

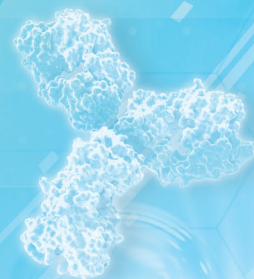
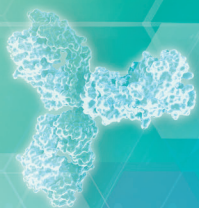


WuXi XDC Cayman Inc.  
藥明合聯生物技術有限公司\*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2268

\* For identification purpose only



Interim Report  
**2024**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. Jincai Li  
*(Chief Executive Officer)*  
Mr. Jerry Jingwei Zhang  
*(Chief Operating Officer)*  
Mr. Xiaojie Xi  
*(Chief Financial Officer and  
Company Secretary)*

### Non-executive Directors

Dr. Zhisheng Chen *(Chairman)*  
Dr. Weichang Zhou  
Ms. Ming Shi

### Independent Non-executive Directors

Dr. Ulf Grawunder  
Mr. Stewart John Hen  
Mr. Hao Zhou

## AUDIT COMMITTEE

Mr. Hao Zhou *(Chairman)*  
Dr. Ulf Grawunder  
Mr. Stewart John Hen

## REMUNERATION COMMITTEE

Dr. Ulf Grawunder *(Chairman)*  
Mr. Stewart John Hen  
Ms. Ming Shi

## NOMINATION COMMITTEE

Dr. Zhisheng Chen *(Chairman)*  
Dr. Ulf Grawunder  
Mr. Hao Zhou

## STRATEGY COMMITTEE

Dr. Jincai Li *(Chairman)*  
Dr. Zhisheng Chen  
Dr. Weichang Zhou  
Dr. Ulf Grawunder  
Mr. Stewart John Hen

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Dr. Jincai Li *(Chairman)*  
Mr. Jerry Jingwei Zhang  
Dr. Weichang Zhou  
Ms. Ming Shi

## AUTHORISED REPRESENTATIVES

Mr. Jerry Jingwei Zhang  
Mr. Xiaojie Xi

## COMPANY SECRETARY

Mr. Xiaojie Xi

## REGISTERED OFFICE

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

## CORPORATE HEADQUARTER

No. 11 Xinhui Ring Road  
Xinwu District  
Wuxi City  
Jiangsu Province  
China



# Corporate Information

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

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

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong  
Investor Services Limited  
Shops 1712–1716, 17/F  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
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

## COMPLIANCE ADVISOR

Somerley Capital Limited  
20/F, China Building  
29 Queen's Road Central  
Central  
Hong Kong

## STOCK CODE

2268

## COMPANY WEBSITE

[www.wuxidc.com](http://www.wuxidc.com)

# Financial Highlights

	Six months ended June 30,		
	2024 RMB'000 (unaudited)	2023 RMB'000	Change
Revenue	1,665,199	993,468	67.6%
Gross profit	535,331	229,400	133.4%
<i>Gross profit margin</i>	<b>32.1%</b>	23.1%	
Net profit attributable to owners of the Company	488,228	177,214	175.5%
<i>Margin of net profit attributable to owners of the Company</i>	<b>29.3%</b>	17.8%	
Adjusted net profit attributable to owners of the Company <sup>(Note)</sup>	533,619	216,368	146.6%
<i>Margin of adjusted net profit attributable to owners of the Company</i>	<b>32.0%</b>	21.8%	

The Group achieved impressive results for the six months ended June 30, 2024. The Group's revenue and gross profit exhibited strong growth, increasing by 67.6% and 133.4% period-on-period to RMB1,665.2 million and RMB535.3 million, respectively, for the six months ended June 30, 2024. In addition, net profit attributable to owners of the Company has increased to RMB488.2 million for the six months ended June 30, 2024, a period-on-period increase of 175.5%, while adjusted net profit attributable to owners of the Company<sup>(Note)</sup> also exhibited strong growth, rising to RMB533.6 million for the six months ended June 30, 2024, which represents a period-on-period increase of 146.6%.

The Board does not recommend any payment of interim dividend for the six months ended June 30, 2024.

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

# Corporate Profile

The Group is a leading CRDMO focused on the global ADC and broader bioconjugate market and dedicated to providing integrated and comprehensive services. Leveraging expertise in both biologics and small molecules, the Group offers interdisciplinary and comprehensive services, covering bioconjugate discovery, research, development and manufacturing. The Group provides these services from proximately located and dedicated laboratories and manufacturing facilities, leading to potentially significant reduction of development timeline and costs. The Group is the second largest CRDMO for ADCs and other bioconjugates globally in terms of revenue in 2022, according to Frost & Sullivan.

The Group is committed to continuously enhancing its platform, propelling and transforming the development of the bioconjugate industry, enabling global biopharmaceutical partners and benefiting patients worldwide. With its fully integrated, one-stop bioconjugate platform that covers key aspects of bioconjugate CRDMO services, including discovery, process development and GMP manufacturing for bioconjugates, mAb intermediates and payload-linkers associated with bioconjugates, the Group empowers its customers at any stage of the development process to advance their projects. Throughout the Reporting Period, the Group's services, based on its "enable, follow and win the molecule" strategy, continued to satisfy the needs of clients/partners in developing their bioconjugates.

The Group employs an "enable, follow and win the molecule" strategy to not only grow with its existing customers by providing services from an early stage of their product development cycle, but also win new customers as their bioconjugates progress. The Group have been able to achieve a high customer retention because of its service quality, industry-leading development timeline, world-class and innovative process development technology and proven GMP manufacturing capabilities. Since its inception in 2013 and up to June 30, 2024, nearly all its customers for bioconjugate discovery or integrated projects advancing their bioconjugate candidates along the development process have stayed with us. Winning customers at the CMC stage is another key driver of the Group's future growth.

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group continued to experience a rapid and robust business growth in the first half of 2024, building upon the strong foundation achieved in 2023. As a key player in the thriving, innovative global bioconjugates industry, the Group aims to achieve rapid and steady business growth by providing world-class bioconjugates CRDMO services and continuing to empower its global partners to accelerate and transform ADC and broader bioconjugate development.

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

Recognized for its excellence, the Company has been nominated for the World ADC Award in two consecutive years, winning the "Best CDMO Winner" Prize in 2023. The continuous growth of the Group, together with the awards, underscores WuXi XDC's global leadership in providing integrated services combined with technological innovation, and strong Chemistry, Manufacturing and Controls (CMC) expertise for ADC and broader-bioconjugates.

The Group provides integrated service to global customers with its comprehensive CRDMO capabilities and facilities equipped with "All-in-One" capabilities spanning from DNA to BLA. The Group has cumulatively served 419 customers worldwide as at June 30, 2024 since its inception.

In addition, with the industry development progressing into late stage, the Group continued to grow agilely and expand its client database globally, engaging in various development projects ranging from discovery stage to late stage. Notably, the Company has successfully secured multiple PPQ projects (Process Performance Qualifications projects which are normally performed at close to commercial scale) and has entered into multiple technology collaborations with innovative biotech companies focusing on ADC developments.

To ensure that the Group is in the best position to expand its market share as well as to capture the rapidly increasing global demand for bioconjugates CRDMO services, it continued with efforts to expand its facilities and acquire talent. The announced Wuxi site expansion and the construction of the new site in Singapore are both well on track, which will bring about additional DS and DP production lines, laboratories and office space, expanding the Group's capabilities and capacities. As at June 30, 2024, the Group had 1,496 full-time employees, representing a period-on-period increase of 72.2% as compared to June 30, 2023.



# Management Discussion and Analysis

## Overall Performance for ADC CRDMO

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

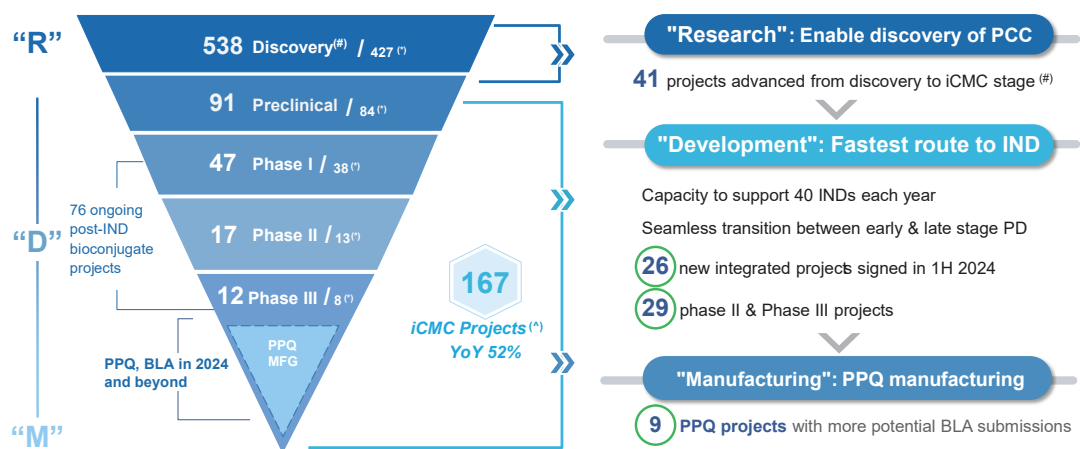
- Revenue for the six months ended June 30, 2024 increased by 67.6% period-on-period to RMB1,665.2 million.
- Gross profit for the six months ended June 30, 2024 increased 133.4% period-on-period to RMB535.3 million.
- Net profit for the six months ended June 30, 2024 increased by 175.5% period-on-period to RMB488.2 million.
- Adjusted net profit for the six months ended June 30, 2024 increased by 146.6% period-on-period to RMB533.6 million.
- The total number of newly signed integrated projects increased from 17 as at June 30, 2023 to 26 as at June 30, 2024.
- The total number of integrated projects increased from 110 as at June 30, 2023 to 167 as at June 30, 2024.
- The total number of ongoing post-IND projects increased from 43 as at June 30, 2023 to 76 as at June 30, 2024.
- The total number of phase II and beyond projects increased from 16 as at June 30, 2023 to 29 as at June 30, 2024. Among these projects, 9 PPQ projects were scheduled within the Group's site in Wuxi, China.
- The Group also achieved great success during the Reporting Period in progressing projects from the pre-IND stage to the post-IND stage, with 12 projects advancing from pre-clinical development into early-phase clinical development.
- The cumulative total number of drug discovery stage projects executed by the Group since inception increased from 350 as at June 30, 2023 to 538 as at June 30, 2024.
- The Group's effective execution of the "win the molecule" strategy cumulatively brought 56 external projects into the pipeline since the inception of the Group.



# Management Discussion and Analysis

The following funnel diagram sets forth the developmental stages and other details of ongoing integrated projects as at June 30, 2024. From its inception through June 30, 2024, the Group has executed a cumulative total of 538 discovery projects. These discovery projects are regarded as strategic and critically important project inflow for the Group, as they help facilitate establishment of long-term customer relationships with such clients and are expected to be instrumental in winning integrated projects for the Group in the future. As at June 30, 2024, the Group had 167 ongoing integrated projects. The Group helped customers to submit IND applications for (i) 71 ADC candidates globally since its inception up to and including June 30, 2024, and (ii) 16 ADC candidates globally during the six months ended June 30, 2024.

Number of Projects Through “Enable – Follow – Win” Strategy



Notes:

- # Cumulative number of projects since our inception and as at June 30, 2024.
- ^ Number of ongoing integrated CMC projects as at June 30, 2024.
- \* The small-sized figures account for the number of projects as at December 31, 2023, save for the number of projects at discovery stage which is cumulative from the Group's inception up until December 31, 2023.

# Management Discussion and Analysis

The following table sets forth the details of ongoing projects by each development stage. During the six months ended June 30, 2024, 12 ongoing post-IND projects were advanced from the pre-IND stage leveraging the Group's ADC CRDMO services.

Development Stage	Typical Duration	As at June 30, 2023		As at June 30, 2024	
		Number of Ongoing Projects <sup>(3)</sup>	Type of Projects	Number of Ongoing Projects <sup>(3)</sup>	Type of Projects
Discovery	N/A <sup>(1)</sup>	350 <sup>(4)</sup>	ADC (283) and XDC (67)	538 <sup>(4)</sup>	ADC (412) and XDC (126)
Preclinical	1-2 years	67	ADC (59) and XDC (8)	91	ADC (83) and XDC (8)
Clinical	Multiple years <sup>(2)</sup>	43	ADC (39) and XDC (4)	76	ADC (69) and XDC (7)

*Notes:*

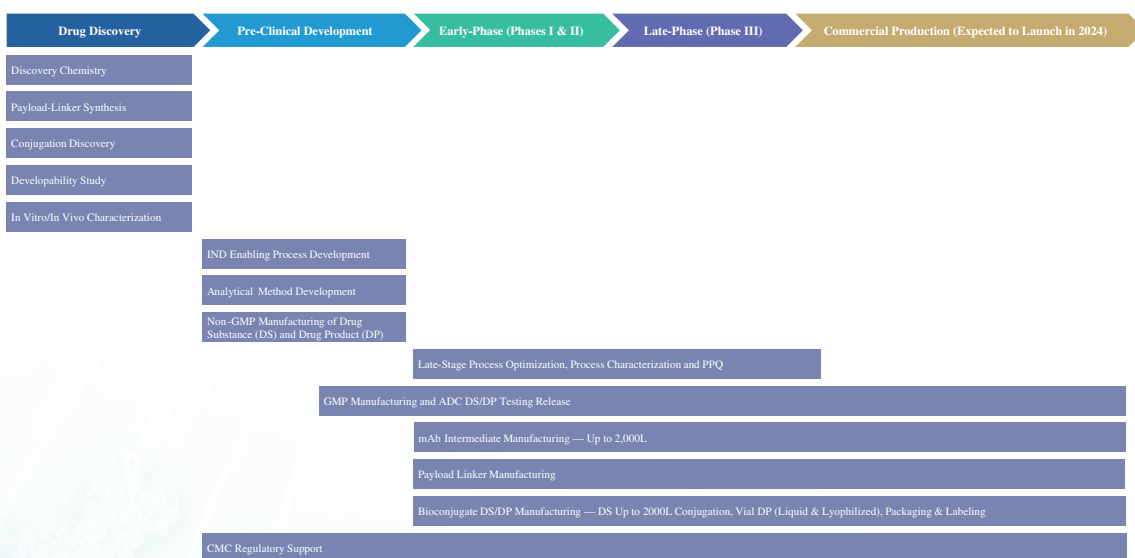
1. The duration of discovery projects can vary significantly in light of their ad hoc nature and depends on the types of projects at issue. Therefore, there is not a typical range for discovery projects.
2. The typical duration of projects in phase I, II and III stages are 1-3 years, 2-4 years and 3-5 years, respectively.
3. "Number of ongoing projects" is the number of integrated projects excluding the number of integrated projects that are inactive or for which the customers notify the Group that they do not intend to further pursue. The Group deems an integrated project inactive if the Group has not been requested to provide services for three years.
4. Represents the cumulative number of discovery projects executed from the Group's inception through the indicated date. Since the duration and chance of success of discovery projects can vary significantly due to their early-stage nature, the cumulative number, instead of the ongoing project number, of discovery projects is presented to demonstrate the Group's experience in bioconjugate discovery. As the Group continues to win new drug discovery projects, this is expected to provide the Group with an increasing number of opportunities to compete for and win more cutting-edge XDC projects in addition to traditional ADC projects.

The Group's revenue for the six months ended June 30, 2024 increased by 67.6% period-on-period to RMB1,655.2 million, together with a 133.4% period-on-period growth in gross profit to RMB535.3 million, and a 146.6% period-on-period increase in adjusted net profit attributable to owners of the Company to RMB533.6 million. The Group's total backlog also increased by 105.0% from US\$410.6 million as at June 30, 2023 to US\$841.7 million as at June 30, 2024. The revenue to be generated from the backlog may take longer to receive at various development stages as it depends on the success rate and progress of the projects which may not be within the Group's control.

# Management Discussion and Analysis

## The Group's Services

The Group is committed to continuously enhancing its platform, propelling and transforming the development of the bioconjugate industry, enabling global biopharmaceutical partners and benefiting patients worldwide. With its fully integrated, "All-in-One" bioconjugate platform that covers key aspects of bioconjugate CRDMO services, including discovery, process development and GMP manufacturing for bioconjugates, monoclonal antibody intermediates and payload-linkers associated with bioconjugates, the Group empowers its customers at any stage of the development process to advance their projects. Throughout the Reporting Period, the Group's services, based on its "enable, follow and win the molecule" strategy, continued to satisfy the needs of clients/partners in developing their bioconjugates. The following diagram depicts the Group's bioconjugate CRDMO services.



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

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

# Management Discussion and Analysis

## *Drug Discovery and Process Development*

### *Drug Discovery*

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

The Group has a cumulative total number of 538 projects in the drug discovery stage since inception through June 30, 2024, involving (i) discovery chemistry, (ii) conjugation discovery, (iii) *in vitro* and *in vivo* characterization and (iv) developability study, being 188 projects more than the 350 projects as at June 30, 2023. Drug discovery projects are of fundamental strategic importance, as they enable the Group to establish and deepen relationships with client teams that are conducting cutting-edge research, which is expected to provide the Group with an increasing number of opportunities to compete for and win more cutting-edge XDC projects in addition to traditional ADC projects.

### *Early-stage Process Development*

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

As at June 30, 2024, the Group has a total of 138 projects in the preclinical and phase I process development phase, involving (i) bioconjugate drug substance development, (ii) bioconjugate formulation process development and (iii) analytical method development, being 44 projects more than the 94 projects as at June 30, 2023.



# Management Discussion and Analysis

## *Late-stage Development and Process Validation*

Leveraging on its in-depth expertise in process development, the Group offers late-stage development and process validation services to help its customers evaluate the late-stage readiness of the developed process. These studies and associated adjustments to the process enable customers to ensure that all assay methods, raw materials, equipment and cleaning methods are validated, and that the developed process for bioconjugate manufacturing delivers consistent product yield and purity within the entire operating range.

As at June 30, 2024, the Group has a total number of 29 projects in phase II and beyond development and process validation, involving process optimization, process characterization and performance qualification, being 13 projects more than the 16 projects as at June 30, 2023. The increase in the number of projects was primarily due to the implementation of the "enable, follow and win the molecule" strategies, which has enabled several early-stage projects to advance into later stages and won new projects during the Reporting Period.

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

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

# Management Discussion and Analysis

As at the date of this report, the Group operates domestic sites in Changzhou, Shanghai and Wuxi in China and offers fully integrated and end-to-end ADC CRDMO service capabilities from DNA to BLA, making the Group globally the only CRDMO dedicated to ADCs and other bioconjugates that provides full-spectrum services since the dual function facility and the kilo-scale payload-linker facility was launched.

Over the course of the past year, the Group's "All-in-One" manufacturing facility in Wuxi, China expanded its capacity and contributed to the Group's robust supply chain. The facility ramped up faster than originally anticipated and attained a 100% delivery success rate with our efforts dedicated to delivering high-quality deliverables to global clients. Hence, the Group is able to better coordinate development and manufacturing operations, manage the supply chain and ensure seamless technology transfer and quality assurance as compared to a typical fragmented third-party service network with services provided from geographically dispersed locations. Generally, each of these operation sites focuses on differentiated segments of the bioconjugate discovery, development and manufacturing value chain, and collectively they enable the Group to provide integrated and comprehensive service offerings for ADCs and other bioconjugates.

To capture the potential significant downstream demand in ADC developments around the globe, production line at our Wuxi site, namely the XBCM2 Line 2 (as defined below), was designed with dual functionality, and DP3, augmenting our manufacturing capacities in relation to mAb intermediates and bioconjugate DS and DP at our Wuxi site. The new production lines are currently under construction and are expected to commence operation from the fourth quarter of 2024 and onwards.

# Management Discussion and Analysis

Our new facility in Singapore is currently under construction and has been advancing according to schedule, where it is expected to begin delivering GMP-compliant operations in late 2025 or early 2026. It is anticipated that there will be four production lines at the Singapore site for clinical and commercial manufacturing, including a dual-function production line for antibody intermediates for bioconjugates and drug substance, a production line for drug substance, as well as one drug product manufacturing line. The following table summarizes the current and upcoming manufacturing facilities of the Group:

Site	Site Area (sq.m.)	Capacity
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## *Current facilities*

Wuxi	48,067	<b>Conjugation Drug Substance ("XBCM") Production and Antibody Intermediates Production ("XmAb")</b>
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- XBCM1 facility with single-use reactor systems ranging from five liters to 500 liters and the re-designed reactor system with additional DS capacity which is expected to launch in 2025.
- The dual function XmAb/XBCM2 ("**XBCM2 Line 1**") facility is designed with capacities ranging from 50 liters to 2,000 liters per batch for monoclonal antibody intermediates or 2,000 liters of drug substance per batch. A second line ("**XBCM2 Line 2**",) also with dual function design, is currently under construction and is expected to commence operation in the fourth quarter of 2024.

## **Conjugation Drug Product Production ("XDP")**

- XDP1 facility is designed to produce three million doses of bioconjugates in liquid or lyophilized form (3 million vials, lyophilizer 1x5 m<sup>2</sup> & 1x20 m<sup>2</sup>).
- XDP2 facility is designed to produce five million doses of bioconjugate drug products in liquid or lyophilized form (5 million vials, lyophilizer 1x5 m<sup>2</sup> & 2x20 m<sup>2</sup>).
- XDP3 facility is designed to produce seven million doses of bioconjugate drug products in liquid or lyophilized form (7 million vials, lyophilizer 2x30 m<sup>2</sup>) and is expected to commence operation in second quarter of 2025.

## **Payload Linker ("XPLM")**

- XPLM1 facility is designed as a kilogram-scale payload and linker production line.

# Management Discussion and Analysis

Site	Site Area (sq.m.)	Capacity
Changzhou	819	<p><b>Payload Linker</b></p> <ul style="list-style-type: none"> <li>Laboratory with a field-tested containment design to safely handle highly potent compounds that are designated as OEB (occupational exposure band) 5-rated materials.</li> <li>Equipped with reaction kettles for GMP-compliant production with capacity of up to 150 liters per batch, enabling the Group to produce payloads and linkers at a kilogram scale.</li> </ul>
Shanghai Waigaoqiao	8,927	<p><b>Discovery Lab</b></p> <ul style="list-style-type: none"> <li>Laboratories for bioconjugate discovery and support functions.</li> </ul> <p><b>Bioconjugate Process Development Lab</b></p> <ul style="list-style-type: none"> <li>Bioconjugate process development and analytical method development. Laboratory-scale sample preparation to pilot-scale manufacturing of ADCs and other bioconjugates.</li> </ul>
<b><i>New facility</i></b>		
Singapore	22,000	<p><b>Conjugation Drug Substance Production</b></p> <ul style="list-style-type: none"> <li>Dual function XmAb/XBCM3 facility is designed with capacity to produce 50 liters to 2,000 liters per batch for monoclonal antibody intermediates, or up to 2,000 liters per batch for bioconjugate drug substance.</li> <li>XBCM4 production line facility with capacity of up to 500 liters of bioconjugate drug substance per batch.</li> </ul> <p><b>Conjugation Drug Product Production</b></p> <ul style="list-style-type: none"> <li>The XDP4 facility is designed to produce eight million doses of bioconjugates in liquid or lyophilized form with 200 to 300 vials per minute for liquid or lyophilized drug products (8 million vials, lyophilizer 1x10 m<sup>2</sup> &amp; 2x30 m<sup>2</sup>).</li> </ul>



# Management Discussion and Analysis

## *CMC Regulatory Support*

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

## **Technology Platforms**

The Group is devoted to providing a full range of CRDMO services through its industry-leading and globally accessible proprietary technology platforms. During the Reporting Period, the Group has launched the upgraded proprietary version of the WuXiDARx™ technology, which effectively improves the homogeneity of ADC drugs, enhances process stability, reduces drug development costs, and greatly broadens the possibilities of different desired DARs of ADC drugs. WuXiDARx™ technology aims to enhance the percentage of desired DAR values and narrowly control the drug distribution in ADC products, so as to develop highly homogeneous ADCs with different DAR values of choices (DAR2, DAR4 and DAR6) with drugs conjugated to the interchain disulfide bonds. For example, the Group's already patented WuXiDAR4 technologies enable customers to achieve tight control of product homogeneity and lot-to-lot consistency, which in turn improve the pharmacokinetics profile and stability of bioconjugate products and potentially result in better clinical outcomes.



The Group boasts a rich portfolio of conjugation technologies, extensive expertise in payload-linker synthesis and process development, industry-leading process development know-how, comprehensive analytical methods, as well as dedicated and specialized facilities, and also collaborates with third parties including GeneQuantum Healthcare and SyntaBio. To enhance its holistic discovery and development capability and stay ahead of the curve, the Group has announced multiple partnerships with prominent biotech or biopharma companies, such as its partnerships with Multitude Therapeutics and Intocell. The application of the new technologies from this partnership is expected to enable the Group's clients to accelerate the discovery of preclinical ADC candidates (PCCs) and develop more novel bioconjugates, and to improve the efficiency of development as well as the rate of success.

# Management Discussion and Analysis

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

## Sales and Marketing

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

## Quality Management

The Group's quality assurance department is committed to meeting the high industry standards and requirements and supervises the implementation of quality standards. The Group has established quality control measures for all stages of its operations, covering procurement of raw and auxiliary materials, research and development and process development, and manufacturing of bioconjugate intermediates and drug substances and drug products. The Group has adopted a centralized quality assurance system across its "All-in-One" manufacturing facilities, and hence is able to produce high quality deliverables and efficiently allocate risk exposures generated by variables at different stages of the manufacturing process.

All manufacturing operations of the Group are conducted in accordance with the GMP regulations of the FDA, the EMA and the NMPA, which ensures the high-quality manufacturing of innovative bioconjugate products. The Group has completed more than 110 GMP audits from global clients, including 11 audits by EU Qualified Persons. The Group believes that these certificates will help manifest the Group's premier quality system that meets global quality standards.

# Management Discussion and Analysis

## Environmental, Social and Governance

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

The Group aims to reduce its Scope 1 and Scope 2 greenhouse gas emissions intensity by 50% (tons/RMB10,000) by 2030 from a 2021 base year. For the near term, the Group aims to curb the increment of its resource consumption and waste generation in spite of the growing size of business operations. The Group will adjust the targets and goals in accordance with actual business operations, and will closely monitor the financial and non-financial impact on its business for actions taken to achieve these goals and targets. The implementation of this plan is facilitated by the design of the Group's sites, which utilize natural temperature and light for tailored heating, ventilation, air conditioning and lighting. The Group also ensures its equipment meets the energy efficiency requirements.

## Investor Relations

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

The Group encourages Shareholders' active participation in results sharing meetings with investors, annual and extraordinary general meetings, facility tours and other roadshows. The Group has progressively adopted the use of web-based and digitalized communication strategies across multiple influential platforms to strengthen its investor relations.

# Management Discussion and Analysis

## Achievements and Company Awards

The Group ranked No. 2 globally and No. 1 in China among CRDMO for ADCs and other bioconjugates in terms of revenue in 2022, according to Frost & Sullivan. The Group employs an “enable, follow and win the molecule” strategy to not only grow with its existing customers by providing services from an early stage of their product development cycle, but also win new customers as their bioconjugates progress.

As at June 30, 2023 and 2024, as the result of its “enable” strategy, the Group had cumulatively progressed 30 and 41 ADC candidates, respectively, from discovery to CMC development. As the result of the “win the molecule” strategy, among the 167 ongoing integrated projects the Group had as at June 30, 2024, 56 were transferred to the Group from its customers or their outsourcing service providers. The Group’s diverse and growing customer base includes both innovative biotechnology companies and global pharmaceutical companies, many of which are leading players in the ADC and bioconjugate space with potentially first-in-class or best-in-class pipeline programs. The number of customers grew significantly from 169 in the six months ended June 30, 2023 to 309 in the six months ended June 30, 2024. As at June 30, 2024, 13 out of the top 20 global pharmaceutical companies<sup>1</sup> partnered with the Group to develop ADCs or XDCs, which comprises approximately 28.9% of the Group’s total revenue in the six months ended June 30, 2024.

As an industry recognition of its capabilities, the Group has won the runner-up prize in the “Best Contract Manufacturing (CMO) Provider” category of the 2022 World ADC Awards and the “Best Contract Development Manufacturing Organization (CDMO)” prize at the 2023 World ADC Awards.

## Future Outlook

Riding on the recent trend of transformative advancements in drug design and conjugation technologies, the ADC and bioconjugate drug market is at a growth inflection point. According to Frost & Sullivan, the global ADC drug market size is anticipated to grow at a CAGR of 30.0% from US\$7.9 billion in 2022 to US\$64.7 billion in 2030, which is considerably more rapid growth than the CAGR of 9.2% that is expected for the global biologics drug market during the same period.

Furthermore, in the current market, innovative bioconjugates are extending beyond ADC through conjugation of various payloads (other than chemical drugs) and various carriers (other than antibodies). Hence the name “XDC” represents the myriad bioconjugation possibilities.

<sup>1</sup> The top 20 global pharmaceutical companies were ranked by their revenue in 2023.



# Management Discussion and Analysis

Previously, ADC developers relying on a fragmented supply chain faced a myriad of challenges associated with the intricacies of vendor management. With multiple suppliers to oversee, each specializing in a unique ADC component (antibody, linker, and payload), ADC developers frequently wrestle with harmonizing quality controls, synchronizing timelines, and ensuring efficient communication among all entities. The absence of an integrated service also exposes ADC developers to potential inconsistencies in product quality, thus giving rise to strong demand for an integrated service provider or at best “All-in-One” manufacturing facility, such as WuXi XDC, to continuously increase its market share.

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

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

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

# Management Discussion and Analysis

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

Considering the globally limited ADC CRDMO capacities and the Group's unique "enable, follow and win the molecule" strategy executed through its proprietary "one-stop" platform, the Group expects to steadily bring new projects into the pipeline to maintain strong growth. In the foreseeable future, the Group will continue to gain additional market share with accelerated phase II/III projects and commercial projects to reinforce its "D" and "M" capabilities, while its research business continues to enable clients to develop innovative bioconjugation and enriches its CRDMO business model. The Group successfully secured multiple PPQ projects covering diversified targets from global clients, and continuing to demonstrate its capabilities with respect to execution of plans and production of high-quality deliverables to achieve client satisfaction.

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

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

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

The revenue of the Group increased by 67.6% from RMB993.5 million for the six months ended June 30, 2023 to RMB1,665.2 million for the six months ended June 30, 2024. This increase was primarily attributable to (i) the growth in the number of customers and projects, driven by rapid growth of the global ADC and broader bioconjugates outsourcing service market and the Group's established position as a leading ADC CRDMO service provider in that market and (ii) the advancement of the Group's projects into later stages (which typically yield higher contract values).

### Revenue by Geographic Coverage

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

Revenue <sup>(1)</sup>	Six months ended June 30,			
	2024 RMB'000 (unaudited)	%	2023 RMB'000	%
— North America	823,158	49.4%	367,711	37.0%
— China	435,167	26.2%	356,019	35.9%
— Europe	310,206	18.7%	229,780	23.1%
— Others <sup>(2)</sup>	96,668	5.7%	39,958	4.0%
<b>Total</b>	<b>1,665,199</b>	<b>100.0%</b>	<b>993,468</b>	<b>100.0%</b>

#### Notes:

- (1) Revenue by geographic coverage is presented based on the location of the ultimate customer. For legacy contracts that were contracted with Remaining WXB Group but were executed by the Group, the Company classifies revenue based on the location of the customers' headquarters, rather than that of the Remaining WXB Group.
- (2) Includes primarily countries and regions in Asia (excluding China) and Australia.

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

# Management Discussion and Analysis

## Revenue by Project Development Stage

During the Reporting Period, we generated revenue from a mix of bioconjugate products in various development stages, which can be broadly categorized into (i) revenue from pre-IND projects, primarily bioconjugate discovery projects at the drug discovery stage and preclinical development stage, and (ii) revenue from post-IND projects, primarily at clinical and commercial stage. The following table sets forth a breakdown of revenue by development stages of projects, both in absolute amount and as a percentage of total revenue, for the periods indicated:

Revenue	Six months ended June 30,			
	2024 RMB'000 (unaudited)		2023 RMB'000	
		%		%
Pre-IND services	654,421	39.3%	371,273	37.4%
Post-IND services	1,010,778	60.7%	622,195	62.6%
<b>Total</b>	<b>1,665,199</b>	<b>100.0%</b>	<b>993,468</b>	<b>100.0%</b>

Revenue from both pre-IND services and post-IND services increased during the Reporting Period, as compared to the same period in 2023, primarily due to the increase in the total number of projects, the number of projects that have progressed to late-stage development and the increase in production capacity to meet the increasing demand for the Group's CRDMO services.

## Revenue by Project Type

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

Revenue	Six months ended June 30,			
	2024 RMB'000 (unaudited)		2023 RMB'000	
		%		%
ADC	1,562,935	93.9%	938,074	94.4%
Non-ADC	102,264	6.1%	55,394	5.6%
<b>Total</b>	<b>1,665,199</b>	<b>100.0%</b>	<b>993,468</b>	<b>100.0%</b>

As at June 30, 2024, the Group had 152 ADC integrated projects and 15 non-ADC integrated projects, accounting for respectively 91.0% and 9.0% of the total number of ongoing integrated projects as at the same date.



# Management Discussion and Analysis

## Cost of Sales

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

The cost of sales of the Group increased by 47.9% from RMB764.1 million for the six months ended June 30, 2023 to RMB1,129.9 million for the six months ended June 30, 2024, primarily due to increases in cost of raw materials, direct labor costs used in production and indirect production costs and overheads incurred in relation to antibodies master services, which are correlated with the Group's revenue growth.

## Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 133.4% from RMB229.4 million for the six months ended June 30, 2023 to RMB535.3 million for the six months ended June 30, 2024. During the Reporting Period, the Group continued to enhance its operation efficiency and optimize its procurement strategy. In addition, the utilization ratio of its production facilities continued to improve, mainly due to strong customer demand and faster ramp-up of newly operating production lines. As a result of these two factors, the Group's gross profit margin increased from 23.1% for the six months ended June 30, 2023 to 32.1% for the six months ended June 30, 2024.

## Selling and Marketing Expenses

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

The selling and marketing expenses of the Group increased by 310.9% from RMB5.8 million for the six months ended June 30, 2023 to RMB23.9 million for the six months ended June 30, 2024, primarily due to the Group's continued investments in its selling and marketing talents and an increase in share-based payment expenses during the Reporting Period.

## Administrative Expenses

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

The administrative expenses of the Group increased by 76.7% from RMB42.7 million for the six months ended June 30, 2023 to RMB75.5 million for the six months ended June 30, 2024, primarily due to an increase in labor cost for the Group's increase in headcount and average compensation level of its administrative personnel and management.

# Management Discussion and Analysis

## Research and Development Expenses

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

The research and development expenses of the Group increased by 60.0% from RMB29.7 million for the six months ended June 30, 2023 to RMB47.6 million for the six months ended June 30, 2024, primarily due to (i) an increase in cost of raw materials as a result of increase in material procurement for research and development activities driven by strong business growth and (ii) an increase in labor cost.

## Finance Costs

The finance costs of the Group mainly include interest expense arising from lease liabilities and bank borrowing.

The finance costs of the Group decreased by 56.2% from RMB0.6 million for the six months ended June 30, 2023 to RMB0.2 million for the six months ended June 30, 2024, primarily due to repayment of intercompany borrowings.

## Other Income

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

The other income of the Group increased by 244.7% from RMB39.6 million for the six months ended June 30, 2023 to RMB136.4 million for the six months ended June 30, 2024, primarily due to an increase in interest income from banks, primarily attributable to the increase in bank deposits which resulted from the net proceeds received from the Global Offering.

# Management Discussion and Analysis

## Other Gains and Losses

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

The Group recorded net other gains of RMB4.5 million for the six months ended June 30, 2023 and recorded net other gains of RMB40.4 million for the six months ended June 30, 2024, primarily due to net foreign exchange gains for the six months ended June 30, 2024, which in turn primarily consisted of unrealized foreign exchange gains resulting from strengthening of the U.S. dollar and its impact on the Group's receivables from customers and bank balances that are denominated in U.S. dollars.

## Impairment Losses Under ECL Model, Net of Reversal

The impairment losses, under expected credit loss (“**ECL**”) model, net of reversal, represent loss allowances on the Group's financial assets (including trade and other receivables and contract assets) (“**Impairment Losses**”).

The Group reversed Impairment Losses of RMB24.4 million for the six months ended June 30, 2023, primarily due to the subsequent repayment of trade receivables by certain customers. The Group recognized Impairment Losses of RMB3.2 million for the six months ended June 30, 2024, primarily due to the increased trade and other receivable balance which are in line with the Group's revenue growth.

The Group periodically reviews the credit ratings of its customers, by taking into account their historical payment records, to evaluate the collectability of their receivables. As a usual practice, customers are required to make a down payment in respect of their orders, and the Group grants credit terms to customers based on their respective credit ratings. The Group's management has been closely monitoring the status of overdue receivables, proactively following up on collection, and prudently making provisions.

## Income Tax Expense

The income tax expenses of the Group increased by 113.9% from RMB34.4 million for the six months ended June 30, 2023 to RMB73.5 million for the six months ended June 30, 2024, which is in line with the increment of profit before tax. The effective tax rate of the Group decreased from 16.2% for the six months ended June 30, 2023 to 13.1% for the six months ended June 30, 2024, mainly due to additional subsidiaries of the Group operating in the PRC having been accredited as “Technologically Advanced Service Enterprise” and “High and New Technology Enterprise” which are entitled to a preferential PRC Enterprise Income Tax (“**EIT**”) rate of 15% for the current interim period. These subsidiaries previously were taxed at an EIT rate of 25%.

# Management Discussion and Analysis

## Net Profit and Net Profit Margin

As a result of the foregoing, the net profit of the Group increased by 175.5% from RMB177.2 million for the six months ended June 30, 2023 to RMB488.2 million for the six months ended June 30, 2024. The significant growth in the Group's net profit during the Reporting Period is generally in line with the Group's revenue and business growth (after taking into account the effects of non-recurrent listing expenses in six months ended June 30, 2023 and non-cash share-based compensation in six months ended June 30, 2023). The net profit margin of the Group increased from 17.8% for the six months ended June 30, 2023 to 29.3% for the six months ended June 30, 2024, primarily due to an increase in gross profit margin and as well as increased interest income generated from placement of the as yet unutilized proceeds of the Global Offering in bank deposits at competitive interest rates.

## Adjusted Net Profit and Adjusted Net Profit Margin

The adjusted net profit of the Group increased by 146.6% from RMB216.4 million for the six months ended June 30, 2023 to RMB533.6 million for the six months ended June 30, 2024. Adjusted net profit margin was 32.0% for the six months ended June 30, 2024, increased from 21.8% for the six months ended June 30, 2023.

## Basic and Diluted Earnings Per Share

The basic earnings per share of the Group increased by 127.8% from RMB0.18 for the six months ended June 30, 2023 to RMB0.41 for the six months ended June 30, 2024. The diluted earnings per share of the Group increased by 123.5% from RMB0.17 for the six months ended June 30, 2023 to RMB0.38 for the six months ended June 30, 2024. The increase in basic and diluted earnings per share was primarily due to the increase in the net profit resulting from the strong business growth of the Group as discussed above.

## Property, Plant and Equipment

The balance of the property, plant and equipment of the Group increased by 40.5% from RMB1,246.2 million as at December 31, 2023 to RMB1,751.6 million as at June 30, 2024, primarily due to (i) an increase in value of construction in progress as a result of the expansion of the Wuxi site and construction of the new facility at the Singapore site, (ii) an increase in leasehold improvements and (iii) an increase in machinery in connection with the Wuxi site.



# Management Discussion and Analysis

## Investment Property

The balance of investment property of the Group decreased by 1.6% from RMB12.4 million as at December 31, 2023 to RMB12.2 million as at June 30, 2024, primarily due to depreciation on a straight-line basis.

## Goodwill

As at June 30, 2024, goodwill amounted to RMB215.2 million, being the same as at December 31, 2023. Goodwill arose from acquisition of the Payload & Linker Business in 2021.

## Intangible Assets

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

Intangible assets decreased by 7.8% from RMB52.9 million as at December 31, 2023 to RMB48.8 million as at June 30, 2024, following the regular amortization schedule during the Reporting Period.

## Inventories

The inventories of the Group mainly include raw materials, pharmaceutical intermediates and consumables. The inventory level of the Group increased by 185.7% from RMB46.8 million as at December 31, 2023 to RMB133.7 million as at June 30, 2024, primarily representing inventory stocked up for the timely fulfilment of strong client demands and inventory consumed for the research and development and manufacturing activities.

## Trade and Other Receivables

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

The trade and other receivables of the Group increased by 45.6% from RMB956.4 million as at December 31, 2023 to RMB1,392.7 million as at June 30, 2024, primarily attributable to receivables from contracts with third parties, which is in line with the business growth of the Group.

# Management Discussion and Analysis

## Contract Assets

Contract assets increased by 48.5% from RMB31.1 million as at December 31, 2023 to RMB46.1 million as at June 30, 2024, which is in line with the business growth of the Group.

## Contract Costs

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

The contract costs of the Group increased by 47.4% from RMB113.7 million as at December 31, 2023 to RMB167.7 million as at June 30, 2024, which is generally in line with the business growth of the Company.

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

The financial assets at FVTPL primarily consisted of the investments in wealth management products of the Group. The Group had nil financial assets at FVTPL as at December 31, 2023 and June 30, 2024.

## Trade and Other Payables

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

The trade and other payables of the Group increased by 0.6% from RMB915.4 million as at December 31, 2023 to RMB920.6 million as at June 30, 2024, primarily due to the increases in trade payables for the purchase for raw materials and consumables, which are generally in line with the Group's business growth.

# Management Discussion and Analysis

## Contract Liabilities

The contract liabilities of the Group mainly include advance payments received from customers.

Contract liabilities decreased by 28.6% from RMB328.3 million as at December 31, 2023 to RMB234.5 million as at June 30, 2024, which is primarily due to completion of successive projects and corresponding revenue recognition applied during the Reporting Period.

## Liquidity and Capital Resources

Bank balances and cash decreased by 14.1% from RMB4,047.6 million as at December 31, 2023 to RMB3,476.6 million as at June 30, 2024, primarily due to the cash used in operating activities and cash used in investing activities. Taking into account the financial resources available to the Group, the Directors are of the view that the Group has sufficient working capital to meet its present requirements.

## Treasury Policy

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

The Group's treasury policies are also designed to mitigate the foreign currency risk arising from the Group's global operations. The cash and cash equivalents held by the Group are mainly composed of RMB, HKD and USD. Certain Group entities have foreign currency transactions, including sales and purchases transactions, borrowings and repayments, etc., as well as monetary assets and liabilities denominated in foreign currencies (mainly USD and HKD).

## Significant Investments, Material Acquisitions and Disposals

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

# Management Discussion and Analysis

## Indebtedness

### *Borrowings*

The Group had borrowings of variable-rate of RMB50.0 million as at June 30, 2024, which will mature in June 2025, as compared to nil as at December 31, 2023. Such borrowings were from a reputable PRC bank.

As at June 30, 2024, the gearing ratio of the Group was approximately 0.83%. The gearing ratio of the Group was calculated as total borrowings divided by total equity of the Group.

### *Contingent Liabilities and Guarantees*

As at June 30, 2024, the Group did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, liabilities under acceptance or acceptance credits, or other similar indebtedness, material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

### *Currency Risk*

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

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

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



# Management Discussion and Analysis

## Non-IFRS Measures

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

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

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

# Management Discussion and Analysis

## Adjusted Net Profit (non-IFRS measure)

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000
<b>Net Profit</b>	<b>488,228</b>	177,214
<b>Add:</b>		
Listing expenses	–	7,374
Share-based compensation expense	<b>45,391</b>	31,780
<b>Adjusted Net Profit (non-IFRS measure)<sup>(Note)</sup></b>	<b>533,619</b>	216,368
<b>Margin of Adjusted Net Profit (non-IFRS measure)</b>	<b>32.0%</b>	21.8%
<b>Adjusted Net Profit Attributable to Owners of the Company (non-IFRS measure)</b>	<b>533,619</b>	216,368
<b>Margin of Adjusted Net Profit Attributable to Owners of the Company (non-IFRS measure)</b>	<b>32.0%</b>	21.8%
	<b>RMB</b>	RMB
<b>Adjusted Earnings Per Share (non-IFRS measure)</b>		
— Basic	<b>0.45</b>	0.22
— Diluted	<b>0.41</b>	0.21

### Note:

In order to better reflect the key performance of the Group's current business and operations, the adjusted net profit is calculated as the net profit excluding listing expenses (a non-recurring item) of nil (Six months ended June 30, 2023: listing expenses of RMB7.4 million), and share-based compensation (a non-cash item) of RMB45.4 million (Six months ended June 30, 2023: share-based compensation of RMB31.8 million).

# Management Discussion and Analysis

## EBITDA and Adjusted EBITDA (non-IFRS measure)

	Six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000
<b>Net Profit</b>	488,228	177,214
<b>Add:</b>		
Income tax expense	73,488	34,354
Depreciation and amortization	45,959	22,750
Finance costs	249	569
<b>Less:</b>		
Interest income from banks	(101,681)	(3,424)
<b>EBITDA (non-IFRS measure)</b>	<b>506,243</b>	<b>231,463</b>
<b>EBITDA Margin (non-IFRS measure)</b>	<b>30.4%</b>	<b>23.3%</b>
<b>Add:</b>		
Listing expenses	–	7,374
Share-based compensation expense	45,391	31,780
<b>Adjusted EBITDA (non-IFRS measure)</b>	<b>551,634<sup>(Note)</sup></b>	<b>270,617</b>
<b>Adjusted EBITDA Margin (non-IFRS measure)</b>	<b>33.1%</b>	<b>27.2%</b>

### Note:

The adjusted EBITDA is a non-IFRS financial measure and is calculated as the EBITDA excluding listing expenses (a non-recurring item) of nil (Six months ended June 30, 2023: listing expenses of RMB7.4 million), and share-based compensation (a non-cash item) of RMB45.4 million (Six months ended June 30, 2023: share-based compensation of RMB31.8 million).

# Management Discussion and Analysis

## Employee and Remuneration Policies

As at June 30, 2024, the Group employed a workforce totaling 1,496 employees. The staff costs, including Directors' emoluments but excluding any contributions to (i) retirement benefit scheme contributions and (ii) share-based payment expenses, were RMB184.9 million for the six months ended June 30, 2024, as compared to RMB112.0 million for the six months ended June 30, 2023. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to social insurance funds, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve funds as applicable to the countries where the Group operates.

The Group has adopted the Pre-IPO Share Option Schemes and the 2024 Share Scheme to provide incentives or rewards to eligible participants for their contribution or potential contribution to the Group.

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

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

## Interim Dividend

The Board does not recommend any payment of interim dividend for the six months ended June 30, 2024.



# Other Information

## CHANGE IN DIRECTOR'S INFORMATION

As at June 30, 2024, there were no changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

## REVIEW OF INTERIM REPORT

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

# Other Information

## RISK MANAGEMENT AND INTERNAL CONTROL

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 oversees and manages the overall risks associated with the business operations. It is also responsible for reviewing and overseeing financial reporting procedure, risk management system and internal control system of the Group.

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

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

The Company also adopted internal policies against bribery and corruption. The policies strictly prohibit any employee or other personnel acting on our behalf from making, proposing or promising improper payments, directly or indirectly, in any form of cash, physical assets, loans, gifts, luxury trips, entertainment, donations, other valuables or benefits to anyone, including government officials, customers or suppliers, for the purposes of acquiring or securing any business or improper advantage, regardless of whether the Company benefit from such improper payments.

The employees and other personnel acting on our behalf are not allowed to accept or solicit any such improper payments as well. The anti-bribery and anti-corruption policies also prohibit other misconducts, such as misappropriation and embezzlement, fraud or other illegal activities. Employees who violate our anti-bribery and anti-corruption policies are subject to penalties, including termination of employment.

The Company has engaged an internal control consultant to perform certain agreed-upon procedures in connection with the internal control of our Company and our major operating subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, fixed assets and assets under construction, human resources and payroll management, cash and treasury management, inventory management, general controls of IT system, taxation management, production and costing, insurance management, research and development and intangible assets.

## Other Information

The Company has adopted a series of internal control policies, measures and procedures designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The internal control policies, measures and procedures which the Company implemented or plans to implement are summarized below:

- The Company has formed a compliance office, which is responsible for overseeing the overall internal control, corporate governance and legal compliance matters of the Group.
- The compliance office is responsible for formulating and revising internal control policies, measures and procedures to ensure that we maintain sound and effective internal controls and compliance with applicable laws and regulations. It also monitors the implementation of our internal control policies, measures and procedures, and conducts regular compliance audits.
- The Company has adopted various measures and procedures for each aspect of the business operation, such as project management, quality assurance, protection of intellectual property, environmental protection and occupational health and safety. Employees are provided with periodic training about these measures and procedures. The Company also constantly monitored the implementation of those measures and procedures.
- The Company has adopted comprehensive internal control measures for anti-corruption and anti-bribery by (i) providing regular anti-corruption and anti-bribery compliance training for senior management and employees, including daily compliance team meeting, annual compliance training and other ad hoc compliance training sessions, to enhance their knowledge and compliance with applicable law and regulations; (ii) monitoring books, records and accounts with respect to supplier management, tendering and bidding process management and financial payment management to identify any false, misleading or undisclosed entries; (iii) establishing whistle-blowing mechanisms and encouraging all employees, suppliers, customers and other third parties to report suspicious activities and violations of the policies.
- The compliance office has established a system for whistleblowing and handling complaints against the Directors, senior management, employees, customers and other business partners, as well as a mechanism for making independent and fair investigations on reported complaints and taking appropriate actions. The compliance office has also established an online platform through which the employees and those who deal with the Company can report their complaints and concerns in confidence and anonymity, with the Audit Committee and compliance office about possible improprieties in any matters related to the Company. In addition, the Audit Committee and compliance office will evaluate the effectiveness of and potential loopholes in our internal control system based on complaints received to improve our internal control policies, measures and procedures accordingly.

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.



# Other Information

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

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.

## **Exceeded the Original Annual Caps**

As set out under paragraph D.2.4 of Appendix C1 of the Listing Rules, internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Notwithstanding the fact that the Original Annual Caps were exceeded, details of which were set out in the Announcement, in general and as a whole, the Board and the Audit Committee are of the view that the Group's risk management and internal control systems during the 2023 Reporting Period have been effective and adequate in assisting the Board to identify and manage risks through its internal control systems under which measures, plans and mechanisms were implemented to reasonably manage these risks and prevent material loss or non-compliance. In reaching such a conclusion, both the Board and the Audit Committee have considered the main objectives of its risk management and internal control systems including, but not limited to, safeguard assets, ensure proper maintenance of accounting records, and provide reliable financial reporting, as well as ensure compliance with relevant legislation and regulations.

With the implementation of the internal control measures by the Company as detailed in the Announcement, both the Board and the Audit Committee are of the view that such measures will be able to further strengthen the internal control systems of the Group and effectively prevent the occurrence of similar incidents in the future.

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

As at June 30, 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were 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:



# Other Information

## Interest in Shares or underlying Shares of the Company

Name of Director and Chief Executive	Capacity/Nature of interest	Number of Shares held <sup>(1)</sup>	Approximate percentage of the Company's issued share capital <sup>(2)</sup>
Dr. Jincal Li	Beneficial owner <sup>(3)</sup>	32,455,840 (L)	2.71%
Mr. Jerry Jingwei Zhang	Beneficial owner <sup>(4)</sup>	3,254,016 (L)	0.27%
Mr. Xiaojie Xi	Beneficial owner <sup>(5)</sup>	10,000,000 (L)	0.83%
Dr. Zhisheng Chen	Beneficial owner Founder of a discretionary trust <sup>(6)</sup>	3,242 (L) 415,636 (L)	0.00% 0.03%

### Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) As at June 30, 2024, the number of issued Shares of the Company was 1,198,215,456 Shares.
- (3) Interests in options granted pursuant to the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme.
- (4) Interests in options granted pursuant to the 2023 Pre-IPO Share Option Scheme.
- (5) Interests in options granted pursuant to the 2023 Pre-IPO Share Option Scheme.
- (6) 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.

# Other Information

## Interest in Shares or underlying Shares of the associated corporations

Name of Director and Chief Executive	Name of associated corporation	Capacity/ Nature of interest	Equity Interest in the Associated Corporation held <sup>(1)</sup>	Approximate percentage of the equity interest <sup>(9)</sup>
Dr. Jincui Li	WuXi Biologics (Cayman) Inc. <sup>(2)</sup>	Beneficial owner <sup>(3)</sup>	1,672,653 (L)	0.04%
Mr. Jerry Jingwei Zhang	WuXi Biologics (Cayman) Inc. <sup>(2)</sup>	Beneficial owner <sup>(4)</sup>	54,993 (L)	0.00%
Dr. Zhisheng Chen	WuXi Biologics (Cayman) Inc. <sup>(2)</sup>	Beneficial owner <sup>(5)</sup> Founder of a discretionary trust <sup>(6)</sup>	112,191,558 (L) 10,706,254 (L)	2.70% 0.26%
Dr. Weichang Zhou	WuXi Biologics (Cayman) Inc. <sup>(2)</sup>	Beneficial owner <sup>(7)</sup>	15,990,234 (L)	0.39%
Ms. Ming Shi	WuXi Biologics (Cayman) Inc. <sup>(2)</sup>	Interest of spouse <sup>(8)</sup>	3,000 (L)	0.00%

### Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) WuXi Biologics (Cayman) Inc. is one of the controlling shareholders of the Company, and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO. As at June 30, 2024, WuXi Biologics (Cayman) Inc. directly or indirectly held 600,000,000 Shares of the Company which accounted for approximately 50.07% of the total issued Shares of the Company.
- (3) Interests in restricted share units granted pursuant to the restricted share award scheme adopted by WuXi Biologics (Cayman) Inc. on January 15, 2018 (the "**WXB Restricted Share Award Scheme**") and/or the share award scheme for global partner program adopted by WuXi Biologics (Cayman) Inc. on June 16, 2021 (the "**WXB Global Partner Program Share Scheme**").
- (4) Interests in restricted share units granted pursuant to the WXB Restricted Share Award Scheme and/or the WXB Global Partner Program Share Scheme.
- (5) Interests in restricted shares granted pursuant to the WXB Restricted Share Award Scheme and/or the WXB Global Partner Program Share Scheme and the interests in options granted pursuant to the pre-IPO share option scheme adopted by WuXi Biologics (Cayman) Inc. on January 5, 2016, and amended on August 10, 2016 (the "**WXB Pre-IPO Share Option Scheme**").
- (6) 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.
- (7) Interests in restricted shares granted pursuant to the WXB Restricted Share Award Scheme and/or the WXB Global Partner Program Share Scheme and the interests in options granted pursuant to the WXB Pre-IPO Share Option Scheme.
- (8) Ms. Ming Shi is deemed to be interested in the 3,000 shares in WuXi Biologics (Cayman) Inc. held by her husband, Mr. Weimin Jiang.
- (9) The calculation is based on the total number of 4,153,165,949 shares of WuXi Biologics (Cayman) Inc. in issue as of June 30, 2024.

## Other Information

Save as disclosed above, as at June 30, 2024, to the best knowledge of the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under 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, UNDERLYING SHARES OF THE COMPANY

As at June 30, 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, had interests or short positions in 5% or more of the issued Shares which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

#### Interest in Shares or underlying Shares of the Company

Name of Shareholders	Capacity/ Nature of interest	Number of Shares held <sup>(1)</sup>	Approximate percentage of the Company's issued share capital <sup>(2)</sup>
WuXi Biologics (Cayman) Inc.	Beneficial owner	600,000,000 (L)	50.07%
WuXi AppTec Co., Ltd. <sup>(3)</sup>	Interests of controlled corporations	400,000,000 (L)	33.38%
WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司) <sup>(3)</sup>	Interests of controlled corporations	400,000,000 (L)	33.38%
Shanghai SynTheAll Pharmaceutical Co., Ltd. (上海合全藥業股份有限公司) <sup>(3)</sup>	Interests of controlled corporations	400,000,000 (L)	33.38%
STA Pharmaceutical Hong Kong Investment Limited (合全藥業香港投資有限公司) <sup>(3)</sup>	Beneficial owner	400,000,000 (L)	33.38%

# Other Information

*Notes:*

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) As at June 30, 2024, the number of issued Shares of the Company was 1,198,215,456 Shares.
- (3) STA Pharmaceutical Hong Kong Investment Limited is directly interested in 400,000,000 shares of the Company.

STA Pharmaceutical Hong Kong Investment Limited is a wholly-owned subsidiary of Shanghai SynTheAll Pharmaceutical Co., Ltd. As far as the Company is aware, 98.56% interests of Shanghai SynTheAll Pharmaceutical Co., Ltd. is owned by WuXi AppTec (Shanghai) Co., Ltd., while WuXi AppTec (Shanghai) Co., Ltd. is a wholly-owned subsidiary of WuXi AppTec Co., Ltd., a company whose H shares are listed on the Stock Exchange (stock code: 2359) and A shares listed on the Shanghai Stock Exchange (stock code: 603259).

As such, under the SFO, each of Shanghai SynTheAll Pharmaceutical Co., Ltd., WuXi AppTec (Shanghai) Co., Ltd. and WuXi AppTec Co., Ltd. is deemed to be interested in the 400,000,000 Shares held by STA Pharmaceutical Hong Kong Investment Limited (through its interest in a controlled corporation).

Save as disclosed above, as at June 30, 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in any Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the issued Shares which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.



# Other Information

## PRE-IPO SHARE OPTION SCHEMES

The Company has adopted the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme on November 23, 2021 and March 22, 2023, respectively.

The purpose of the Pre-IPO Share Option Schemes are to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group so as to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Participants of the Pre-IPO Share Option Schemes include any full-time or part-time employee, executive, officer, service provider or director (including executive, non-executive or independent non-executive director) of the Company or any member of the Group or any associated company, to be determined at the sole discretion of the Board. No further option would be granted under the Pre-IPO Share Option Schemes on or after the Listing Date. The life of the Pre-IPO Share Option Schemes is 10 years from the date of adoption. The remaining life of the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme is approximately 7.2 years and 8.5 years respectively. As at the date of this report, there are no more securities available for grant under the Pre-IPO Share Option Schemes.

The maximum aggregate number of options which may be issued under the 2021 Pre-IPO Share Option Scheme shall not exceed 100,000,000 Shares, representing approximately 8.49% of the enlarged issued share capital of the Company immediately upon completion of the Global Offering (assuming that all options granted under the 2021 Pre-IPO Share Option Schemes are exercised, but without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option) have been conditionally granted by the Company under the 2021 Pre-IPO Share Option Schemes and approximately 8.34% of the issued Share as at the date of this report.

The maximum aggregate number of options which may be issued under the 2023 Pre-IPO Share Option Scheme shall not exceed 40,000,000 Shares, representing approximately 3.39% of the enlarged issued share capital of the Company immediately upon completion of the Global Offering (assuming that all options granted under the 2023 Pre-IPO Share Option Schemes are exercised, but without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option) have been conditionally granted by the Company under the 2023 Pre-IPO Share Option Schemes and approximately 3.34% of the issued Share as at the date of this report.

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

# Other Information

## 2021 Pre-IPO Share Option Scheme

Category of Participant	Date of Grant	Exercise Price	Outstanding as at January 1, 2024	Granted during the Reporting Period <sup>(1)</sup>	Exercised during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at June 30, 2024	Exercise Period <sup>(2)</sup>
<b>Directors, chief executive or substantial shareholders of the listed issuer, or their respective associates</b>									
Dr. Jincai Li	June 10, 2022	RMB1.658	32,160,000	-	-	-	-	32,160,000	10 years
<b>Sub-total</b>			<b>32,160,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,160,000</b>	
<b>Substantial Shareholders and their associates</b>									
Participants with options in excess of 1% individual limit					N/A				
Related entity participants or service providers with options granted and to be granted during the Reporting Period exceeding 0.1% individual limit					N/A				
<b>Other employee participants (in aggregate)</b>									
78 employees	April 1, 2022	RMB1.658	18,369,549	-	610,956	-	212,828	17,545,745	10 years
58 employees	August 18, 2022	RMB1.850	8,325,156	-	-	-	-	8,325,156	10 years
83 employees	January 6, 2023	RMB1.868	18,168,541	-	-	-	832,610	17,335,931	10 years
<b>Sub-total</b>			<b>44,863,246</b>	<b>-</b>	<b>610,956</b>	<b>-</b>	<b>1,045,438</b>	<b>43,206,852</b>	
Other related entity participants				N/A					
Other service providers				N/A					
<b>Total</b>			<b>77,023,246</b>	<b>-</b>	<b>610,956</b>	<b>-</b>	<b>1,045,438</b>	<b>75,366,852</b>	

### Notes:

- (1) 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.
- (2) 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.

# Other Information

## 2023 Pre-IPO Share Option Scheme

Category of Participant	Date of Grant	Exercise Price	Outstanding as at January 1, 2024	Granted during the Reporting Period <sup>(1)</sup>	Exercised during the Reporting Period	Lapsed/ Forfeited during the Reporting Report	Cancelled during the Reporting Period	Outstanding as at June 30, 2024	Exercise Period <sup>(2)</sup>
<b>Directors, chief executive or substantial shareholders of the listed issuer, or their respective associates</b>									
Dr. Jincui Li	August 24, 2023	RMB6.900	295,840	-	-	-	-	295,840	10 years
Mr. Xiaojie Xi	July 6, 2023	RMB4.500	10,000,000	-	-	-	-	10,000,000	10 years
Mr. Jerry Jingwei Zhang	July 6, 2023	RMB4.500	3,254,016	-	-	-	-	3,254,016	10 years
<b>Sub-total</b>			<b>13,549,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,549,856</b>	
<b>Substantial Shareholders and their associates</b>									
Participants with options in excess of 1% individual limit					N/A				
Related entity participants or service providers with options granted and to be granted during the Reporting Period exceeding 0.1% individual limit					N/A				
<b>Other employee participants (in aggregate)</b>									
69 employees	July 6, 2023	RMB4.500	20,399,862	-	-	-	548,848	19,851,014	10 years
167 employees	August 24, 2023	RMB6.900	4,280,666	-	-	-	-	4,280,666	10 years
8 employees	October 30, 2023	RMB6.900	1,687,916	-	-	-	-	1,687,916	10 years
<b>Sub-total</b>			<b>26,368,444</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>548,848</b>	<b>25,819,596</b>	
Other related entity participants					N/A				
Other service providers					N/A				
<b>Total</b>			<b>39,918,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>548,848</b>	<b>39,369,452</b>	

### Notes:

- (1) 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.
- (2) 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.

# Other Information

In accordance with Pre-IPO Share Option Schemes, 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, among other things, a participant's contribution to the development and growth of the Group and business performance of the Company.

The options granted under the Pre-IPO Share Option Schemes 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 Schemes, save as determined otherwise by the Board at its sole discretion, the vesting schedule of the options under the Pre-IPO Share Option Schemes 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. As no shares may be issued in respect of options granted under the Pre-IPO Share Option Schemes during the Reporting Period, the number of shares that may be issued in respect of options granted under the Pre-IPO Share Option Schemes during the Reporting Period divided by the weighted average number of shares in issue for the Reporting Period is not applicable. The amount payable by each participant to the Company on acceptance of the offer is determined by the Board at the time of 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 Schemes on the financial statements are set out in the Prospectus and under note 24 to the consolidated financial statements in this report.

## 2024 Share Scheme

The Company has adopted the 2024 Share Scheme on June 12, 2024. The purposes of the 2024 Share 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. Participants of the 2024 Share Scheme include employee participants, service providers and related entity participants. The criteria for determination of their eligibility are set out in the 2024 Share Scheme. The maximum number of shares which may be issued and allotted in respect of all awards to be granted under the 2024 Share Scheme and, if applicable, all options and awards to be granted under any other Share Scheme(s), shall not exceed 3.0% of the shares in issue (excluding any treasury shares) as at the adoption date (subject to such higher limit as may be approved by the Shareholders from time to time). The maximum number of shares which may be issued and allotted in respect of awards to be granted to service providers under the 2024 Share Scheme and, if applicable, all options and awards to be granted to service providers under any other Share Scheme(s), shall not



## Other Information

exceed 0.3% of the shares in issue (excluding any treasury shares) as at the adoption date (subject to such higher limit as may be approved by the Shareholders from time to time). For the avoidance of doubt, the service provider sublimit is within and is subject to the scheme mandate limit. The maximum entitlement of each participant under the 2024 Share Scheme is 1% of the shares in issue. Vesting shall only occur upon satisfaction (or where applicable, waiver 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 exercise price of each restricted share under the 2024 Share Scheme, it shall be not less than the highest of (i) the nominal value of a share; (ii) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and (iii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date. Subject to earlier termination by the Board, the 2024 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 2024 Share Scheme is limited to 3% (i.e. 35,943,122 Shares) of the issued share capital of the Company as at June 12, 2024 (the date on which the proposed amendments to the 2024 Share Scheme were approved by Shareholders). No restricted shares was granted, cancelled, or lapsed during the Reporting Period. The number of Shares available for grant under the 2024 Share Scheme was 35,943,122 as of June 30, 2023. As at the date of this report, the total number of Shares available for issue under the 2024 Share Scheme is 31,446,174 Shares, representing approximately 2.6% of the total issued share capital of the Company, and the total number of Shares available for issue to service providers under the 2024 Share Scheme is 3,594,312 Shares, representing approximately 0.3% of the total issued share capital of the Company. During the Reporting Period, the number of Shares that may be issued in respect of restricted shares granted under the 2024 Share Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is nil. Pursuant to the 2024 Share Scheme, the Board shall select the eligible participant and determine the number of Shares to be awarded.

No restricted shares was granted under the 2024 Share Scheme during the Reporting Period which shall be satisfied by the issuance of new Shares.

### **Proceeds from the Global Offering and its Utilization**

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

The net proceeds from the Global Offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$3,936.9 million and the unutilized net proceeds were kept at the bank accounts of the Group as at June 30, 2024.

## Other Information

Details on the applications of the net proceeds from the Global Offering were disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at June 30, 2024, there have been no material changes to the planned applications of the net proceeds. The following table sets out the planned applications of the net proceeds, actual usage up to and remaining amount as at June 30, 2024 as well as the expected timeline for utilization:

Intended use of net proceeds as stated in the Prospectus	Planned applications and unutilized amount as at December 31, 2023 HK\$ million	Amount utilized during the Reporting Period HK\$ million	Remaining amount as at June 30, 2024 HK\$ million	Expected timeline for utilization <sup>(1)</sup>
<b>Further expansion of the Group's service capability and capacity</b>				
<i>Construction of the Group's facilities at the Singapore site</i>				
Establishment of the facilities at the Singapore site	1,299.2	244.4	1054.8	By the end of 2026
Purchase manufacturing and R&D equipment and systems and recruit manufacturing, R&D and management personnel for the operation at the Singapore site	708.7	0	708.7	By the end of 2026
<i>Expansion of the Group's production capacity in China</i>				
Purchase manufacturing and R&D equipment and systems, such as bioreactors, steam sterilizers, capillary electrophoresis instrument and enzyme labeling apparatus, among others	354.3	0	354.3	By the end of 2026
Establishment, maintenance and improvement of the manufacturing plants at the Wuxi site, including building up a kilogram-scale payload-linker production line	275.5	0	275.5	By the end of 2026
<b>Selectively pursue strategic alliances, investment and acquisition opportunities</b>	905.5	0	905.5	By the end of 2026
<b>Working capital and other general corporate purposes</b>	393.7	107.2	286.5	By the end of 2025
<b>Total</b>	<b>3,936.9</b>	<b>351.6</b>	<b>3,585.3</b>	

Note:

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

# Other Information

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

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

## **KEY EVENTS AFTER THE REPORTING PERIOD**

The Group has the following event taken place subsequent to June 30, 2024:

On July 12, 2024, the Company granted a total of 4,496,948 restricted Shares to 211 grantees under the 2024 Share Scheme. For details of the grant, please refer to the announcement of the Company dated July 12, 2024.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the Prospectus (defined below) and this report, there is no other plan for material investments or capital assets as at the date of this report.

# Report on Review of Condensed Consolidated Financial Statements

**Deloitte.**

**德勤**

**TO THE BOARD OF DIRECTORS OF WUXI XDC CAYMAN INC.**  
(incorporated in the Cayman Islands with limited liability)

## Introduction

We have reviewed the condensed consolidated financial statements of WuXi XDC Cayman Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 85, which comprise the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



# Report on Review of Condensed Consolidated Financial Statements

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

August 20, 2024

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024

	NOTES	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000
Revenue	4	1,665,199	993,468
Cost of sales		(1,129,868)	(764,068)
Gross profit		535,331	229,400
Other income	5	136,424	39,579
Other gains and losses	6	40,428	4,461
Impairment losses (recognized) reversed, under expected credit loss model, net of reversal		(3,168)	24,382
Selling and marketing expenses		(23,927)	(5,823)
Administrative expenses		(75,529)	(42,739)
Research and development expenses		(47,594)	(29,749)
Listing expenses		–	(7,374)
Financing costs	7	(249)	(569)
Profit before tax	8	561,716	211,568
Income tax expense	9	(73,488)	(34,354)
<b>Profit for the period</b>		<b>488,228</b>	<b>177,214</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value gain on cash flow hedges, net of income tax		–	1,146
Exchange gain arising on translation of foreign operations		560	4,635
<b>Other comprehensive income for the period</b>		<b>560</b>	<b>5,781</b>
<b>Total comprehensive income for the period</b>		<b>488,788</b>	<b>182,995</b>
		RMB	RMB
<b>Earnings per share</b>			
— Basic	11	0.41	0.18
— Diluted	11	0.38	0.17

# Condensed Consolidated Statement of Financial Position

As at June 30, 2024

	NOTES	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Non-current Assets</b>			
Property, plant and equipment	12	1,751,579	1,246,234
Investment property		12,207	12,409
Right-of-use assets	12	18,528	2,145
Goodwill		215,193	215,193
Intangible assets	13	48,845	52,946
Deferred tax assets		6,677	6,267
Other long-term deposits		150	147
		<u>2,053,179</u>	<u>1,535,341</u>
<b>Current Assets</b>			
Inventories	14	133,731	46,804
Trade and other receivables	15	1,392,710	956,412
Contract assets	16	46,111	31,051
Contract costs	17	167,666	113,730
Pledged bank deposits		–	4,400
Bank balances and cash	18	3,476,581	4,047,583
		<u>5,216,799</u>	<u>5,199,980</u>
<b>Current Liabilities</b>			
Trade and other payables	19	920,629	915,386
Contract liabilities		234,493	328,322
Borrowing	20	50,000	–
Income tax payable		55,092	34,455
Lease liabilities		3,287	1,247
		<u>1,263,501</u>	<u>1,279,410</u>
<b>Net Current Assets</b>		<u>3,953,298</u>	<u>3,920,570</u>
<b>Total Assets less Current Liabilities</b>		<u>6,006,477</u>	<u>5,455,911</u>

# Condensed Consolidated Statement of Financial Position

As at June 30, 2024

	NOTES	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Non-current Liability</b>			
Lease liabilities		15,365	1,595
<b>Net Assets</b>		<u>5,991,112</u>	<u>5,454,316</u>
<b>Capital and Reserves</b>			
Share capital	21	390	390
Reserves		<u>5,990,722</u>	<u>5,453,926</u>
<b>Total Equity</b>		<u>5,991,112</u>	<u>5,454,316</u>

The condensed consolidated financial statements on pages 53 to 85 were approved and authorized for issue by the Board of Directors on August 20, 2024 and are signed on its behalf by:

\_\_\_\_\_  
Jincai Li  
DIRECTOR

\_\_\_\_\_  
Xiaojie Xi  
DIRECTOR



# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 <i>(note ii)</i>	Other reserve RMB'000 <i>(note iv)</i>	Statutory reserve RMB'000 <i>(note i)</i>	Equity-settled share-based compensation reserve RMB'000 <i>(note iii)</i>	Hedging reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At January 1, 2023	319	1,285,143	(53,747)	40,394	12,867	27,750	(1,146)	-	169,199	1,480,779
Profit for the period	-	-	-	-	-	-	-	-	177,214	177,214
Other comprehensive Income ("OCI") for the period										
— Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	4,635	-	4,635
— Fair value adjustments on cash flow hedges	-	-	-	-	-	-	1,146	-	-	1,146
Total comprehensive income for the period	-	-	-	-	-	-	1,146	4,635	177,214	182,995
Recognition of equity-settled share-based compensation	-	-	-	4,702	-	30,145	-	-	-	34,847
At June 30, 2023	319	1,285,143	(53,747)	45,096	12,867	57,895	-	4,635	346,413	1,698,621
At January 1, 2024	390	4,890,264	(53,747)	43,586	47,298	107,094	-	1,125	418,306	5,454,316
Profit for the period	-	-	-	-	-	-	-	-	488,228	488,228
OCI for the period										
— Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	560	-	560
Total comprehensive income for the period	-	-	-	-	-	-	-	560	488,228	488,788
Recognition of equity-settled share-based compensation	-	-	-	3,694	-	43,313	-	-	-	47,007
Exercise of pre-IPO share options	*	1,603	-	-	-	(602)	-	-	-	1,001
At June 30, 2024 (unaudited)	390	4,891,867	(53,747)	47,280	47,298	149,805	-	1,685	906,534	5,991,112

\* Amount below RMB1,000.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

*Notes:*

- i. In accordance with the Articles of Association of all subsidiaries 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. Group reorganization reserve represents the capital contribution in WuXi XDC Co., Ltd. ("XDC Wuxi") by the then shareholders before the transfer of XDC Wuxi to the Group, net of consideration paid to the then shareholders; and the administrative service cost borne on behalf of XDC Wuxi by fellow subsidiaries prior to the completion of the group reorganization to rationalize the current group structure.
- iii. The amount represents the equity-settled share-based compensation in respect of share option for shares of Company granted by the Group to certain directors and employees of the Group for their services rendered to the Group as set out in Note 24.
- iv. The amount represents the equity-settled share-based compensation in respect of share options for shares and restricted share of WuXi Biologics (Cayman) Inc. ("Biologics Cayman"), the ultimate holding company of the Company granted by Biologics Cayman to certain directors and employees of the Group for their service rendered to the Group as set out in Note 24.

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(224,661)</b>	<b>159,631</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	1,078	617
Payment for acquisition of property, plant and equipment	(521,845)	(247,805)
Payments for acquisition of intangible assets	–	(10,000)
Receipt of bank interest	101,681	3,424
Withdrawal of financial assets at fair value through profit and loss (“FVTPL”)	126,194	1,469,601
Placement of financial assets at FVTPL	(126,054)	(1,068,843)
Withdrawal of pledged bank deposits	4,400	–
Settlement of consideration payable for acquisition of BCD Business Unit	–	(9,877)
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(414,546)</b>	<b>137,117</b>
<b>FINANCING ACTIVITIES</b>		
Loans from related parties	–	28,626
Repayments of loans from related parties	–	(99,770)
New bank borrowing raised	50,000	–
Interest paid	(249)	(149)
Repayments of lease liabilities	(1,622)	(2,332)
Proceeds from exercise of pre-IPO share options	818	–
Payment of transaction costs attributable to issue of shares	(2,180)	(104)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>46,767</b>	<b>(73,729)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(592,440)</b>	<b>223,019</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>4,047,583</b>	<b>334,972</b>
Effect of foreign exchange rate changes	21,438	3,653
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>3,476,581</b>	<b>561,644</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 1. GENERAL INFORMATION

WuXi XDC Cayman Inc. (the "Company") was established in the Cayman Islands as an exempted company with limited liability on December 14, 2020, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on November 17, 2023. In the opinion of the directors of the Company, Biologics Cayman is the Company's ultimate holding company.

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

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

## 2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

## 3. PRINCIPAL ACCOUNTING POLICIES

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

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Application of amendments to IFRSs

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

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

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

## 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

### (i) Disaggregation of revenue from contracts with customers

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
<b>Type of services and timing of revenue recognition</b>		
CRDMO services		
— A point in time	1,559,776	971,062
— Over time	105,423	22,406
<b>Total</b>	<b>1,665,199</b>	<b>993,468</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 4. REVENUE FROM CONTRACT WITH CUSTOMERS (Continued)

### (i) Disaggregation of revenue from contracts with customers (Continued)

The Group provides services in the discovery, development and commercial manufacturing of ADCs and other bioconjugates. Revenue generated from CRDMO services is derived from the transfer of services and/or goods through contracts under fee-for-service ("FFS") basis and full-time-equivalent ("FTE") basis. During the six months ended June 30, 2024, revenue from CRDMO contracts under FFS basis and FTE basis was RMB1,570,326,000 and RMB94,873,000 (June 30, 2023: RMB980,144,000 and RMB13,324,000), respectively.

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Company) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating and reportable segment and no further analysis of this single segment is presented, and the single operating and reportable segment follows the same accounting policies as the condensed consolidated financial statements.

### (ii) Entity-wide disclosure

#### *Geographical information*

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
Revenue		
— North America	789,799	290,158
— Europe	294,592	213,363
— the PRC	487,933	471,096
— Rest of the world	92,875	18,851
	<u>1,665,199</u>	<u>993,468</u>

As at June 30, 2024, other than financial instruments, the Group had non-current assets of RMB419,134,000 (December 31, 2023: RMB84,637,000) located in Singapore. The remaining non-current assets of RMB1,627,218,000 (December 31, 2023: RMB1,444,290,000) are located in the PRC.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 5. OTHER INCOME

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
Interest income from banks ( <i>note i</i> )	101,681	3,424
Research and other grants related to income ( <i>note ii</i> )	31,021	31,303
Sales of materials to related parties	3,263	3,730
Rental and other related income ( <i>note iii</i> )	459	1,122
	<u>136,424</u>	<u>39,579</u>

Notes:

- (i) Interest income derived from bank balances, short-term bank deposits and pledged bank deposits, details of which are disclosed in Note 18.
- (ii) Income from research and other grants of the Group during the current interim period were mainly related to the Group's contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group.
- (iii) In respect of the rental income, there are direct operating expenses incurred for investment property that generated rental income amounting to RMB202,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB946,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 6. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
Net foreign exchange gains (losses)	39,487	(1,407)
Fair value gain on wealth management products	1,071	5,543
Others	(130)	325
	<u>40,428</u>	<u>4,461</u>

## 7. FINANCING COSTS

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
Interest expense on lease liabilities	223	149
Interest expense on bank borrowing	26	–
Interest expense on loans from related parties	–	420
	<u>249</u>	<u>569</u>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 8. PROFIT BEFORE TAX

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
Depreciation of property, plant and equipment	45,829	22,546
Depreciation for investment property	202	202
Depreciation of right-of-use assets	826	2,348
Amortization of intangible assets	4,101	3,601
	<u>50,958</u>	<u>28,697</u>
Staff cost (including directors' emoluments):		
— Salaries and other benefits	184,866	112,001
— Retirement benefit scheme contributions	21,344	12,286
— Share-based payment expenses	47,007	34,847
	<u>253,217</u>	<u>159,134</u>
Depreciation, amortization and staff cost — capitalized in contract cost and property, plant and equipment	<u>(44,123)</u>	<u>(34,140)</u>
	<u>260,052</u>	<u>153,691</u>
Impairment losses under expected credit loss model, net of reversal		
— Trade receivables	2,984	(23,792)
— Contract assets	184	1,585
— Receivables for purchase of raw materials on behalf of customers	—	(2,175)
	<u>3,168</u>	<u>(24,382)</u>
Listing expenses	—	7,374
Auditors' remuneration		
— Auditor of the Company	1,775	286
— Auditor of subsidiaries of the Company	280	380
— Non-audit services	50	537
Write-down of inventories (included in cost of sales)	4,853	380
Reversals of inventories write-down (included in cost of sales)	(885)	(107)
Write-down of contract costs (included in cost of sales)	3,023	2,720
Reversals of contract costs write-down (included in cost of sales)	(193)	(1,955)
Loss on disposal of property, plant and equipment	530	19
Cost of inventories recognized as an expense	<u>137,392</u>	<u>80,833</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 9. INCOME TAX EXPENSE

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
Current tax:		
— the PRC Enterprise Income Tax ("EIT")	58,738	33,462
— Hong Kong Profits Tax	12,070	3,573
— Singapore Profits Tax	1,912	—
Under (Over) provision in prior years	1,178	(5,461)
	<u>73,898</u>	<u>31,574</u>
Deferred tax:		
— Current period	(410)	2,780
	<u>73,488</u>	<u>34,354</u>

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

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

Singapore Profits Tax is calculated at 17.0% on the estimated assessable profit.

During the current interim period, all of the subsidiaries (six months ended June 30, 2023: a subsidiary) of the Group operating in the PRC are accredited as "Technologically Advanced Service Enterprise" and "High and New Technology Enterprise", as such, the relevant subsidiaries are entitled to a preferential EIT rate of 15%.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 10. DIVIDENDS

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

## 11. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
<b>Earnings attributable to owners of the Company</b>		
Earnings for the purpose of calculating basic and diluted earnings per share	<u>488,228</u>	<u>177,214</u>

	Six months ended June 30,	
	2024 (Unaudited)	2023
<b>Number of Shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,197,719,298	1,000,000,000
Effect of dilutive potential ordinary shares: Share options	<u>88,151,872</u>	<u>23,010,525</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,285,871,170</u>	<u>1,023,010,525</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group had the following significant movements in property, plant and equipment and right-of-use assets:

- i. The Group acquired RMB551,289,000 (six months ended June 30, 2023: RMB212,162,000) of property, plant and equipment for the expansion of production facilities.
- ii. The Group entered into a new lease agreement for leasing of property for 10 years (six months ended June 30, 2023: 3 years). On lease commencement, the Group recognized right-of-use assets of RMB17,209,000 and lease liabilities of RMB17,209,000 (six months ended June 30, 2023: RMB1,597,000 and RMB1,597,000 respectively).

## 13. INTANGIBLE ASSETS

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Carrying amount:		
Customer relationship	41,345	44,446
License	7,500	8,500
	<u>48,845</u>	<u>52,946</u>

## 14. INVENTORIES

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Raw material and consumables	<u>133,731</u>	<u>46,804</u>

Raw materials and consumables are net of a write-down of approximately RMB5,667,000 as at June 30, 2024 (December 31, 2023: RMB1,715,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 15. TRADE AND OTHER RECEIVABLES

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Trade receivables		
— related parties	136,866	85,991
Less: allowance for credit losses	(307)	(266)
— third parties	1,117,396	767,428
Less: allowance for credit losses	(32,776)	(30,945)
	<u>1,221,179</u>	<u>822,208</u>
Receivables for purchase of raw materials on behalf of customers ( <i>note</i> )	<u>—</u>	<u>13,453</u>
Advances to suppliers		
— related parties	—	82
— third parties	1,791	1,433
	<u>1,791</u>	<u>1,515</u>
Other receivables		
— related parties	3,766	1,864
— third parties	14,073	6,334
	<u>17,839</u>	<u>8,198</u>
Prepayments		
— third parties	512	122
Value added tax recoverable	151,389	110,916
Total trade and other receivables	<u>1,392,710</u>	<u>956,412</u>

*Note:*

As at December 31, 2023, the carrying amount of receivables for purchase of raw materials on behalf of customer are net of allowance for credit losses of RMB148,000.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 15. TRADE AND OTHER RECEIVABLES (Continued)

Details of the trade and other receivables due from related parties are set out in Note 23(b).

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

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Not past due	714,404	424,828
Overdue:		
— Within 90 days	217,605	214,296
— 91 days to 1 year	236,601	172,261
— Over 1 year	52,569	10,823
	<u>1,221,179</u>	<u>822,208</u>

## 16. CONTRACT ASSETS

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Contract assets		
— related parties	7,250	7,685
Less: allowance for credit losses	(229)	(229)
— third parties	39,674	23,995
Less: allowance for credit losses	(584)	(400)
	<u>46,111</u>	<u>31,051</u>

The contract assets are primarily related to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones as stipulated in the contracts.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 17. CONTRACT COSTS

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Costs to fulfil contracts	<u>167,666</u>	<u>113,730</u>

The contract costs are net of a write-down of approximately RMB4,389,000 as at June 30, 2024 (December 31, 2023: RMB1,559,000).

## 18. BANK BALANCES AND CASH

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 19. TRADE AND OTHER PAYABLES

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Trade payables		
— related parties	582,378	580,333
— third parties	84,130	40,118
	<u>666,508</u>	<u>620,451</u>
Accrued expenses and other payables		
— related parties	96,851	97,447
— third parties	20,943	23,121
	<u>117,794</u>	<u>120,568</u>
Payable for purchase of property, plant and equipment		
— related parties	1,606	1,507
— third parties	96,023	97,961
Salary and bonus payables	33,253	56,624
Accrued listing expenses and share issue cost	2,303	15,513
Other taxes payables	3,142	2,762
	<u>136,327</u>	<u>174,367</u>
Trade and other payables	<u>920,629</u>	<u>915,386</u>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 19. TRADE AND OTHER PAYABLES (Continued)

Details of the trade and other payables due to related parties are set out in Note 23(b).

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

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Within 90 days	660,970	596,519
91 days to 1 year	5,378	22,910
Over 1 year but within 5 years	160	1,022
	<u>666,508</u>	<u>620,451</u>

## 20. BORROWING

During the current interim period, the Group obtained a new bank borrowing amounting to RMB50,000,000 (six months ended 30 June 2023: nil). The borrowing was unsecured and unguaranteed, which carried interest at 1 year Loan Prime Rate ("LPR") minus 0.75%. During the current interim period, the effective interest rate of the variable-rate borrowing was 2.70%.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 21. SHARE CAPITAL

### AUTHORIZED:

	Number of shares	Par value US\$	Authorized share capital US\$
At January 1, 2023	1,000,000,000	0.00005	50,000
Creation of new shares	9,000,000,000	0.00005	450,000
At June 30, 2023, January 1, 2024 and June 30, 2024	<u>10,000,000,000</u>	<u>0.00005</u>	<u>500,000</u>

### ISSUED AND FULLY PAID:

	Number of shares	Par value US\$	Share capital US\$	RMB'000 equivalent
At January 1, 2023 and June 30, 2023	<u>1,000,000,000</u>	<u>0.00005</u>	<u>50,000</u>	<u>319</u>
At January 1, 2024	<u>1,197,604,500</u>	<u>0.00005</u>	<u>59,880</u>	<u>390</u>
Exercise of pre-IPO share options	610,956	0.00005	31	*
At June 30, 2024	<u>1,198,215,456</u>	<u>0.00005</u>	<u>59,911</u>	<u>390</u>

\* Amount below RMB1,000.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### **Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)**

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed 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.

## 23. RELATED PARTY DISCLOSURES

The related parties and the relationship with the Group are as follows:

WuXi Biologics group represents Biologics Cayman and its subsidiaries excluding the Group.

WuXi AppTec group represents WuXi AppTec Co., Ltd. and its subsidiaries. WuXi AppTec Group is ultimately controlled by certain substantial shareholders of the Group's ultimate holding company.

Chengdu Kangde Renze Real Estate Co., Ltd. ("Renze") is controlled by one of the directors of the Group's ultimate holding company.

Shanghai Duoning Biotechnology Co., Ltd. ("Duoning") is an associate of Biologics Cayman. Duoning and its subsidiaries collectively referred to as "Duoning Group".

The Group had the following significant transactions and balances with related parties during the current interim period:

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 23. RELATED PARTY DISCLOSURES (Continued)

### (a) Related party transactions:

*Provision of antibody drug conjugates discovery, research & development and manufacturing services (included in revenue)*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	53,770	136,244
WuXi AppTec group	3,939	7,983
	<u>57,709</u>	<u>144,227</u>

*Sales of materials to related parties (included in other income)*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	<u>3,263</u>	<u>3,730</u>

*Sales of property, plant and equipment to related parties*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	<u>714</u>	<u>254</u>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 23. RELATED PARTY DISCLOSURES (Continued)

### (a) Related party transactions (Continued)

*Lease income and provision of other services to related parties (included in other income)*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	459	1,122

*Antibodies master services received (included in cost of sales and services)*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	710,653	444,974
WuXi AppTec group	45,549	59,529
	<u>756,202</u>	<u>504,503</u>

*Other services received (included in cost of sales and services and administrative expenses)*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	28,953	32,187
WuXi AppTec group	10,834	3,019
Duoning group	37	-
	<u>39,824</u>	<u>35,206</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 23. RELATED PARTY DISCLOSURES (Continued)

### (a) Related party transactions (Continued)

#### *Purchase of materials (included in cost of sales and services)*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	37,732	15,951
WuXi AppTec group	18,589	2,443
Duoning group	11,440	—
	<u>67,761</u>	<u>18,394</u>

#### *Purchase of property, plant and equipment*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	2,763	5,020
Duoning group	2,441	—
Renze	—	30
	<u>5,204</u>	<u>5,050</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 23. RELATED PARTY DISCLOSURES (Continued)

### (a) Related party transactions (Continued)

#### *Interest expense on loans from related parties*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	—	420

#### *Interest expense on lease liabilities*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi Biologics group	—	149

#### *Expense relating to leases*

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
WuXi AppTec group	1,137	97

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 23. RELATED PARTY DISCLOSURES (Continued)

### (b) Related party balances:

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Amounts due from related parties</b>		
<b>Trade related:</b>		
<b>Included in trade receivables:</b>		
WuXi Biologics group	130,638	82,523
WuXi AppTec group	6,228	3,468
	<u>136,866</u>	<u>85,991</u>
<b>Included in other receivables:</b>		
WuXi Biologics group	3,766	1,864
Less: allowance for credit losses	(307)	(266)
	<u>140,325</u>	<u>87,589</u>
<b>Included in advances to suppliers:</b>		
WuXi AppTec group	–	82
	<u>140,325</u>	<u>87,671</u>

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Contract assets</b>		
WuXi AppTec group	7,250	7,685
Less: Allowance for credit losses	(229)	(229)
	<u>7,021</u>	<u>7,456</u>



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 23. RELATED PARTY DISCLOSURES (Continued)

### (b) Related party balances (Continued)

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
<b>Amounts due to related parties</b>		
<b>Trade related:</b>		
<b>Included in trade payables:</b>		
WuXi Biologics group	528,691	511,418
WuXi AppTec group	49,636	68,182
Duoning group	4,051	733
	<u>582,378</u>	<u>580,333</u>
<b>Included in other payables:</b>		
WuXi Biologics group	95,229	96,939
WuXi AppTec group	1,622	508
	<u>96,851</u>	<u>97,447</u>
	<u>679,229</u>	<u>677,780</u>
<b>Non-trade related:</b>		
<b>Included in payable for purchase of property, plant and equipment:</b>		
Duoning group	1,606	1,507
	<u>1,606</u>	<u>1,507</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 23. RELATED PARTY DISCLOSURES (Continued)

### (c) Compensation of directors and key management personnel:

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000
Directors' fee	1,634	–
Salaries and other benefits	5,991	2,149
Performance-based bonus	2,197	856
Retirement benefits scheme contributions	8	3
Share-based compensation	14,470	6,643
	<u>24,300</u>	<u>9,651</u>

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 24. SHARE-BASED COMPENSATION

### Equity instruments granted by Biologics Cayman to employees of the Group

Pursuant to the WXB Restricted Share Award Scheme and WXB Global Partner Program Share Scheme, certain directors of the Company and employees of the Group were issued shares of Biologics Cayman.

#### (a) *WXB Restricted Share Award Scheme*

On January 15, 2018, Biologics Cayman adopted the WXB Restricted Share Award Scheme for certain employees of the Group of Biologics Cayman and directors of Biologics Cayman.

During the year ended December 31, 2022, certain employees of Biologics Cayman were offered, and agreed to join the Company's 2021 Pre-IPO Share Option Scheme. Upon participating in the Company's Pre-IPO Share Option Scheme, share options under the Pre-IPO Share Option Scheme were granted to the employees while the outstanding restricted shares granted under the WXB Restricted Share Award Scheme held by the respective employees were cancelled in the same time accordingly. The directors of Biologics Cayman considered that most of the cancelled restricted shares under the WXB Restricted Share Award Scheme were replaced by the share options granted under the Company's 2021 Pre-IPO Share Option 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.

The Group recognized total expense of approximately RMB3,428,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB4,702,000) in relation to restricted shares granted by Biologics Cayman under the WXB Restricted Share Award Scheme.

#### (b) *WXB Global Partner Program Share Scheme*

On June 16, 2021, Biologics Cayman adopted a global partner program share scheme to further reward and incentivize the Group of Biologics Cayman's top employees and attract key talents.

The Group recognized total expense of approximately RMB266,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: nil) in relation to restricted shares granted by Biologics Cayman under the WXB Global Partner Program Share Scheme.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 24. SHARE-BASED COMPENSATION (Continued)

### Equity instruments granted by the Company to employees of the Group

#### (a) 2021 Pre-IPO Share Option Scheme

On November 23, 2021, the Company adopted the 2021 Pre-IPO Share Option Scheme for the primary purpose to enable the Company to grant share options to eligible employees. The maximum number of the Company's shares which may be issued upon exercise of all share options to be granted under the 2021 Pre-IPO Share Option Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the total number of the Company's shares in issue as at the adoption date (i.e. 100,000,000 shares) of the 2021 Pre-IPO Share Option Scheme.

Set out below are details of the movements of the outstanding share options granted under the 2021 Pre-IPO Share Option Scheme during the six months ended June 30, 2024:

Batch	Outstanding as at January 1, 2024	Granted	Exercised	Forfeited	Outstanding as at June 30, 2024
Employee					
April 1, 2022	18,369,549	-	610,956	212,828	17,545,765
August 18, 2022	8,325,156	-	-	-	8,325,156
January 6, 2023	18,168,541	-	-	832,610	17,335,931
Director					
June 10, 2022	32,160,000	-	-	-	32,160,000
	<u>77,023,246</u>	<u>-</u>	<u>610,956</u>	<u>1,045,438</u>	<u>75,366,852</u>
Exercisable at the end of the period	<u>-</u>				<u>9,452,388</u>
Weighted average exercise price (RMB)	<u>1.7283</u>	<u>-</u>	<u>1.6580</u>	<u>1.8252</u>	<u>1.7275</u>

The Group recognized total expense of approximately RMB16,457,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB30,145,000) in relation to options granted by the Company under the 2021 Pre-IPO Share Option Scheme.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 24. SHARE-BASED COMPENSATION (Continued)

### Equity instruments granted by the Company to employees of the Group (Continued)

#### (b) 2023 Pre-IPO Share Option Scheme

On March 22, 2023 the Company adopted the 2023 Pre-IPO Share Option Scheme to the Group's eligible employees. The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the 2023 Pre-IPO Share Option Scheme and other share option schemes of the Company shall not in aggregate exceed 4% of the total number of the Company's shares in issue as at the adoption date of the 2023 Pre-IPO Share Option Scheme.

Set out below are details of the movements of the outstanding share options granted under the 2023 Pre-IPO Share Option Scheme during the six months ended June 30, 2024:

Batch	Outstanding as at January 1, 2024	Granted	Exercised	Forfeited	Outstanding as at June 30, 2024
Employee					
July 6, 2023	20,399,862	-	-	548,848	19,851,014
August 24, 2023	4,280,666	-	-	-	4,280,666
October 30, 2023	1,687,916	-	-	-	1,687,916
Director					
July 6, 2023	13,254,016	-	-	-	13,254,016
August 24, 2023	295,840	-	-	-	295,840
	<u>39,918,300</u>	<u>-</u>	<u>-</u>	<u>548,848</u>	<u>39,369,452</u>
Exercisable at the end of the period	<u>-</u>				<u>-</u>
Weighted average exercise price (RMB)	<u>4.8766</u>	<u>-</u>	<u>-</u>	<u>4.5000</u>	<u>4.8819</u>

The Group recognized total expense of approximately RMB26,856,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: nil) in relation to options granted by the Company under the 2023 Pre-IPO Share Option Scheme.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024

## 25. CAPITAL COMMITMENTS

The Group had capital commitments for equipment purchase and building construction, under non-cancellable contracts as follows:

	As at	
	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Contracted but not provided for — Property, plant and equipment	<u>916,212</u>	<u>159,266</u>

## 26. EVENT AFTER THE REPORTING PERIOD

On June 12, 2024, the Company adopted the 2024 Restricted Share Award Scheme for the primary purpose of (i) recognize the contributions by certain grantees (the "Selected Participants"); (ii) encourage, motivate and retain the Selected Participants, whose contributions are beneficial to the continual operation, development and 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 total number of the restricted shares underlying all grants made pursuant to the Restricted Share Award Scheme shall not exceed three percent of the issued share capital of the Company as at the adoption date. 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. The fair value of the restricted shares awarded was determined based on the market value of the Company's shares at the grant date.

Further on July 12, 2024, the Company granted a total of 4,496,948 the restricted shares to 211 grantees under such scheme.

# Definitions

"2021 Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on November 23, 2021, the principal terms of which are summarized in the section headed "2021 Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus
"2023 Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on March 22, 2023, the principal terms of which are summarized in the section headed "2023 Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus
"2023 Reporting Period"	the one-year period from January 1, 2023 to December 31, 2023
"2024 Share Scheme"	the share scheme adopted by the Company on June 12, 2024
"Announcement"	The announcement of the Company dated February 9, 2024 in relation to the annual caps of the General Services Agreement and the Raw Materials Procurement Services Agreement
"antibody drug conjugate(s)" or "ADC(s)"	an emerging class of highly potent biopharmaceutical drugs designed as a targeted therapy combining the specific targeting capabilities of monoclonal antibodies with the cancer-killing ability of cytotoxic drugs for the treatment of cancer
"Audit Committee"	the audit committee of the Board
"BLA"	Biologics license application, a request for permission to introduce, or deliver for introduction, a biologic product for commercialization in a specific jurisdiction
"Board"	the board of Directors
"CAGR"	compound annual growth rate
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"cGMP"	Current Good Manufacturing Practice, regulations enforced by the FDA on pharmaceutical and biotech firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity

# Definitions

"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
"Company", "we", "us", "our" or "WuXi XDC"	WuXi XDC Cayman Inc. (藥明合聯生物技術有限公司)*, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"CRDMO"	Contract Research, Development and Manufacturing Organization
"DAR"	drug-to-antibody ratio, refers to the average number of drug molecules that are attached to each antibody molecule
"Director(s)"	the director(s) of the Company
"DNA"	deoxyribonucleic acid
"drug product" or "DP"	a dosage form that contains an active drug ingredient
"drug substance" or "DS"	an active ingredient that is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease or to affect the structure or any function of the human body, but does not include intermediates used in the synthesis of such ingredient
"EMA"	European Medicines Agency
"EU"	European Union, a politico-economic union of 27 member states that are located primarily in Europe
"EUR"	Euro, the official currency of 20 out of 27 member States of the EU
"FDA"	the U.S. Food and Drug Administration
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
"General Services Agreement"	the general services framework agreement dated November 3, 2023 entered into between WuXi Biologics and the Company



# Definitions

“Global Offering”	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
“GMP”	Good manufacturing practice
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“IND”	investigational new drug, an application submitted to the FDA or the NMPA to seek permission or no objection to ship unapproved, experimental drug or biologic agents across jurisdictions (usually to clinical investigators) for use in clinical studies before a marketing application for the drug has been approved
“IPO”	initial public offering
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on November 17, 2023
“Listing Date”	November 17, 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Main Board”	Main Board of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“monoclonal antibody” or “mAb”	antibodies capable of binding to specific antigens and inducing immunological responses against the target antigens. Monoclonal antibodies when used as a cancer treatment have the ability to bind only to cancer cell-specific antigens and interrupt the growth of cancer cells to achieve efficient treatment with low dosages and less toxic side effects than traditional chemotherapy

# Definitions

"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局) from 2013 to 2018 and the State Food and Drug Administration (國家食品藥品監督管理局) from 2003 to 2013
"Original Annual Caps"	the respective original annual caps in respect of the transactions under the Raw Materials Procurement Services Agreement and the General Services Agreement for the year ended December 31, 2023 as set out in the Prospectus
"Payload & Linker Business"	the payload & linker business, which includes the customer resources, personnel and assets relating to such business, acquired by the Group from STA Pharmaceutical
"Pre-IPO Share Option Schemes"	collectively, the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme
"Prospectus"	the prospectus issued by the Company dated November 7, 2023
"Raw Materials Procurement Services Agreement"	the raw materials procurement services framework agreement dated November 3, 2023 entered into between WuXi Biologics and the Company
"Remaining WXB Group"	WuXi Biologics and its subsidiaries, excluding the Group
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six-month period from January 1, 2024 to June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary shares in the share capital of the Company with a par value of US\$0.00005 each
"Shareholder(s)"	holder(s) of Share(s)

# Definitions

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

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

\* For identification purposes