR.

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

	2024 RMB'000	2023 RMB'000
Impact on profit or loss sensitivity:		
US$	**(374,194)**	(285,817)
HK$	**(7,436)**	(175,167)
EUR	**869**	1,142

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see Note 34 for details), fixed-rate pledged bank deposits and fixed-rate time deposit (see Note 29 for details) and lease liabilities (see Note 35 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 29 for details) and variable-rate bank borrowings (see Note 34 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate on bank balances, European Central Bank Rate, EURIBOR, SOFR and LPR arising from the Group's bank borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for its floating-rate borrowings. The analysis is prepared assuming the floating rate borrowings outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points (2023: 50 basis points) increase or decrease are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would have decreased/increased approximately by RMB8,691,000 (2023: decrease/increase approximately by RMB8,939,000). This is mainly attributable to the Group's exposure to interest rates on its floating-rate borrowings.

Bank balances are excluded from sensitivity analysis as the management of the Group considers that the exposure of cash flow interest rate arising from variable-rate bank balances is insignificant.

Other price risk

The Group is exposed to other price risk through its equity investments measured at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective financial assets at FVTPL had been 10% (2023:10%) higher/lower, the post-tax profit for the year ended December 31, 2024 would increase/decrease by RMB636,000 (2023: RMB13,912,000) as a result of the changes in fair value of listed and unlisted financial assets at FVTPL.

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of the financial position.

In order to minimize credit risk, the Group has developed and maintained a credit risk grading system to categorize exposures based on counterparties default risk level. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group continuously monitors its exposure and reviews counterparties credit ratings at the end of each reporting period to ensure that adequate impairment losses are recognized for each irrecoverable amount.

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's current credit risk grading framework comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets/ finance lease receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL-not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date in full	Lifetime ECL-not credit-impaired	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL-not credit-impaired	Lifetime ECL-not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL-credit-impaired	Lifetime ECL-credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, contract assets and finance lease receivables which are subject to ECL assessment:

	Internal credit rating	12-month or lifetime ECL	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
Financial assets at amortized cost				
Time deposits	Low risk	12m ECL	**1,907,016**	340,000
Pledged bank deposits	Low risk	12m ECL	**13,854**	18,017
Bank balances	Low risk	12m ECL	**8,279,182**	9,669,839
Other receivables *(note i)*	Low risk	12m ECL	**63,278**	38,652
Receivables for purchase of raw materials on behalf of customers	Low risk	12m ECL	**—**	24,631
	Doubtful	Lifetime ECL (not credit-impaired)	**—**	54,975
	Loss	Lifetime ECL (credit-impaired)	**—**	10,244
Trade receivables *(note ii)*	Low risk	Lifetime ECL (collective assessment)	**4,198,201**	4,458,154
	Doubtful	Lifetime ECL (collective assessment)	**1,015,417**	889,719
	Loss	Lifetime ECL (collective assessment)	**513,976**	202,159
	Doubtful	Lifetime ECL (individual assessment)	**757,221**	860,237
Bills receivables *(note iii)*	Low risk	12m ECL	**16,163**	9,551
Other long-term deposits *(note i)*	Low risk	12m ECL	**53,008**	50,773
Other items				
Contract assets *(note ii)*	Low risk	Lifetime ECL (collective assessment)	**102,862**	292,427
	Doubtful	Lifetime ECL (collective assessment)	**73,457**	201,343
	Loss	Lifetime ECL (collective assessment)	**30,134**	8,053
	Doubtful	Lifetime ECL (individual assessment)	**23,691**	25,126
Finance lease receivables *(note iv)*	Low risk	Lifetime ECL (collective assessment)	**96,692**	187,078

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

i. For other receivables and other long-term deposits, the Group's management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended December 31, 2024 and 2023, the Group assessed the ECL for other receivables and other long-term deposits, no loss allowance of was recognized.

ii. For trade receivables and contract assets, the Group determines the ECL on these items by categorizing its customers into three types: grade A customers, grade B customers and grade C customers. Except for the customers which are assessed individually, the Group determines the ECL based on the financial quality of debtors and their historical credit loss experience according to the past due status adjusted, as appropriate, to reflect current conditions and estimates of future economic conditions. While for the customers which are assessed individually, the Group determines the ECL based on their historical credit loss experience according to the past due status adjusted to, as appropriate, to reflect current conditions including but not limited to subsequent collection rate and repayment plan.

iii. For bills receivable issued by banks, the Group assessed impairment loss individually and concluded that the probability of defaults of the counterparty banks are insignificant. Accordingly, no allowance for credit losses is provided.

iv. For finance lease receivables, no allowance for credit losses is provided as the finance lease receivables are secured by the related staff living quarters, the probability of defaults by the employees are insignificant.

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets

The Group performs impairment assessment under ECL model on trade receivables and contract assets credited-impaired with latest repayment in subsequent period and repayment schedule individually. In estimating ECL on remaining trade receivables and contract assets, the Group groups the debtors based on shared credit risk characteristics of the debtors. Subsequently, the Group determines the internal credit rating and provision rates for each group. The provision rates are based on the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. As at December 31, 2024, the Group provided RMB559,762,000 and RMB32,165,000 (2023: RMB257,984,000 and RMB23,031,000) impairment allowance for trade receivables and contract assets respectively based on collective assessment. Impairment allowance of RMB409,613,000 (2023: RMB498,655,000) was assessed individually on trade receivables with gross carrying amount of RMB757,221,000 (2023: RMB860,237,000). Impairment allowance of RMB6,052,000 (2023: RMB4,249,000) was assessed individually on contract assets with gross carrying amount of RMB23,691,000 (2023: RMB25,126,000).

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on collective basis within lifetime ECL as at December 31, 2024:

Gross carrying amount	2024			2023		
Internal credit rating	Average loss rate	Trade receivables RMB'000	Contract assets RMB'000	Average loss rate	Trade receivables RMB'000	Contract assets RMB'000
Grade A: Low risk and watch list	0.12%	4,198,201	102,862	0.24%	4,458,154	292,427
Grade B: Doubtful	3.92%	1,015,417	73,457	5.44%	889,719	201,343
Grade C: Loss	100.00%	513,976	30,134	100.00%	202,159	8,053
		5,727,594	206,453		5,550,032	501,823

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets (Continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management of the Group to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognized for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at January 1, 2023	(351,431)	(224,063)	(575,494)
Changes due to financial instruments recognized as at January 1, 2023:			
— Transfer to credit-impaired	20,828	(20,828)	—
— Impairment losses reversed	38,556	9,195	47,751
— Impairment losses write-off	—	88,955	88,955
New financial assets originated or purchased	(280,780)	(63,471)	(344,251)
Exchange alignment	(880)	—	(880)
As at December 31, 2023	**(573,707)**	**(210,212)**	**(783,919)**
Changes due to financial instruments recognized as at January 1, 2024:			
— Transfer to credit-impaired	**123,215**	**(123,215)**	**—**
— Impairment losses reversed (recognized)	**118,129**	**(153,676)**	**(35,547)**
— Recoveries of previously written off	**—**	**(27,910)**	**(27,910)**
— Impairment losses write-off		**4,314**	**4,314**
— Reclassification from receivables for purchase of raw materials on behalf of customers	**(41,450)**	**(10,317)**	**(51,767)**
New financial assets originated or purchased	**(93,138)**	**(23,094)**	**(116,232)**
Exchange alignment	**3,469**	**—**	**3,469**
As at December 31, 2024	**(463,482)**	**(544,110)**	**(1,007,592)**

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

For the purposes of impairment assessment, other financial assets including time deposits, pledged bank deposits and bank balances are considered to have low credit risk. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for these financial assets at amortized cost, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other financial assets at amortized cost occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The management of the Group considered that the 12m ECL allowance is insignificant at the end of each reporting period.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash and unused banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The management of the Group monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank borrowing is one of the sources of liquidity of the Group. As at December 31, 2024, the Group has available unutilized bank loan facilities of approximately RMB1,350,446,000 (2023: RMB936,041,000). Details of which are set out in Note 34.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instrument. The table has been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual settlement dates as the management consider that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average interest rate	On demand or less than one year RMB'000	One to five years RMB'000	Over five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2024						
Trade and other payables	N/A	1,185,214	–	–	1,185,214	1,185,214
Bank borrowings						
— fixed rate	1.36% to 3.85%	479,178	40,696	2,389	522,263	506,300
— variable rate	2.40% to 6.45%	2,070,138	104,923	74,742	2,249,803	2,129,900
Total financial liabilities		3,734,530	145,619	77,131	3,957,280	3,821,414
Lease liabilities	1.5% to 8.5%	232,466	1,085,959	1,523,915	2,842,340	2,303,649
		3,966,996	1,231,578	1,601,046	6,799,620	6,125,063
Derivative — net settlement						
European vanilla option, foreign currency forward and forward extra contracts		220,620	–	–	220,620	220,620

39. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate	On demand or less than one year RMB'000	One to five years RMB'000	Over five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2023						
Trade and other payables	N/A	1,617,021	–	–	1,617,021	1,617,021
Bank borrowings						
– fixed rate	4.90%	12,017	43,562	12,063	67,642	57,500
– variable rate	2.71% to 6.46%	668,384	1,507,567	98,072	2,274,023	2,089,874
Total financial liabilities		2,297,422	1,551,129	110,135	3,958,686	3,764,395
Lease liabilities	1.5% to 8.5%	235,547	1,054,570	1,719,062	3,009,179	2,413,985
		2,532,969	2,605,699	1,829,197	6,967,865	6,178,380
Derivative – net settlement						
Foreign currency forward, structured deposit, forward extra and collar contracts		440,293	–	–	440,293	440,293

c. Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company have set up a valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments under Level 3, the Group engages third party qualified valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation team's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value.

39. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	December 31, 2024	December 31, 2023			
Financial assets at FVTPL	**Listed equity securities: RMB181,742,000**	Listed equity securities: RMB459,699,000	Level 1	Active market quoted transaction price *(note)*	N/A
	Unlisted equity investments: RMB6,978,000	Unlisted equity investments: RMB6,288,000	Level 2	Recent transaction price	N/A
	Unlisted equity investments: RMB535,160,000	Unlisted equity investments: RMB420,705,000	Level 3	Back-solve from recent transaction price, option pricing model and/or adjusted net asset value method	Probability of qualified initial public offering ("**IPO**"), redemption and liquidation, risk-free rate and expected volatility
	Unlisted equity investments: RMB371,051,000	Unlisted equity investments: RMB531,951,000	Level 3	Comparable company method	Liquidity discount
	Unlisted equity investments: RMB38,334,000	Unlisted equity investments: RMB100,704,000	Level 3	Discounted cash flows method and option pricing model	Discount rate, probability of conversion, redemption and liquidation, risk-free rate and expected volatility
	Wealth management products: RMB523,593,000	Wealth management products: RMB1,233,598,000	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A
Equity instruments at FVTOCI	**Unlisted equity investments: RMB nil**	Unlisted equity investments: RMB21,408,000	Level 3	Comparable company method and discounted cash flows method	Liquidity discount and Discount rate
Investment of an associate measured at FVTPL	**Investment of an associate measured at FVTPL: RMB1,266,560,000**	Investment of an associate measured at FVTPL: RMB1,393,531,000	Level 3	Discounted cash flows method and option pricing model	Discount rate, probability of conversion, redemption and liquidation, risk-free rate and expected volatility
European vanilla option contracts, foreign currency forward contracts, collars contracts, structured deposit contract, interest rate swap contracts and forward extra contracts classified as derivative financial assets and liabilities	**Derivative financial liabilities: RMB220,620,000**	Derivative financial assets: RMB127,652,000 Derivative financial liabilities: RMB440,293,000	Level 2	Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of the banks.	N/A

39. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

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

Note: These equity investments were listed on the Stock Exchange or National Association of Securities Dealers Automated Quotations ("**NASDAQ**") market, which is an active market. Therefore, the fair value of such investments as at December 31, 2024 and December 31, 2023 was determined based on the market price and classified as Level 1 of the fair value hierarchy.

(ii) Reconciliation of Level 3 fair value measurements of financial assets

	Equity instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Investment of an associate measured at FVTPL RMB'000
As at January 1, 2023	41,470	706,005	1,581,565
Total gains (losses)			
— in profit or loss	—	112,506	(196,914)
— in other comprehensive income	(20,806)	—	—
Purchases	—	321,948	—
Disposals	—	(40,000)	—
Transfer to Level 1 *(note)*	—	(4,814)	—
Transfer to Level 2	—	(6,288)	—
Exchange alignment	744	(35,997)	8,880
As at December 31, 2023	**21,408**	**1,053,360**	**1,393,531**
Total gains (losses)			
— in profit or loss	**—**	**76,873**	**(133,136)**
— in other comprehensive income	**(21,486)**	**—**	**—**
Purchases	**—**	**82,216**	**—**
Disposals	**—**	**(231,410)**	**—**
Transfer to Level 1 *(note)*	**—**	**(42,809)**	**—**
Exchange alignment	**78**	**6,315**	**6,165**
As at December 31, 2024	**—**	**944,545**	**1,266,560**

39. FINANCIAL INSTRUMENTS (Continued)

c. Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 fair value measurements of financial assets (Continued)

Note: During the years ended December 31, 2024 and 2023, one of the Group's unlisted equity investments, previously measured at FVTPL, became publicly listed on the NASDAQ market, with its shares traded in an active market. Therefore, the fair value hierarchy of such investment were transferred from Level 3 to Level 1.

Of the total gains or losses for the period included in profit or loss, RMB97,642,000 loss (2023: RMB98,983,000 gain) relates to financial assets designated as at FVTPL held at the end of the current reporting period. Fair value gains or losses on financial assets designated as at FVTPL are included in 'other gains and losses'.

Included in other comprehensive income is an amount of RMB21,486,000 loss (2023: RMB20,806,000 loss) relating to unlisted equity securities classified as equity instruments at FVTOCI.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

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

40. CAPITAL COMMITMENTS

The Group had capital commitments for land, equipment purchase and building construction, acquisition of investments accounted as financial assets at FVTPL, and interest in subsidiaries held by a non-controlling shareholder under non-cancellable contracts as follows:

	2024 **RMB'000**	2023 RMB'000
Contracted but not provided for		
— Land, property, plant and equipment	**2,775,668**	2,383,243
— Financial assets at FVTPL	**356,724**	405,177
— Interest in subsidiaries held by a non-controlling shareholder	**72**	81,000
	3,132,464	2,869,420

41. RETIREMENT BENEFIT PLANS

The employees of the Group's subsidiaries are members of the state-managed retirement benefits schemes operated by government. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total cost charged to profit or loss in respect of the above-mentioned schemes amounted to approximately RMB460,568,000 for the year ended December 31, 2024 (2023: RMB420,361,000).

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both the cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings RMB'000	Interest prepayments and payable RMB'000	Lease liabilities RMB'000	Total RMB'000
As at January 1, 2023	2,782,993	(3,976)	1,638,668	4,417,685
Financing cash flows	(704,749)	(136,758)	(194,227)	(1,035,734)
Interest expenses	—	140,872	80,526	221,398
New leases entered	—	—	846,965	846,965
Exchange alignment	69,130	—	42,053	111,183
As at December 31, 2023	**2,147,374**	**138**	**2,413,985**	**4,561,497**
Financing cash flows	**490,101**	**(117,799)**	**(262,949)**	**109,353**
Interest expenses	**—**	**120,078**	**82,812**	**202,890**
New leases entered	**—**	**—**	**102,002**	**102,002**
Early termination of lease agreements	**—**	**—**	**(9,438)**	**(9,438)**
Exchange alignment	**(1,275)**	**—**	**(22,763)**	**(24,038)**
As at December 31, 2024	**2,636,200**	**2,417**	**2,303,649**	**4,942,266**

The financing cash flows of bank borrowings represent the proceeds from and repayment of bank borrowings in the consolidated statement of cash flows.

43. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the balances disclosed in Notes 27, 28, 31 and 32, the Group had the following significant transactions and balances with related parties:

(a) Related party transactions

Provision of research and development service to related parties

	2024 RMB'000	2023 RMB'000
Shanghai SynTheAll Pharmaceutical Co., Ltd. ("**STA**")	**6,884**	9,593
Changzhou SynTheAll Pharmaceutical Co., Ltd. ("**STA Changzhou**")	**1,323**	359
Duoning *(note i)*	**666**	183
WuXi AppTec (Shanghai) Co., Ltd. ("**WXAT Shanghai**")	**237**	368
Shanghai STA Pharmaceutical R&D Co., Ltd. ("**STA R&D**")	**195**	358
WuXi AppTec (Chengdu) Co., Ltd. ("**WACD**")	**50**	—
WuXi AppTec (Suzhou) Co., Ltd. ("**WASZ**")	**39**	—
Wuxi Duoning Biotechnology Co., Ltd. *(note ii)*	**15**	—
WuXi ATU Co., Ltd. ("**WuXi ATU**")	**—**	939
Wuxi STA Pharmaceutical Co., Ltd.	**—**	87
Nanjing Mingjie Biomedical Testing Co., Ltd. ("**NJ Mingjie**")	**—**	57
	9,409	11,944

Notes:

i: As disclosed in Note 18, Duoning is an investment of an associate measured at FVTPL of the Group.

ii: Wuxi Duoning Biotechnology Co., Ltd. is a subsidiary of Duoning.

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Related party transactions (Continued)

Sales of materials to related parties

	2024 RMB'000	2023 RMB'000
Duoning	**1,219**	953
WuXi ATU	**583**	239
WuXi AppTec (Tianjin) Co., Ltd. ("**WATJ**")	**109**	2
STA Changzhou	**85**	71
WuXi ATU (Shanghai) Limited	**—**	17
WASZ	**—**	9
WuXi AppTec (Nantong) Co., Ltd. ("**WANT**")	**—**	6
	1,996	1,297

Sales of property, plant and equipment to related parties

	2024 RMB'000	2023 RMB'000
STA Changzhou	**1,907**	—
WXAT Shanghai	**10**	—
	1,917	—

Provision of other services to related parties

	2024 RMB'000	2023 RMB'000
Shanghai Lianghei Technology Co., Ltd. ("**Lianghei**") *(note)*	**16**	115

Note: Lianghei is a subsidiary of Duoning.

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Related party transactions (Continued)

Testing service received

	2024 RMB'000	2023 RMB'000
STA R&D	**72,107**	53,379
WASZ	**39,427**	6,049
WXAT Shanghai	**17,709**	18,462
STA Changzhou	**10,787**	16,554
STA	**7,214**	46,003
Shanghai STA Pharmaceutical Product Co., Ltd. ("**STA Product**")	**1,696**	650
WuXi ATU	**1,537**	2,200
WANT	**1,269**	187
Smile Technical Service (Shanghai) Co., Ltd. ("**CMA Shanghai**") *(note)*	**637**	684
WuXi Clinical Development Services (Shanghai) Co., Ltd. ("**CDS**")	**290**	—
NJ Mingjie	**134**	485
Duoning	**71**	24
	152,878	144,677

Note: CMA Shanghai is a subsidiary of Duoning.

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Related party transactions (Continued)

Other services received

	2024 RMB'000	2023 RMB'000
WXAT Shanghai	**11,847**	6,499
STA Changzhou	**1,201**	1,303
WASZ	**1,581**	—
STA Product	**546**	—
Chengdu Kangde Renze Real Estate Co., Ltd. ("**Renze**")	**204**	121
CMA Shanghai	**105**	155
Duoning	**61**	—
NJ Mingjie	**29**	—
Shanghai Biopro Industrial Development Co., Ltd. ("**Shanghai Biopro**") *(note i)*	**1**	—
Shanghai Waigaoqiao WuXi AppTec Incubator Management Co., Ltd. ("**WXAT Incubator**") *(note ii)*	**—**	3,766
WuXi AppTec Korea Co., Ltd.	**—**	1,328
STA	**—**	85
	15,575	13,257

Notes:

i. Shanghai Biopro is a subsidiary of Duoning.

ii. WXAT Incubator is a joint venture held by WXAT Shanghai, an indirect wholly-owned subsidiary of WuXi AppTec Co., Ltd. WXAT Incubator was deregistered in 2024.

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Related party transactions (Continued)

Purchase of materials

	2024 RMB'000	2023 RMB'000
Duoning	**88,829**	92,257
STA	**19,862**	16,403
Shanghai Biopro	**5,213**	12,315
STA Changzhou	**3,504**	3,134
WXAT Shanghai	**1,419**	1,207
Lianghei	**—**	149
Shanghai Tchuyee Biotechnology Co., Ltd. ("**Shanghai Tchuyee**") *(note)*	**—**	15
Antuos Nanotechnology (Suzhou) Co., Ltd. ("**ATS**") *(note)*	**—**	3
	118,827	125,483

Note: Shanghai Tchuyee and ATS are subsidiaries of Duoning.

Purchase of property, plant and equipment

	2024 RMB'000	2023 RMB'000
Duoning	**11,503**	20,499
Shanghai Biopro	**1,638**	340
Renze	**834**	5,281
CMA Shanghai	**75**	—
	14,050	26,120

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Related party transactions (Continued)

Interest expense on lease liabilities

	2024 RMB'000	2023 RMB'000
WXAT Shanghai	154	35
WXAT Incubator	—	163
	154	198

Expense relating to short-term leases

	2024 RMB'000	2023 RMB'000
STA Changzhou	2,298	4,210
STA	—	97
	2,298	4,307

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

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Related party balances

As at December 31, 2024 and 2023, the Group had balances with related parties as follows:

	2024 RMB'000	2023 RMB'000
Amounts due from related parties		
Trade related		
STA	**3,331**	2,873
Less: Allowance for credit losses	**(38)**	(51)
STA Changzhou	**1,402**	485
Less: Allowance for credit losses	**(70)**	(6)
WXAT Shanghai	**824**	735
Less: Allowance for credit losses	**(466)**	(263)
WuXi ATU	**371**	15
Less: Allowance for credit losses	**(4)**	—
STA R&D	**161**	179
Less: Allowance for credit losses	**(9)**	—
WACD	**55**	—
Duoning	**20**	159
Less: Allowance for credit losses	**(1)**	(9)
WASZ	**42**	11
WATJ	**3**	—
Lianghei	**—**	119
	5,621	4,247
Non-trade related		
STA Changzhou	**1,910**	—

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Related party balances (Continued)

	2024 RMB'000	2023 RMB'000
Contract assets		
STA Changzhou	7,250	7,685
Less: Allowance for credit losses	(211)	(229)
	7,039	7,456

	2024 RMB'000	2023 RMB'000
Advances to suppliers		
WASZ	2,501	2,813
WuXi ATU	1,360	169
CDS	34	—
STA R&D	—	180
STA Product	—	82
	3,895	3,244

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Related party balances (Continued)

	2024 RMB'000	2023 RMB'000
Amounts due to related parties		
Trade related		
STA R&D	**37,473**	18,301
Duoning	**26,380**	15,944
WASZ	**25,281**	5,328
STA Changzhou	**15,431**	24,800
WXAT Shanghai	**11,235**	13,033
STA	**1,202**	14,955
Shanghai Biopro	**848**	9,558
WANT	**624**	—
STA Product	**502**	379
CMA Shanghai	**148**	189
NJ Mingjie	**32**	566
WuXi ATU	**—**	1,950
Lianghei	**—**	168
Shanghai Tchuyee	**—**	18
ATS	**—**	4
	119,156	105,193
Non-trade related		
STA Changzhou	**2,497**	508
Duoning	**4,874**	10,030
STA	**300**	—
Shanghai Biopro	**327**	340
Renze	**—**	23
	7,998	10,901

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Related party balances (Continued)

	2024 RMB'000	2023 RMB'000
Contract liabilities		
WuXi ATU	—	1,002

	2024 RMB'000	2023 RMB'000
Lease liabilities		
WXAT Shanghai	3,100	—
WXAT Incubator	—	3,479
	3,100	3,479

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

43. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the year was as follows:

	2024 RMB'000	2023 RMB'000
Director's fee	4,392	2,816
Salaries and other benefits	22,010	14,006
Performance-based bonus	5,777	3,697
Retirement benefits scheme contributions	109	98
Share-based compensation	163,059	169,366
	195,347	189,983

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

44. SHARE-BASED COMPENSATION

(a) Pre-IPO Share Option Scheme

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

Upon the Share Subdivision became effective, pro-rata adjustments were made to the exercise prices and the number of share options outstanding, so as to give the eligible employees the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision.

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

44. SHARE-BASED COMPENSATION (Continued)

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

Each option granted under the Pre-IPO Share Option Scheme can only be exercised in the following manners (each date on which any portion of option granted shall be vested is hereinafter referred to as a "**Vesting Date**" and each tranche on which any portion of option granted shall be vested is hereinafter referred to as a "**Tranche**"):

Tranche	Vesting Date
twenty percent (20%) of the shares subject to an option so granted	second (2nd) anniversary of the offer date for an Option
twenty percent (20%) of the shares subject to an option so granted	third (3rd) anniversary of the offer date for an Option
twenty percent (20%) of the shares subject to an option so granted	fourth (4th) anniversary of the offer date for an Option
forty percent (40%) of the shares subject to an option so granted	fifth (5th) anniversary of the offer date for an Option

Set out below are details of the movements of the outstanding options granted under the Pre-IPO Share Option Scheme during the years ended December 31, 2024 and 2023:

Option batch	Outstanding as at January 1, 2024	Granted	Exercised	Forfeited	Outstanding as at December 31, 2024
January 7, 2016	114,304,758	–	4,092,343	–	110,212,415
March 28, 2016	744,825	–	145,900	–	598,925
August 10, 2016	5,500,350	–	1,144,050	–	4,356,300
November 11, 2016	1,524,803	–	273,000	–	1,251,803
March 15, 2017	31,351,448	–	2,123,096	–	29,228,352
May 12, 2017	2,847,675	–	940,000	–	1,907,675
	156,273,859	–	8,718,389	–	147,555,470
Exercisable at the end of the year	156,273,859				147,555,470
Weighted average exercise price (US$)	0.21	–	0.27	–	0.21

44. SHARE-BASED COMPENSATION (Continued)

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

Option batch	Outstanding as at January 1, 2023	Granted	Exercised	Forfeited	Outstanding as at December 31, 2023
January 7, 2016	122,619,901	—	8,315,143	—	114,304,758
March 28, 2016	951,725	—	206,900	—	744,825
August 10, 2016	6,219,550	—	719,200	—	5,500,350
November 11, 2016	2,383,103	—	810,300	48,000	1,524,803
March 15, 2017	33,697,583	—	2,346,135	—	31,351,448
May 12, 2017	5,046,405	—	2,198,730	—	2,847,675
	170,918,267	—	14,596,408	48,000	156,273,859
Exercisable at the end of the year	170,918,267				156,273,859
Weighted average exercise price (US$)	0.22	—	0.27	0.26	0.21

The share options outstanding at December 31, 2024 had a weighted average remaining contractual life of 1.3 years (December 31, 2023: 2.3 years).

44. SHARE-BASED COMPENSATION (Continued)

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

The estimated fair value of the Pre-IPO share options at the date of grant were approximately US$20,489,000, US$555,000, US$1,773,000, US$2,227,000, US$9,430,000 and US$2,974,000 for the January 7, 2016, March 28, 2016, August 10, 2016, November 11, 2016, March 15, 2017 and May 12, 2017 option batch, respectively. The fair value was calculated using the Binomial model. The major inputs into the model are as follows:

Grant date	January 7, 2016	March 28, 2016	August 10, 2016	November 11, 2016	March 15, 2017	May 12, 2017
Share price (US$) *(note)*	0.1600	0.1600	0.2167	0.2500	0.3167	0.5500
Exercise price (US$) *(note)*	0.1667	0.1667	0.2200	0.2633	0.3400	0.6000
Expected volatility	40.80%	40.80%	40.92%	40.87%	40.65%	40.46%
Expected life (years)	10	10	10	10	10	10
Risk-free interest rate	2.92%	2.92%	2.72%	2.83%	3.39%	3.67%
Forfeiture rate	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%

Note: The share price and exercise price represent the prices after the effect of the Share Subdivision effected on November 16, 2020.

Share price is determined as the total fair value of the Company's equity divided by the total number of shares. To determine the grant date fair values of the Company's equity prior to the Company's Initial Public Offering on May 31, 2017, the Company used primarily the discounted cash flow method under the income approach, using cash flow projections based on financial forecasts approved by management covering a five-year period as appropriate and a discount rate of 13%. Cash flow beyond that five-year period has been extrapolated using a steady 5% growth rate. This growth rate does not exceed the long-term average growth rate for the market in which the Group operates. The result from the income approach was cross checked with the market approach, which incorporates certain assumptions, including the market performance of comparable listed companies, as well as the financial results and growth trends of the Group, to derive the total equity of the Group.

44. SHARE-BASED COMPENSATION (Continued)

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

The risk-free interest rate was based on market yield rate of China government bonds with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies. Changes in variables and assumptions may result in changes in the fair values of the share options.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

No expense was recognized for the year ended December 31, 2024 and 2023 as all the share options granted by the Company under the Pre-IPO Share Option Scheme had been fully vested in previous year.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK$15.33 (2023: HK$46.88) after the effect of the Share Subdivision.

(b) Restricted Share Award Scheme

On January 15, 2018, the Company adopted the Restricted Share Award Scheme for the primary purpose of (i) recognize the contributions by certain employees of the Group and directors of the Company (the "**Selected Participants under Restricted Share Award Scheme**"); (ii) encourage, motivate and retain the Selected Participants under Restricted Share Award Scheme, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the Selected Participants under Restricted Share Award Scheme to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Selected Participants under Restricted Share Award Scheme to the shareholders of the Company through ownership of Shares. The total number of the restricted shares underlying all grants made pursuant to the Restricted Share Award Scheme shall not exceed three percent of the total number of shares of the Company in issue (i.e. 127,452,353 shares after the effect of the Share Subdivision) as at June 27, 2023 (the date on which the proposed amendments to the Restricted Share Award Scheme were approved by the shareholders).

The Company will issue and allot to trustee new shares under the general mandate granted by the shareholders of the Company from time to time. The new shares so issued will be held on trust until the end of each vesting period and will be transferred to the Selected Participants under Restricted Share Award Scheme upon satisfaction of the relevant original vesting conditions.

44. SHARE-BASED COMPENSATION (Continued)

(b) Restricted Share Award Scheme (Continued)

The fair value of the restricted shares awarded was determined based on the market value of the Company's shares at the grant date.

Upon the Share Subdivision became effective, pro-rata adjustments have been made to the number of outstanding restricted shares, so as to give the Selected Participants under Restricted Share Award Scheme the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision.

Except for 14,138 (before the effect of the Share Subdivision) restricted shares granted on June 5, 2019, 11,400 (before the effect of the Share Subdivision) restricted shares granted on June 9, 2020, 12,335 (after the effect of the Share Subdivision) restricted shares granted on June 16, 2021 and 16,581 (after the effect of the Share Subdivision) restricted shares granted on June 10, 2022 with vesting period of one year, and 56,018 (after the effect of the Share Subdivision) restricted shares granted on March 24, 2021 with forty percent of such restricted shares were vested during the year ended December 31, 2021, and twenty and forty percent of such restricted shares shall be vested in the following two years, respectively, and 50,933 (after the effect of the Share Subdivision) restricted shares granted on November 23, 2021 with different vesting schedule from 3 years to 5 years, each other restricted share granted under the Restricted Share Award Scheme can only be vested in the following manners (each date on which any portion of restricted share granted shall be vested is hereinafter referred to as a "**Vesting Date of Restricted Share Award Scheme**" and each tranche on which any portion of restricted share granted shall be vested is hereinafter referred to as a "**Batch under Restricted Share Award Scheme**"):

Batch under Restricted Share Award Scheme	Vesting Date of Restricted Share Award Scheme
twenty percent (20%) of the restricted shares so granted	second (2nd) anniversary of the grant date for an restricted share
twenty percent (20%) of the restricted shares so granted	third (3rd) anniversary of the grant date for an restricted share
twenty percent (20%) of the restricted shares so granted	fourth (4th) anniversary of the grant date for an restricted share
forty percent (40%) of the restricted shares so granted	fifth (5th) anniversary of the grant date for an restricted share

44. SHARE-BASED COMPENSATION (Continued)

(b) Restricted Share Award Scheme (Continued)

Set out below are details of the movements of the outstanding restricted shares granted under the Restricted Share Award Scheme during the years ended December 31, 2024 and 2023:

Batch	Outstanding as at January 1, 2024	Granted	Vested	Forfeited	Cancelled *(note i)*	Outstanding as at December 31, 2024	Fair value per share at the date of grant *(note ii)*
March 19, 2019	55,170	–	55,170	–	–	–	HK$27.783
June 5, 2019	4,068,867	–	3,988,869	79,998	–	–	HK$23.900
August 20, 2019	1,307,844	–	1,273,323	23,628	10,893	–	HK$27.667
November 20, 2019	387,072	–	339,033	48,039	–	–	HK$29.800
March 27, 2020	2,084,093	–	687,913	137,048	20,166	1,238,966	HK$33.333
June 9, 2020	976,131	–	323,623	27,647	–	624,861	HK$41.900
August 18, 2020	809,428	–	244,152	120,178	2,961	442,137	HK$58.600
November 12, 2020	3,064,790	–	949,088	203,459	39,220	1,873,023	HK$77.133
March 24, 2021	2,870,517	–	709,793	198,343	47,583	1,914,798	HK$87.950
June 16, 2021	1,059,684	–	264,920	–	–	794,764	HK$116.900
June 17, 2021	8,035,593	–	1,951,886	827,838	93,167	5,162,702	HK$120.800
August 24, 2021	2,737,196	–	652,145	220,328	12,093	1,852,630	HK$121.700
November 23, 2021	2,296,997	–	714,139	179,305	21,777	1,381,776	HK$101.300
March 23, 2022	15,254,338	–	2,873,256	1,286,513	170,052	10,924,517	HK$65.300
June 10, 2022	8,006,821	–	1,577,833	581,021	11,040	5,836,927	HK$69.000
August 18, 2022	1,562,686	–	291,276	239,686	–	1,031,724	HK$71.700
November 28, 2022	6,722,098	–	1,258,957	452,401	39,212	4,971,528	HK$47.350
August 24, 2023	14,810,242	–	–	1,616,351	229,409	12,964,482	HK$44.600
November 21, 2023	2,954,394	–	–	226,240	18,594	2,709,560	HK$48.550
March 27, 2024	–	19,372,191	–	1,208,209	139,575	18,024,407	HK$13.760
June 18, 2024	–	434,227	–	121,878	–	312,349	HK$11.680
	79,063,961	19,806,418	18,155,376	7,798,110	855,742	72,061,151	
Weighted average fair value per share (HK$)	66.23	13.71	61.91	58.82	58.51	53.78	

The closing price of the Company's shares immediately before March 27, 2024 and June 18, 2024, the dates of granting restricted shares in 2024, was HK$13.56 and HK$11.90, respectively.

44. SHARE-BASED COMPENSATION (Continued)

(b) Restricted Share Award Scheme (Continued)

Batch	Outstanding as at January 1, 2023	Granted	Vested	Forfeited	Cancelled *(note i)*	Outstanding as at December 31, 2023	Fair value per share at the date of grant *(note ii)*
January 15, 2018	1,954,272	–	1,934,568	–	19,704	–	HK$18.333
March 20, 2018	1,440,276	–	1,425,192	1,104	13,980	–	HK$25.233
June 13, 2018	544,209	–	525,855	14,898	3,456	–	HK$29.500
August 21, 2018	1,148,685	–	1,103,577	14,688	30,420	–	HK$23.500
November 20, 2018	854,285	–	848,696	–	5,589	–	HK$21.850
March 19, 2019	82,750	–	27,580	–	–	55,170	HK$27.783
June 5, 2019	6,584,235	–	2,159,393	190,474	165,501	4,068,867	HK$23.900
August 20, 2019	2,161,513	–	682,127	97,075	74,467	1,307,844	HK$27.667
November 20, 2019	688,272	–	195,062	26,477	79,661	387,072	HK$29.800
March 27, 2020	2,990,928	–	739,080	70,496	97,259	2,084,093	HK$33.333
June 9, 2020	1,335,518	–	330,438	18,734	10,215	976,131	HK$41.900
August 18, 2020	1,109,910	–	269,764	17,867	12,851	809,428	HK$58.600
November 12, 2020	4,416,208	–	1,037,596	173,042	140,780	3,064,790	HK$77.133
March 24, 2021	4,009,552	–	830,894	168,729	139,412	2,870,517	HK$87.950
June 16, 2021	1,324,604	–	264,920	–	–	1,059,684	HK$116.900
June 17, 2021	11,078,195	–	2,146,632	452,408	443,562	8,035,593	HK$120.800
August 24, 2021	3,914,921	–	742,276	361,299	74,150	2,737,196	HK$121.700
November 23, 2021	3,371,719	–	762,381	269,704	42,637	2,296,997	HK$101.300
March 23, 2022	17,409,885	–	–	1,585,688	569,859	15,254,338	HK$65.300
June 10, 2022	8,530,729	–	16,581	371,232	136,095	8,006,821	HK$69.000
August 18, 2022	1,720,764	–	–	111,034	47,044	1,562,686	HK$71.700
November 28, 2022	7,252,833	–	–	459,300	71,435	6,722,098	HK$47.350
August 24, 2023	–	15,258,529	–	414,602	33,685	14,810,242	HK$44.600
November 21, 2023	–	3,037,209	–	82,815	–	2,954,394	HK$48.550
	83,924,263	18,295,738	16,042,612	4,901,666	2,211,762	79,063,961	
Weighted average fair value per share (HK$)	69.01	45.26	54.53	71.10	72.06	66.23	

44. SHARE-BASED COMPENSATION (Continued)

(b) Restricted Share Award Scheme (Continued)

Notes:

i. Certain employees of the Group were offered, and agreed to join the Subsidiary Share Option Scheme and Subsidiary Restricted Share Award Scheme, i.e. the WuXi XDC Share Option Scheme, the WuXi XDC Restricted Share Award Scheme or the WuXi Vaccines Share Option Scheme (as defined in Note 44(d)). Upon participating in these schemes, share options and restricted shares under the Subsidiary Share Option Scheme and Subsidiary Restricted Share Award Scheme were granted to the employees while the outstanding restricted shares granted under the Restricted Share Award Scheme held by the respective employees were cancelled in the same time accordingly. The directors of the Company considered that most of the cancelled restricted shares under the Restricted Share Award Scheme were replaced by the share options and restricted shares granted under the Subsidiary Share Option Scheme and Subsidiary Restricted Share Award Scheme, which was accounted for as a modification of the original equity instruments with no incremental fair value granted, therefore, such outstanding restricted shares would continue to be measured at the original grant-date fair value and the corresponding share-based compensation expense would be recognized in profit or loss over the original vesting periods. The remaining cancelled restricted shares were deemed to be accounted for as an acceleration of vesting, and the Group recognized immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

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

The Group recognized total expense of approximately RMB907,753,000 for the year ended December 31, 2024 (2023: RMB1,140,526,000) in relation to restricted shares granted by the Company under the Restricted Share Award Scheme.

44. SHARE-BASED COMPENSATION (Continued)

(c) Global Partner Program Share Scheme

On June 16, 2021, the Company adopted a global partner program share scheme to further reward and incentivize the Group's top employees and attract key talents (the "**Selected Participants under Global Partner Program Share Scheme**") to ensure the continuous business development and growth of the Company and to further align the interests of the top employees and the shareholders of the Company. The Selected Participants under Global Partner Program Share Scheme who have significant contributions to the Group's business development and growth will be granted restricted shares under the Global Partner Program Share Scheme. The number of restricted shares to be granted will be determined based on various performance-related considerations, such as the fulfilment by the respective Selected Participants under Global Partner Program Share Scheme of their individual performance targets as well as the overall business performance of the Group as a whole. The total number of the restricted shares underlying all grants made pursuant to the Global Partner Program Share Scheme shall not exceed three percent of the total number of shares of the Company in issue (i.e.127,452,353 shares) as at June 27, 2023 (the date on which the proposed amendments to the Global Partner Program Share Scheme were approved by the shareholders).

The Company will issue and allot to trustee new shares under the general mandate granted by the shareholders of the Company from time to time. The new shares so issued will be held on trust until the end of each vesting period and will be transferred to the Selected Participants under Global Partner Program Share Scheme upon satisfaction of the relevant original vesting conditions.

The fair value of the restricted shares awarded was determined based on the market value of the Company's share at the grant date.

44. SHARE-BASED COMPENSATION (Continued)

(c) Global Partner Program Share Scheme (Continued)

The restricted share granted under the Global Partner Program Scheme can only be vested in the following manners (each date on which any portion of restricted share granted shall be vested is hereinafter referred to as a "**Vesting Date of Global Partner Program Share Scheme**" and each batch on which any portion of restricted share granted shall be vested is hereinafter referred to as a "**Batch under Global Partner Program Share Scheme**"):

Batch under Global Partner Program Share Scheme	Vesting Date of Global Partner Program Share Scheme
fifty percent (50%) of the restricted shares so granted	first (1st) anniversary of the grant date for an restricted share
fifty percent (50%) of the restricted shares so granted	second (2nd) anniversary of the grant date for an restricted share

Besides, the restricted shares can only be vested when the share price is no less than HK$97.80.

Set out below are details of the movements of the outstanding restricted shares granted under the Global Partner Program Share Scheme during the years ended December 31, 2024 and 2023:

Batch	Outstanding as at January 1, 2024	Granted	Vested	Forfeited	Cancelled	Outstanding as at December 31, 2024	Fair value per share at the date of grant
November 23, 2021	2,420,829	–	–	359,122	51,359	2,010,348	HK$101.30
June 10, 2022	1,223,147	–	–	–	–	1,223,147	HK$69.00
November 28, 2022	6,399,432	–	–	703,488	128,229	5,567,715	HK$47.35
August 24, 2023	1,343,624	–	–	–	–	1,343,624	HK$44.60
November 21, 2023	7,865,202	–	–	572,461	93,053	7,199,688	HK$48.55
	19,252,234	–	–	1,635,071	272,641	17,344,522	
Weighted average fair value per share (HK$)	55.81	–	–	59.62	57.92	55.42	

44. SHARE-BASED COMPENSATION (Continued)

(c) Global Partner Program Share Scheme (Continued)

Batch	Outstanding as at January 1, 2023	Granted	Vested	Forfeited	Cancelled	Outstanding as at December 31, 2023	Fair value per share at the date of grant
November 23, 2021	2,582,758	–	–	44,448	117,481	2,420,829	HK$101.30
June 10, 2022	1,223,147	–	–	–	–	1,223,147	HK$69.00
November 28, 2022	6,769,146	–	–	166,441	203,273	6,399,432	HK$47.35
August 24, 2023	–	1,343,624	–	–	–	1,343,624	HK$44.60
November 21, 2023	–	7,889,429	–	24,227	–	7,865,202	HK$48.55
	10,575,051	9,233,053	–	235,116	320,754	19,252,234	
Weighted average fair value per share (HK$)	63.03	47.98	–	57.67	67.11	55.81	

The Group recognized total expense of approximately RMB177,361,000 for the year ended December 31, 2024 (2023: RMB169,878,000) in relation to restricted shares granted by the Company under the Global Partner Program Share Scheme.

44. SHARE-BASED COMPENSATION (Continued)

(d) Subsidiary Share Option Scheme and Subsidiary Restricted Share Award Scheme

WuXi XDC Share Option Schemes (as defined below)

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

As at December 31, 2024, total outstanding options of 112,617,634 shares were conditionally granted on April 1, 2022, June 10, 2022, August 18, 2022, January 6, 2023, July 6, 2023, August 24, 2023, and October 30, 2023, respectively, and the exercise price of the options granted were RMB1.658, RMB1.658, RMB1.850, RMB1.868, RMB4.500, RMB6.900, and RMB6.900 per share, respectively.

The Group recognized total expense of approximately RMB81,633,000 for the year ended December 31, 2024 in relation to options granted under the WuXi XDC Share Option Schemes (2023: RMB79,344,000).

WuXi XDC Restricted Share Award Scheme (as defined below)

WuXi XDC, has adopted the restricted share award scheme (the "**WuXi XDC Restricted Share Award Scheme**") on June 12, 2024. The purpose of the WuXi XDC Restricted Share Scheme is to enable WuXi XDC to grant restricted shares to eligible participants as incentives or rewards for their contribution to WuXi XDC Group.

In 2024, total of 4,786,948 shares were granted on July 12, 2024 and September 30, 2024, and the closing price of the restricted shares immediately before the dates of grant were HK$16.18 and HK$23.35 per share, respectively. As at December 31, 2024, total of 4,636,111 restricted shares granted remained unvested.

The Group recognized total expense of approximately RMB14,085,000 for the year ended December 31, 2024 in relation to restricted shares granted by WuXi XDC under WuXi XDC Restricted Share Award Scheme (2023: nil).

44. SHARE-BASED COMPENSATION (Continued)

(d) Subsidiary Share Option Scheme and Subsidiary Restricted Share Award Scheme (Continued)

WuXi Vaccines Share Option Scheme (as defined below)

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

As at December 31, 2024, total outstanding options of 45,836,041 shares were conditionally granted on May 16, 2022 and June 10, 2022, respectively, and the exercise price of the options granted were RMB0.511 and RMB0.511 per share, respectively.

The Group recognized total expense of approximately RMB28,160,000 for the year ended December 31, 2024 in relation to options granted under the WuXi Vaccines Share Option Scheme (2023: RMB33,773,000).

45. DETAILS OF PRINCIPAL SUBSIDIARIES

45.1 General information of subsidiaries

The direct and indirect interests in the following subsidiaries held by the Company during the years ended December 31, 2024 and 2023 are as follows:

Name of subsidiaries	Place of Incorporation/ operation, date of incorporation	Authorized share capital/Registered capital	Paid up capital	Attributable equity interests held by the Company as at December 31, 2024 %	2023 %	Principal activities
Directly held:						
WuXi Biologics Investments Limited ("**Biologics Investments**") *(note ii)*	Hong Kong November 18, 2010	Not applicable	RMB16,484,300,092	**100**	100	Investment holding
WuXi Biologics HealthCare Venture (Cayman) Inc. *(note ii)*	Cayman Islands April 10, 2018	US$50,000	US$50,000	**100**	100	Investment holding
WuXi Biologics HealthCare Venture Hong Kong Holding Limited *(note ii)*	Hong Kong April 25, 2018	Not applicable	–	**100**	100	Investment holding
WuXi Biologics Alliance Limited *(note ii)*	Hong Kong June 27, 2019	Not applicable	–	**100**	100	Investment holding
WuXi Vaccines *(note ii) (Note 48)*	Cayman Islands September 18, 2020	US$50,000	US$50,000	**100**	70	Investment holding
WuXi XDC *(note ii) (Note 48)*	Cayman Islands December 14, 2020	US$60,000	US$60,000	**50.95**	50.1	Investment holding
Acellytron Therapeutics (Cayman) Inc. *(note ii)*	Cayman Islands August 9, 2023	US$50,000	–	**100**	100	Investment holding
Indirectly held:						
無錫藥明企業管理有限公司 (WuXi Biologics Holdings Co., Ltd.)# *(note ii)*	The PRC August 14, 2014	RMB4,911,180,000	RMB4,911,180,000	**100**	100	Investment holding
無錫藥明生物技術股份有限公司. (WuXi Biologics Co., Ltd. ("**WuXi Co.**"))# *(note i)*	The PRC May 25, 2010	RMB8,915,770,000	RMB8,915,770,000	**100**	100	Development of, and the provision of consultation services in relation to the biopharmaceutical technology
WuXi Biologics (Hong Kong) Limited *(note iii)*	Hong Kong May 12, 2014	Not applicable	HK$1	**100**	100	International sales contracting service

45. DETAILS OF PRINCIPAL SUBSIDIARIES (Continued)

45.1General information of subsidiaries (Continued)

Name of subsidiaries	Place of Incorporation/ operation, date of incorporation	Authorized share capital/Registered capital	Paid up capital	Attributable equity interests held by the Company as at December 31,		Principal activities
				2024 %	2023 %	
Indirectly held: (Continued)						
蘇州藥明檢測檢驗有限責任公司 (WuXi Biologics Biosafety Testing (Suzhou) Co., Ltd.)# *(note iii)*	The PRC May 30, 2012	RMB42,860,000	RMB42,860,000	100	100	Testing and development of testing technologies
上海藥明生物技術有限公司 (WuXi Biologics (Shanghai) Co., Ltd. ("**Shanghai Biologics**"))# *(note iii)*	The PRC January 6, 2015	RMB1,330,000,000	RMB1,330,000,000	100	100	Research and development in relation to biologics
WuXi Biologics Ireland Limited ("**Biologics Ireland**") *(note ii)*	Ireland March 8, 2018	EUR1,192,145,300	EUR1,192,145,300	100	100	Biologics discovery, development and manufacturing service
WuXi Biologics USA, LLC. ("**USA Biologics**") *(note ii)*	The United States of America April 21, 2016	US$455,200,100	US$455,200,100	100	100	Biologics clinical and manufacturing service, and sales and marketing services in US
WuXi Biologics UK Ltd. ("**UK Biologics**") *(note ii)*	The United Kingdom December 2, 2016	Pound Sterling 1,000	Pound Sterling 1,000	100	100	Sales and marketing services in Europe
上海藥明生物醫藥有限公司 (WuXi Biologics (Shanghai FX) Co., Ltd)# *(note i)*	The PRC April 7, 2017	US$63,000,000	US$63,000,000	100	100	Production and sales of medicals, and provision of services in relation to the biopharmaceutical technology
成都藥明生物技術有限公司 (WuXi Biologics (Chengdu) Co., Ltd) # *(note i)*	The PRC December 4, 2017	US$120,000,000	US$66,318,000	100	100	Research and development in relation to biologics
上海藥明海德生物科技有限公司 (Shanghai Vaccines Co., Ltd.)# *(note i)*	The PRC August 1, 2018	RMB500,000,000	RMB8,200,000	100	70	Biologics manufacturing service
無錫藥明合聯生物技術有限公司 (WuXi XDC Co., Ltd.)# *(notes ii)*	The PRC March 13, 2018	US$300,000,000	US$220,000,000	50.95	50.1	Biologics discovery, development and manufacturing service
河北藥明生物技術有限公司 (WuXi Biologics (Hebei) Co., Ltd.)# *(note i)*	The PRC June 19, 2018	US$62,000,000	US$62,000,000	100	100	Biologics discovery, development and manufacturing service

45. DETAILS OF PRINCIPAL SUBSIDIARIES (Continued)

45.1General information of subsidiaries (Continued)

Name of subsidiaries	Place of Incorporation/ operation, date of incorporation	Authorized share capital/Registered capital	Paid up capital	Attributable equity interests held by the Company as at December 31, 2024 %	2023 %	Principal activities
Indirectly held: (Continued)						
WuXi Biologics HealthCare Venture *(note ii)*	Hong Kong May 29, 2018	Not applicable	US$140,419,078	100	100	Investment holding
杭州明德生物醫藥技術有限公司 (WuXi Biologics (Hangzhou) Co., Ltd.)# *(note i)*	The PRC September 16, 2019	US$110,000,000	US$110,000,000	100	100	Biologics discovery, development and manufacturing service
WuXi Vaccines (Hong Kong) Limited *(note ii)*	Hong Kong May 24, 2019	Not applicable	US$182,495,215	100	70	International sales contracting service
Vaccines Ireland *(note ii)*	Ireland June 20, 2019	EUR127,203,655	EUR127,203,655	100	70	Vaccine CDMO and related business
博格隆(浙江)生物技術有限公司 (Bestchrom (Zhejiang) Biosciences Co., Ltd.)# *(note i)*	The PRC June 18, 2013	RMB240,000,000	RMB102,000,000	51.1	50.1	Biologics manufacturing service and material supplier
博格隆(上海)生物技術有限公司 (Bestchrom (Shanghai) Biosciences Co., Ltd.)# *(note i)*	The PRC July 1, 2008	US$150,000	US$150,000	50.1	50.1	Biologics manufacturing service and material supplier
WuXi Biologics Germany GmbH *(note ii)*	The Federal Republic of Germany December 20, 2019	EUR25,000	EUR240,064,271	100	100	Biologics manufacturing service
杭州明德生物新技術開發有限公司 (WuXi Biologics (Hangzhou FTZ) Co., Ltd.)# *(note i)*	The PRC April 30, 2020	US$20,000,000	US$20,000,000	100	100	Biologics discovery, development and manufacturing service
無錫博格隆生物技術有限公司 (WuXi Bestchrom Biosciences Co., Ltd.)# *(note i)*	The PRC September 15, 2020	RMB20,000,000	–	51.1	50.1	Biologics discovery, development and manufacturing service
北京藥明生物技術有限公司 (WuXi Biologics (Beijing) Co., Ltd. ("**Beijing Biologics**"))# *(note iii)*	The PRC September 18, 2020	RMB30,000,000	RMB5,000,000	100	100	Biologics discovery, development and manufacturing service

45. DETAILS OF PRINCIPAL SUBSIDIARIES (Continued)

45.1 General information of subsidiaries (Continued)

Name of subsidiaries	Place of Incorporation/ operation, date of incorporation	Authorized share capital/Registered capital	Paid up capital	Attributable equity interests held by the Company as at December 31,		Principal activities
				2024 %	2023 %	
Indirectly held: (Continued)						
無錫元康投資管理有限公司 (WuXi Yuankang Investments Co., Ltd.)# *(note iii)*	The PRC November 10, 2020	RMB2,500,000,000	RMB235,020,000	**100**	100	Investment activity
無錫藥明海德生物技術有限公司 (WuXi Vaccines Co., Ltd)# *(note i)*	The PRC March 8, 2021	RMB50,000,000	–	**100**	70	Biologics manufacturing service
WuXi XDC Hong Kong Limited *(note ii)*	Hong Kong June 7, 2021	Not applicable	–	**50.95**	50.1	International sales contracting service
CMAB Biopharma Limited *(note ii)*	British Virgin Islands June 15, 2017	US$50,000	US$60,869,975	**100**	100	Investment holding
CMAB Biopharma (HK) Limited *(note ii)*	Hong Kong December 1, 2016	Not applicable	HKD10,000	**100**	100	Investment holding
CMAB Biopharma (Switzerland) AG *(note ii)*	Switzerland March 26, 2018	CHF100,000	CHF100,000	**100**	100	Development, production and distribution of biotechnological products
蘇州藥明生物技術有限公司 WuXi Biologics (Suzhou) Co., Ltd.# *(note i)*	The PRC June 23, 2017	US$69,364,416	US$69,364,416	**100**	100	Biologics discovery, development and manufacturing service
浙江藥明生物醫藥有限公司 WuXi Biologics (Zhejiang) Co., Ltd# *(note ii)*	The PRC November 2, 2015	US$325,000,000	US$325,000,000	**100**	100	Biologics discovery, development and manufacturing service
上海藥明合聯生物技術有限公司 WuXi XDC (Shanghai) Co., Ltd.# *(notes iii)*	The PRC March 31, 2021	RMB30,000,000	RMB30,000,000	**50.95**	50.1	Biologics discovery, development and manufacturing service
常州藥明合聯生物技術有限公司 WuXi XDC (Changzhou) Co., Ltd.# *(notes iii)*	The PRC July 2, 2021	RMB300,000,000	RMB300,000,000	**50.95**	50.1	Biologics discovery, development and manufacturing service
無錫藥明新創生物技術有限公司 WuXi Biologics New Tech Co., Ltd.# *(note ii)*	The PRC April 29, 2021	US$100,000,000	US$1,000,000	**100**	100	Biologics discovery, development and manufacturing service

45. DETAILS OF PRINCIPAL SUBSIDIARIES (Continued)

45.1 General information of subsidiaries (Continued)

Name of subsidiaries	Place of Incorporation/ operation, date of incorporation	Authorized share capital/Registered capital	Paid up capital	Attributable equity interests held by the Company as at December 31, 2024 %	2023 %	Principal activities
Indirectly held: (Continued)						
無錫雅康實業投資有限公司 WuXi Yakang Investments Co., Ltd.# *(note iii)*	The PRC June 30, 2021	RMB300,000,000	–	**100**	100	Investment activity
無錫啓盛投資合夥企業（有限合夥） WuXi Qisheng Investments Partnership (Limited Partnership)# *(note i)*	The PRC June 30, 2021	RMB1,000,000,000	RMB430,000,000	**100**	100	Investment activity
上海藥明檢測有限公司 WuXi Biologics Biosafety Testing (Shanghai) Co., Ltd.# *(note i)*	The PRC July 22, 2021	RMB100,000,000	RMB100,000,000	**100**	100	Testing and development of testing technologies
無錫康澤投資管理有限公司 WuXi Kangze Investments Management Co., Ltd.# *(note ii)*	The PRC July 21, 2021	RMB400,000,000	–	**100**	100	Investment activity
無錫康悅投資合夥企業（有限合夥） WuXi Kangyue Investments Partnership (Limited Partnership)# *(note i)*	The PRC August 6, 2021	RMB500,500,000	RMB226,510,000	**100**	100	Investment activity
無錫啓源投資合夥企業（有限合夥） WuXi Qiyuan Investments Partnership (Limited Partnership)# *(note i)*	The PRC October 12, 2021	RMB1,000,000,000	RMB63,500,000	**100**	100	Investment activity
Wuxi Biologics Biopharmaceuticals Singapore Private Limited *(note ii)*	Singapore December 30, 2021	US$8,000,001	US$8,000,000	**100**	100	Biologics manufacturing service
蘇州藥明海德生物科技有限公司 (Suzhou Vaccines Co., Ltd.) # *(note ii)*	The PRC October 20, 2022	RMB200,000,000	RMB200,000,000	**100**	70	Biologics manufacturing service
WuXi XDC Singapore Private Limited *(note ii)*	Singapore November 16, 2022	US$156,000,000	US$156,000,000	**50.95**	50.1	Biologics manufacturing service
WuXi Vaccines Singapore Private Limited *(note ii)*	Singapore November 16, 2022	US$1,000,000	US$1,000,000	**100**	70	Biologics manufacturing service

45. DETAILS OF PRINCIPAL SUBSIDIARIES (Continued)

45.1 General information of subsidiaries (Continued)

Name of subsidiaries	Place of Incorporation/ operation, date of incorporation	Authorized share capital/Registered capital	Paid up capital	Attributable equity interests held by the Company as at December 31, 2024 %	2023 %	Principal activities
Indirectly held: (Continued)						
Acellytron Therapeutics (Hong Kong) Limited *(note ii)*	Hong Kong September 19, 2023	Not applicable	–	**100**	100	International sales contracting service
蘇州艾斯力創生物技術有限公司 Acellytron Therapeutics (Suzhou) Co., Ltd. # *(note ii)*	The PRC November 7, 2023	RMB20,000,000	–	**100**	100	Research and development in relation to biologics
XDC ConjuTech Limited *(note ii, iv)*	British Virgin Islands May 8, 2024	US$162,000,000	US$162,000,000	**50.95**	N/A	Investment holding
XDC ConjuTech USA LLC *(note ii, iv)*	The United States May 22, 2024	US$5,000,000	US$5,000,000	**50.95**	N/A	Development, production and distribution of biotechnological products

\# English name is for identification purpose only.

Notes:

i. This company is a sino-foreign joint venture.

ii. This company is a wholly-foreign owned enterprise.

iii. This company is a wholly-domestic owned enterprise.

iv. This company is registered during the year ended December 31, 2024.

None of the subsidiaries had issued any debt securities at the end of the year.

45. DETAILS OF PRINCIPAL SUBSIDIARIES (Continued)

45.2 Details of non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation	Proportion of ownership interest and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		December 31, 2024	December 31, 2023	**December 31, 2024 RMB'000**	December 31, 2023 RMB'000	**December 31, 2024 RMB'000**	December 31, 2023 RMB'000
WuXi XDC	Cayman Islands	**49.05%**	49.9%	**531,406**	80,798	**3,256,669**	2,721,704

46. FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current Asset		
Investments in subsidiaries	25,558,556	23,444,181
	25,558,556	23,444,181
Current Assets		
Other receivables and prepayments	15,170	12,613
Amounts due from subsidiaries	2,037,621	2,142,379
Derivative financial assets	—	14,046
Financial assets at FVTPL	81	1,213,598
Bank balances and cash	256,664	674,626
	2,309,536	4,057,262
Current Liabilities		
Other payables	56,789	189,459
Amounts due to subsidiaries	3,832,000	1,823,032
Derivative financial liabilities	153,988	434,747
	4,042,777	2,447,238
Net Current (Liabilities) Assets	(1,733,241)	1,610,024
Total Assets less Current Liabilities	23,825,315	25,054,205
Deferred tax liabilities	15,991	16,876
Non-current Liability	15,991	16,876
Net Assets	23,809,324	25,037,329
Capital and Reserves		
Share capital	226	235
Reserves	23,809,098	25,037,094
Total Equity attributable to the Owners of the Company	23,809,324	25,037,329

47. RESERVES MOVEMENT OF THE COMPANY

The movement of the reserves of the Company are as follows:

	Treasury stock RMB'000	Share premium RMB'000	Equity-settled share-based compensation reserve RMB'000	Hedging reserve RMB'000	Retained earnings RMB'000	Total reserves RMB'000
As at January 1, 2023	–	21,841,354	2,194,101	(71,043)	1,046,139	25,010,551
Total comprehensive (expense) income for the year	–	–	–	(418,212)	24,192	(394,020)
Issue of new shares, net of transaction costs	–	(1)	–	–	–	(1)
Exercise of equity-settled share-based compensation	–	769,033	(742,876)	–	–	26,157
Recognition of equity-settled share-based compensation	–	–	1,311,323	–	–	1,311,323
Repurchase of shares	(916,916)	–	–	–	–	(916,916)
As at December 31, 2023	(916,916)	22,610,386	2,762,548	(489,255)	1,070,331	25,037,094
Total comprehensive expense for the year	–	–	–	(218,452)	(344,476)	(562,928)
Issue of new shares, net of transaction costs	–	–	–	–	–	–
Exercise of equity-settled share-based compensation	–	2,158,929	(2,143,175)	–	–	15,754
Recognition of equity-settled share-based compensation	–	–	1,085,114	–	–	1,085,114
Repurchase of shares	(1,765,946)	–	–	–	–	(1,765,946)
Cancellation of treasury stock	2,682,862	(2,682,852)	–	–	–	10
As at December 31, 2024	–	22,086,463	1,704,487	(707,707)	725,855	23,809,098

48. INVESTMENTS IN SUBSIDIARIES

	2024 RMB'000	2023 RMB'000
Listed shares, at cost		
WuXi XDC *(note ii)*	**1,036,560**	777,052
Unlisted shares, at cost		
Biologics Investments	**16,484,300**	16,484,300
WuXi Biologics HealthCare Venture (Cayman) Inc.	**1,013,124**	1,013,124
WuXi Vaccines *(note iii)*	**2,098,050**	1,327,896
Deemed capital contributions to *(note i)*:		
WuXi Co.	**2,324,040**	1,850,761
Shanghai Biologics	**1,232,001**	1,001,336
USA Biologics	**286,183**	195,344
WuXi Biologics Biosafety Testing (Suzhou) Co., Ltd.	**106,678**	84,252
UK Biologics	**30,394**	19,775
Biologics Ireland	**85,948**	64,784
WuXi XDC Co., Ltd	**27,462**	23,494
WuXi Biologics (Hebei) Co., Ltd.	**26,280**	19,645
WuXi Biologics (Shanghai FX) Co., Ltd.	**469,186**	350,686
Wuxi Biologics (Chengdu) Co., Ltd.	**11,483**	6,925
Vaccines Ireland	**17,900**	13,035
WuXi Biologics Germany GmbH	**64,362**	51,483
Beijing Biologics	**11,141**	7,773
Shanghai Vaccines Co., Ltd.	**9,745**	6,889
WuXi Biologics (Hangzhou) Co., Ltd.	**111,718**	79,396
WuXi Biologics (Hangzhou FTZ) Co., Ltd.	**12,435**	8,197
WuXi XDC (Changzhou) Co., Ltd.	**968**	968
WuXi Biologics (Zhejiang) Co., Ltd.	**28,491**	17,473
WuXi XDC (Shanghai) Co., Ltd.	**7,115**	3,248
WuXi Biologics (Suzhou) Co., Ltd.	**40,007**	25,926
WuXi Biologics Biopharmaceuticals Singapore Private Limited	**4,307**	2,598
WuXi Biologics Biosafety Testing (Shanghai) Co., Ltd.	**5,535**	1,420
Suzhou Vaccines Co., Ltd.	**10,951**	5,411
WuXi Vaccines Singapore Private Limited	**1,030**	523
WuXi Biologics (Hong Kong) Limited	**901**	467
WuXi XDC Singapore Private Limited	**12**	—
XDC ConjuTech USA LLC	**249**	—
	25,558,556	23,444,181

48. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

i. The amounts represent the equity-settled share-based compensation in respect of the respective share options and restricted shares granted by the Company to certain employees of the specified subsidiaries for employees' services rendered to the respective subsidiaries under the Company's Pre-IPO Share Option Scheme, Restricted Share Award Scheme and Global Partner Program Share Scheme as disclosed in Note 44. Since the subsidiaries have no obligation to reimburse such expense, the amounts are treated as deemed capital contribution by the Company to the subsidiaries and included in the Company's cost of investments in subsidiaries.

ii. During the year ended December 31, 2024, the Group acquired 11,350,500 listed shares of WuXi XDC at total consideration of RMB259,508,000 through a block trade.

iii. During the year ended December 31, 2024, the Group acquired 30% equity interest in WuXi Vaccines from a non-controlling shareholder, Shanghai Hile Bio-Technology Co., Ltd.* (上海海利生物技術股份有限公司), at total consideration of US$108,500,000 (equivalent to RMB770,154,000), which was settled in full in 2024. Upon completion of the transaction, WuXi Vaccines became a wholly-owned subsidiary of the Company.

49. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following events taken place subsequent to December 31, 2024:

(1) On January 6, 2025, the Company and Vaccines Ireland entered into an agreement with MSD International, pursuant to which Vaccines Ireland has conditionally agreed to sell, and MSD International has conditionally agreed to purchase, all the property and assets related to the Vaccines Facility. The total consideration of the agreement amounted to approximately US$500 million (equivalent to approximately HK$3,900 million), subject to the terms and conditions therein. All the related assets to be transferred to MSD International as provided in the agreement were presented as assets classified as held for sale in the Group's consolidated statement of financial position as at December 31, 2024.

(2) From January 14, 2025 to March 25, 2025, the Company repurchased an aggregate of 9,509,500 shares on The Stock Exchange of Hong Kong Limited at the highest and lowest prices of HK$17.66 and HK$17.20 per share, respectively. The aggregate purchase price paid for the share repurchase was approximately HK$165.79 million.

* English name for identification purpose only.

Definitions

"ADC"	antibody-drug conjugate
"ADCC"	antibody-dependent cell-mediated cytotoxicity
"AGM"	the annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Biologics Holdings"	WuXi Biologics Holdings Limited, a company incorporated under the laws of the British Virgin Islands on December 17, 2015 with limited liability, and a substantial shareholder of the Company. Our Directors, Dr. Ge Li and Mr. Yanling Cao serve as directors of Biologics Holdings
"Board" or "Board of Directors"	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 annual report, Hong Kong, Macau Special Administrative Region and Taiwan
"China NMPA"	China National Medical Products Administration
"CMC"	Chemical Manufacturing and Control
"CMO"	Contract Manufacturing Organization
"COFEPRIS"	Federal Commission for the Protection against Sanitary Risk of Mexico
"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
"CRO"	Contract Research Organization

"Director(s)"	the director(s) of the Company
"DNA"	a molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses
"ESG"	environmental, social and governance
"EU"	a politico-economic union of 27 member states that are located primarily in Europe
"EU EMA"	European Medicines Agency
"EUR"	Europe currency
"Global Partner Program Share Scheme"	the share award scheme for global partner program adopted by the Company on June 16, 2021 and amended and restated on June 27, 2023
"GMP"	Good Manufacturing Practice
"Group" or "we" or "our" or "us"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKEX"	Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug, an experimental drug for which a pharmaceutical company obtains permission to ship across jurisdictions (usually to clinical investigators) before a marketing application for the drug has been approved
"IPO"	the listing of the Shares on the Main Board of the Stock Exchange on June 13, 2017
"Irish HPRA"	Irish Health Products Regulatory Authority

Definitions

"Life Science Holdings"	New WuXi Life Science Holdings Limited, a company incorporated under the laws of the Cayman Islands on July 2, 2015 with limited liability, which holds 100% issued share capital of Life Science Limited. Our Director Mr. Yanling Cao serves as a director of Life Science Holdings
"Life Science Limited"	New WuXi Life Science Limited, a company incorporated under the laws of the Cayman Islands on July 2, 2015 with limited liability, which holds 100% issued share capital of WuXi PharmaTech. Our Director Mr. Yanling Cao serves as a director of Life Science Limited
"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
"MFDS"	The Ministry of Food and Drug Safety of the Republic of Korea
"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
"Payload-Linkers Master Services Agreement"	the payload-linkers master services framework agreement entered into between WuXi XDC and WuXi AppTec on November 3, 2023, pursuant to which the XDC Group has engaged the WXAT Group to provide research and development and manufacturing services in relation to payload-linkers and supply the related intermediate products to the XDC Group for use in its ADC CRDMO services
"pDNA"	plasmid DNA
"PMDA"	Pharmaceuticals and Medical Devices Agency of Japan
"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 one-year period from January 1, 2024 to December 31, 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
"Scheme Mandate Limit"	254,904,706 Shares, being the maximum number of Shares which may be issued and allotted in respect of all restricted shares to be granted under the Restricted Share Award Scheme and the Global Partner Program Share Scheme and all share options and share awards to be granted under any other share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$1/120,000 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"U.S."	United States of America
"US$" or "USD"	United States dollar(s), the lawful currency of the U.S.

Definitions

"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 AppTec"	WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), a company incorporated in the PRC on December 1, 2000 and the shares of which are listed on Shanghai Stock Exchange (stock code: 603259) and the Main Board of the Stock Exchange (stock code: 2359)
"WuXi PharmaTech"	WuXi PharmaTech (Cayman) Inc., a company incorporated under the laws of the Cayman Islands on March 16, 2007 with limited liability. Its shares were listed on the New York Stock Exchange (stock code: WX), and were delisted from the New York Stock Exchange on December 10, 2015. Our Director Mr. Yanling Cao serves as a director of WuXi PharmaTech
"WuXi Vaccines"	WuXi Vaccines (Cayman) Inc., a company incorporated under the laws of the Cayman Islands, a 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 of the Stock Exchange (stock code: 2268)
"WXAT Group"	WuXi AppTec and its subsidiaries
"XDC Group"	WuXi XDC and its subsidiaries

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