



WuXi Biologics

Global Solution Provider

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

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 2269



**INTERIM
REPORT
2022**

** For identification purpose only*



Contents

Corporate Information	2
Financial Highlights	4
Corporate Profile	5
Management Discussion and Analysis	6
Other Information	41
Report on Review of Condensed Consolidated Financial Statements	63
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	64
Condensed Consolidated Statement of Financial Position	66
Condensed Consolidated Statement of Changes in Equity	68
Condensed Consolidated Statement of Cash Flows	70
Notes to the Condensed Consolidated Financial Statements	71
Definitions	119

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Zhisheng Chen
(Chief Executive Officer)
Dr. Weichang Zhou
(Chief Technology Officer)

Non-executive Directors

Dr. Ge Li *(Chairman)*
Dr. Ning Zhao
Mr. Yibing Wu
Mr. Yanling Cao

Independent Non-executive Directors

Mr. William Robert Keller
Mr. Teh-Ming Walter Kwauk
Mr. Kenneth Walton Hitchner III

AUDIT COMMITTEE

Mr. Teh-Ming Walter Kwauk *(Chairman)*
Mr. William Robert Keller
Mr. Kenneth Walton Hitchner III

REMUNERATION COMMITTEE

Mr. William Robert Keller *(Chairman)*
Dr. Ning Zhao
Mr. Kenneth Walton Hitchner III

NOMINATION COMMITTEE

Dr. Ge Li *(Chairman)*
Mr. William Robert Keller
Mr. Teh-Ming Walter Kwauk

STRATEGY COMMITTEE

Dr. Zhisheng Chen *(Chairman)*
Dr. Ge Li
Mr. Yibing Wu
Dr. Weichang Zhou
(Appointed on August 17, 2022)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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

AUTHORISED REPRESENTATIVES

Dr. Zhisheng Chen
Ms. Sham Ying Man

JOINT COMPANY SECRETARIES

Mr. Huang Yue
Ms. Sham Ying Man

REGISTERED OFFICE

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

CORPORATE HEADQUARTER

No. 108, Meiliang Road
Mashan
Wuxi
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road, Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR

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

HONG KONG LEGAL ADVISER

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

AUDITOR

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

STOCK CODE

2269

COMPANY WEBSITE

www.wuxibiologics.com

Financial Highlights

	Six months ended June 30,		
	2022	2021	Change
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	(%)
Operating results			
Revenue	7,206,440	4,406,754	63.5%
Gross profit	3,413,207	2,296,833	48.6%
Profit before tax	2,930,135	2,058,228	42.4%
Net profit	2,621,225	1,882,778	39.2%
Net profit attributable to owners of the Company	2,535,064	1,842,140	37.6%
Adjusted net profit ⁽¹⁾	2,914,934	1,812,130	60.9%
Adjusted net profit attributable to owners of the Company	2,834,970	1,768,656	60.3%
Profitability			
Gross margin (%)	47.4%	52.1%	
Net profit margin (%)	36.4%	42.7%	
Adjusted net profit margin (%)	40.4%	41.1%	
	As at June 30, 2022	As at December 31, 2021	Change
	RMB'000 (Unaudited)	RMB'000 (Audited)	(%)
Financial position			
Total Assets	47,473,253	44,032,623	7.8%
Total liabilities	11,992,622	11,326,457	5.9%
Total equity	35,480,631	32,706,166	8.5%
Equity attributable to owners of the Company	34,461,695	32,278,593	6.8%
Bank balances and cash	8,135,290	9,003,280	(9.6%)

⁽¹⁾ Details are set out in "Non-IFRS Measures" on pages 37 to 39.

Corporate Profile

The Group is a global leading open-access biologics CRDMO platform company offering end-to-end solutions for biologics discovery, development and manufacturing. Biologics are a subset of pharmaceuticals and are revolutionizing the treatment of diseases in many major therapeutic areas globally. The Group's end-to-end CRDMO service platform enables it to provide service offerings covering the entire biologics development process as well as customized solutions to its customers according to their respective service requirements at any stage of the biologics development process.

The biologics development process typically spans five stages: (i) drug discovery, (ii) pre-clinical development, (iii) early-phase (phases I & II) clinical development, (iv) late-phase (phase III) clinical development, and (v) commercial manufacturing. Services required for the biologics development process can be grouped into two categories: (1) pre-IND services, which include services provided during the first two stages of the biologics development process, and (2) post-IND services, which include services provided during the remaining three stages of the biologics development process.

The Group's business model is built upon "Follow and Win the Molecule" strategies. Its customers' demand for its services typically increases as their biologics advance through the biologics development process and ultimately to commercial manufacturing. Consequently, the Group's revenue from each integrated project typically increases as the project advances.

Management Discussion and Analysis

BUSINESS REVIEW

CRDMO Platform — Overall Performance

The first half of 2022 was filled with unprecedented external challenges, yet the Group continued its efforts in offering its integrated one-stop end-to-end CRDMO platform that enabled its clients and partners to discover, develop and manufacture biologics — from concept to commercial manufacturing. Drawing on the successful execution of its proven “Follow and Win the Molecule” strategies, comprehensive efficiency improvement program, and well-established business continuity plan, the Group maintained its growth momentum and delivered outstanding results for the Reporting Period.

- The total number of integrated projects increased by 30.9% from 408 as at the same time last year to 534 as at June 30, 2022, including close to 500 non-COVID integrated projects, demonstrating the Group's strong sustainable business growth even without COVID-19 projects.
- The total number of pre-clinical projects increased by 35.4% from 212 as at the same time last year to 287 as at June 30, 2022.
- The total number of early-phase (phases I and II) projects increased by 27.5% from 160 as at the same time last year to 204 (144 in phase I and 60 in phase II) as at June 30, 2022.
- The number of late-phase (phase III) projects and commercial manufacturing projects increased by 19.4% from 36 as at the same time last year to 43 as at June 30, 2022, including 14 commercial manufacturing projects.
- The Group also achieved great success in progressing projects from pre-IND stage to post-IND stage: 32 projects progressed from pre-clinical development stage to early-phase stage during the Reporting Period.
- The Group's effective execution of the “Win-the-Molecule” strategy further brought 5 external projects into the pipeline.

Management Discussion and Analysis

The following table sets forth the status of the on-going integrated projects of the Group as at June 30, 2022:

Biologics Development Process Stage	Number of On-going Integrated Projects ⁽¹⁾	Typical Duration	Typical Revenue ⁽²⁾
Pre-IND			
— Drug discovery	—	2 years	US\$1.5–2.5 mm
— Pre-clinical development	287	1–2 years	US\$5–8 mm
Post-IND			
— Early-phase (phases I & II) clinical development	204	3 years	US\$4–6 mm
— Phase I clinical development	144		
— Phase II clinical development	60		
— Late-phase (phase III) clinical development	29	3–5 years	US\$20–50 mm
— Commercial manufacturing ⁽³⁾	14	Annually	US\$50–100 mm ⁽⁴⁾
Total	534		

Notes:

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

Management Discussion and Analysis

The Group's revenue for the six months ended June 30, 2022 increased by 63.5% year-on-year to RMB7,206.4 million, together with a 48.6% year-on-year growth in gross profit to RMB3,413.2 million and a 60.3% year-on-year growth in adjusted net profit attributable to owners of the Company to RMB2,835.0 million. The Group's total backlog, including the service backlog and upcoming potential milestone fees backlog, also increased from US\$12,465 million as of June 30, 2021 to US\$18,467 million as of June 30, 2022, of which service backlog increased from US\$7,229 million to US\$12,809 million and upcoming potential milestone fees backlog increased from US\$5,236 million to US\$5,658 million. The Group's total backlog within three years also increased from US\$2,249 million as of June 30, 2021 to US\$3,049 million as of June 30, 2022. The service backlog represents the revenue amount the Group has contracted but has yet to perform. The total upcoming potential milestone fees backlog represents the total amount for upcoming milestone fees, which the Group has contracted but has not yet performed nor received. This milestone revenue may take longer to receive at the various development stages as it depends on the success rate and progress of the projects which may not be within the Group's control.

During the Reporting Period, the Group further diversified its customer base by working with all top 20 pharmaceutical companies in the world and 43 out of the 50 largest pharmaceutical companies in China. The Group provided services to 434 customers for the six months ended June 30, 2022, compared with 352 customers for the same period last year. The Group believes that continuous capabilities and capacity expansion as well as cooperation with and commitment to its existing customers will enhance its value chain, thus allowing the Group to continue to capture opportunities in this growing market.



Management Discussion and Analysis

Overcoming External Challenges with Resilience

At the beginning of 2022, the Group faced various external challenges. Despite a brief disruption in operations, the Group's proactive response demonstrated to global clients and partners its commitment to reliability and resiliency.

During the Reporting Period, the Group successfully executed its business continuity plan and operational efficiency improvement programs in its Shanghai, Suzhou and Wuxi facilities and minimized the impact of COVID-19 on project deliverables and overall business. These steps allowed for the work of development labs and manufacturing facilities to proceed uninterrupted and helped maintain considerable business growth during such a challenging period. Credit goes to our dedicated employees and management team — especially those 600 employees who stayed at the campus day and night throughout Shanghai's COVID-19 outbreak — for delivering key projects with a 100% success rate despite limited staff. Meanwhile, years of buildup in our global supply chain capabilities also paid off with no material shortages and no substantial interruption in either domestic or international logistics.

The Group's perseverance through external challenges was further evidenced by the fact that no clients or projects were lost due to Shanghai's COVID-19 outbreak. Furthermore, confronting these challenges, the Group continued to contribute to the public health imperative by enabling more than 30 global INDs for COVID-19 related projects, especially with its record-breaking DNA to IND timeline, and supplying hundreds of millions of doses of COVID-19 vaccines and manufacturing over 2,000kg of COVID-19 neutralizing antibodies. The Group's commitment to enabling clients and partners combating COVID-19 worldwide also contributed substantial revenues during the Reporting Period. In addition, during the Reporting Period, the Group made positive progress towards resolving the inclusion on the U.S. Unverified List ("**UVL**"), which did not pose any material impact to the Group's business operation or cause any substantial disruption to its supply chain.

Management Discussion and Analysis

Strategic Highlights

Driven by its successful "Follow and Win the Molecule" strategies, the Group has been continually embracing changes in the global biologics industry and maintaining its leadership in technology innovation for biologics discovery, development and manufacturing services. With unparalleled capabilities and capacity, the Group is capable of enabling any new project within four weeks. During the Reporting Period, the Group continued to pioneer the biologics CRDMO through, among others, the following achievements in its core business:

- The Group announced a 10-year US\$1.4 billion investment plan to establish a cutting-edge, fully integrated CRDMO center expanding its research, development, and large-scale drug substance ("**DS**") and drug product ("**DP**") manufacturing capacity and capabilities in Singapore with 120,000L biomanufacturing capacity by 2026. This investment will strengthen the Group's global research, development and manufacturing network with more robust nodes to meet the growing demand from clients worldwide for end-to-end services, and continue to enable its "Global Dual Sourcing" strategy.
- The Group successfully launched the GMP operation of its new Drug Product Facility 5 ("**DP5**"), its first commercial DP facility for pre-filled syringes ("**PFS**"). With DP facilities for vials and PFS located in China and Germany, together with comprehensive DP development capabilities and capacity serving all DP modalities, the Group solidified its global leadership role in one-stop integrated DP CDMO services.
- The Group's industry-leading vaccines CRDMO subsidiary, WuXi Vaccines, received the GMP certificate from Ireland Health Products Regulatory Authority ("**HPRA**") for its quality control ("**QC**") potency lab in Dundalk, Ireland, which marked a critical step for WuXi Vaccines to enable the manufacturing of commercial vaccine products in its Dundalk facility to supply the global market for a top-10 pharmaceutical company.
- The Group has been named a winner of the 2022 "CMO Leadership Awards" for the fifth year in a row. The Group is proud to receive this distinction in all six award categories (i.e., capabilities, compatibility, expertise, reliability, quality and service). On top of this CMO award, the Group received additional recognition as the CHAMPION in its Capabilities category, applauding for the Company's state-of-the-art facilities and robust manufacturing capabilities which outperformed the industry standard.

Management Discussion and Analysis

CRDMO Platform — Discovery and Development Capabilities and Capacity

Discovery Research and Development

The Group's discovery organization, the "R" of CRDMO, has approximate 400 scientists, many of whom have multiple years of biologics discovery experience at multinational pharmaceutical companies and prestigious research institutes, offering fully integrated end-to-end and modular solutions for biologics drug discovery from concept to IND, seamlessly transitioning to Chemical Manufacturing and Control ("**CMC**") and downstream process development, and continuously focused on:

- enhancing innovative biologics generation capabilities and optimizing several existing technological platforms, including traditional hybridoma technology, phage display technology (naïve, immune and fully synthetic), yeast display technology (Fab and fully length), OMT fully human antibody discovery platform, premium humanization, Fc effector and half-life engineering, and various antibody optimization platforms (including PTM removal, pH sensitivity engineering and disease microenvironment modulating engineering), bispecifics, multispecifics, nanobodies, modified cytokines, fusion proteins, and antibody fragments to expedite the discovery of novel therapeutic biologics; establishing and improving single B cell cloning technique to dramatically accelerate the discovery of lead antibodies, and applying AI technology to assist antibody lead identification and optimization; the timeline from target to preclinical candidate compounds ("**PCC**") was shortened to six months at certain scenarios;
- supporting the Group's global partners in using the proprietary bispecific and multispecific antibody platforms, including WuXiBody™ and SDArBody™, enabling them to considerably accelerate the development process of new bispecific and multi-functional biologics;
- building strong capabilities in selecting new targets such as tumor associated antigens ("**TAA**") using patient-centric big data driven omics approach, and making antibodies for TAAs to enable discovery of quality Antibody-drug Conjugates, immune cell engagers and other targeted therapies;
- enhancing the Group's in vitro and in vivo biology capabilities and capacity to further enhance our one-stop and modular service offering and to enable the screening, identification and characterization of desired biologics as drug development candidates;
- establishing in silico screening method, and a set of assays that can help to assess the potential development risk of a molecule and protein engineering when needed for improvement, a critical step that can significantly reduce the CMC and clinical development risk and shorten development timeline;

Management Discussion and Analysis

- continuously identifying and prioritizing new areas of biologic innovation and developing proprietary technologies to enable the Group's clients to discover and develop highly differentiated novel biologic drugs, such as conditionally activated biologics;
- continuously enhancing R&D capabilities in the design and discovery of best-in-class and first-in-class PCC molecules driven by deep understanding of disease biology and target biology and mastery of state-of-the-art biologics engineering technologies;
- further expanding our service from PCC to pre-clinical development for IND-enabling by providing integrated rapid pre-clinical development services to multiple clients' SARS-CoV-2 neutralization antibody projects; and
- refining systems and structuring teams for more efficient business operations and optimized cost control to ensure the provision of quality and efficient technical solutions for clients.

Technology Platforms

The Group's ongoing investments in cutting-edge technology platforms help define its role as an industry-leading technology pioneer. During the Reporting Period, the Group experienced exciting growth of new modalities, including antibody-drug conjugates, bispecifics, and advanced vaccines. Armed with these useful, valuable and differentiated technology platforms, the Group generates milestone and royalty revenues, while also bringing more biologics projects into its pipeline under its "Follow and Win the Molecule" strategies.

Antibody-Drug Conjugates

Antibody-drug Conjugates ("**ADC**") is a new class of highly potent biologics composed of an antibody linked, via a chemical linker, to a biologically active drug or cytotoxic compound. Compared to traditional chemotherapies and monoclonal antibodies ("**mAb**"), ADCs show superior efficacy, lower off-target toxicity and a larger therapeutic window. It has made breakthrough recently for the treatment of tumors, and has become a hot therapeutic modality as evidenced by close to ten ADCs having been approved by the U.S. FDA since 2019, more than ever before approved.

Management Discussion and Analysis

As a global industry-leading biologics CRDMO, the Group has gained extensive experience in working with different antibodies and other biological molecules, linkers, payload chemistries, and combinations, which uniquely qualifies the Group to provide development strategies to cater to its partners' needs of ADC development and manufacturing. As of the end of the Reporting Period, the Group had secured 76 ADC integrated projects globally, 27 of which had completed IND submission and are in various stages of clinical trials.



The Group's subsidiary, WuXi XDC, provides a dedicated, comprehensive, full-spectrum set of in-house capabilities for ADC and bioconjugates. Its facilities — offering services from antibody discovery to conjugation research, to full CMC development and all the way to commercial production — are all located within close proximity to enable global ADC innovators to move their assets forward in a high quality, cost-effective and timely manner. WuXi XDC also has developed DAR4 technology that can control drug-to-antibody ratio ("**DAR**") at approximately 4, significantly reducing the heterogeneity of ADC molecules and thereby reducing the CMC development complexity of ADC molecules.

The Group's ADC facility, Drug Product Facility 3 ("**DP3**"), encompasses nearly 6,000 square meters and provides integrated solutions such as process development, technology transfer, and pilot scale to large-scale cGMP production for ADCs and other complex protein conjugates. This state-of-the-art facility, which strictly complies with global quality standards, houses an advanced, fully-isolated automatic aseptic filling system, which can produce 2/6/10/20/50ml liquid and lyophilized products and provides the flexibility to meet production requirements of global clinical trials and product launches. Since its GMP production release in 2019, DP3 has produced more than 180 GMP DS and DP batches. The Group is also building the second ADC DP facility with tentative release date in early 2023. This will further double ADC DP manufacturing capacity to meet the needs of multiple late-stage ADC development and manufacturing projects.

Management Discussion and Analysis

Bispecific and Multispecific Antibodies

Multispecific drugs, particularly bispecific and multispecific antibodies, herald a new era of biopharmaceutical innovation. However, despite how promising they are, various challenges associated with protein engineering, biology, product stability and manufacturing delayed bispecific and multispecific antibodies from undergoing wide-spread development.

Based on its extensive experience in antibody development and its top team of scientists, the Group has developed more than 10 different formats and published more than 30 relevant papers, and is undertaking 84 bispecific projects. The Group also offered its industry leading proprietary bispecific antibody platform WuXiBody™ to enable global bispecific biologics innovation, which allows valency flexibility and permits the easy joining of almost any mAb pair to build a bispecific antibody. WuXiBody™ also offers many other benefits, including high yield, high solubility, good stability in serum and increased in vivo half-life, amongst others.



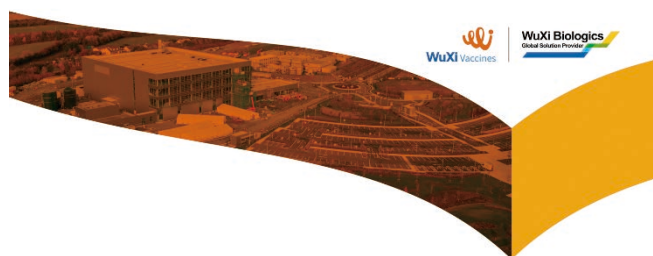
In addition to the widely recognized WuXiBody™ platform, leveraging our leading technical capability of Variable Domain of Heavy-chain Antibodies ("VHH") libraries, advanced VHH immunization, VHH affinity maturation and humanization platforms and the deep understanding of disease and target biology, the Group's scientist team has also developed the advanced VHH based multispecific antibody platform SDArBody™ (Single-Domain Antibody-related Multispecific Antibody) to enable our clients and partners who are focusing on those multi-functional therapeutic modalities. SDArBody™ has been used in many projects.



Management Discussion and Analysis

Vaccines Platform

Through WuXi Vaccines — the Group's industry-leading subsidiary focusing on end-to-end vaccine CRDMO services — the Group has continued to grow its vaccine business since 2018. The Group's robust global network enables its clients to start vaccine projects within four weeks and then distributes vaccines from the Group's facilities to the clients' desired sites anywhere around the world.



During the Reporting Period, the Group provided vaccine CRDMO services on a wide spectrum of technical platforms covering Chinese Hamster Ovary ("**CHO**"), viral, microbial and mRNA, including the first iCMC (integrated CMC) mRNA project, the first U.S. late-stage project based on CHO platform, the first China commercial project, and the first consulting service to support the client to pass WHO PQ (Pre-qualification). In addition to the partnership manufacturing agreement with one global vaccine leader for an initial term of 20 years and a total contract value over US\$3 billion, new agreements with one global vaccine leader and one Big Pharma were added for late-phase development and manufacturing. Moreover, new collaborations will also help partners reach global market and supply GAVI (Global Alliance for Vaccines and Immunization) countries. The Group also has enabled clients to combat the pandemic with three different modalities of COVID-19 vaccines and hundreds of millions of doses of COVID-19 vaccines produced for supply.

The Group's state-of-the-art vaccines facility in Ireland is also contributing to these efforts, with its modular lab in operation and generating revenues. The facility won the title of "Large Pharma Project of the Year" at Ireland's 2020 Pharma Industry Awards. The main facility achieved "weather-tight" status in early 2021, and is on track towards mechanical completion by end of 2022 and has received the GMP certificate from HPRA for its QC potency lab.

Management Discussion and Analysis



Technology Platforms for Biologics Development

In addition to the industry-leading technology platforms listed previously, the Group's CRDMO platform also offers various additional cutting-edge biologics development gears. In particular, with its mission of "Turning Ideas into Life-Improving Biologics", the Group's industry-leading biologics development team, being capable of enabling 150 INDs and 12 Biologics License Applications ("BLAs") a year, successfully innovated and updated various technologies to expedite global biologics development and manufacturing.

WuXia™, the Group's proprietary CHO cell line development platform, enables 150 integrated CMC projects per year, one of the largest capacities in the world. The WuXia™ platform utilizes our proprietary codon optimization program which is developed based on the codon and codon-pair usage frequencies of our own host cell lines. Coupled with proprietary expression vector system, top 3 clones with high expression levels and desired quality attributes can be obtained and utilized for process development and cell banking within only 9–10 weeks. Combined with the Group's EU EMA, China NMPA and Japan PMDA certified cGMP cell banking and cell line characterization services, the WuXia™ platform is ideal for the production of a variety of therapeutic proteins including mAbs, bispecific and multispecific antibodies, fusion proteins and other recombinant proteins.



Management Discussion and Analysis

WuXiUP™, the Group's proprietary continuous manufacturing platform, utilizes 1,000–2,000L disposable bioreactors to achieve comparable productivity as a traditional 10,000–20,000L stainless steel bioreactor while still providing similar or even better purification yield. The WuXiUP™ platform accelerates biologics development and manufacturing, and significantly reduces manufacturing costs of biologics. Coupled with continuous product capture column chromatography, the WuXiUP™ platform enables continuous direct product capture with a similar or better purification yield as traditional purification processes for almost any kind of biologics, including mAbs, bispecific antibodies, fusion proteins and recombinant proteins such as enzymes. WuXiUP™ has been implemented in more than 55 projects; among them more than 15 projects accomplished process scale-up, clinical manufacturing and commercial manufacturing and two projects received BLA approval.

CRDMO Platform — Manufacturing Capabilities and Capacity

Manufacturing

Since the banner year of 2021, the Group has maintained accelerating business momentum in late-stage and commercial manufacturing projects, contributing to significant revenue growth. During the Reporting Period, most of the Group's manufacturing capacity was fully and efficiently utilized, with the number of biologics projects — both COVID and non-COVID — reaching record highs.

DS Manufacturing

As of the end of the Reporting Period, the Group's operational DS manufacturing capacity mainly includes:

Facility	Highlights
MFG1	<ul style="list-style-type: none">• The first biologics manufacturing facility in China approved by the U.S. FDA, the EU EMA, France HAS and China NMPA• Successfully completed two process performance qualification ("PPQ") projects during the Reporting Period
MFG2	<ul style="list-style-type: none">• Offer a highly flexible manufacturing facility and competitive cost structure through combination of multiple 2,000L-capacity and 1,000L-capacity disposable bioreactors• Fully in compliance with FDA 21 CFR Part 11 and based on ISA88 batch standard, adaptable to various pharmaceutical processes• Received GMP accreditation from various regulatory agencies, including but not limited to China NMPA, U.S. FDA, Japan PMDA and Italy AIFA and completed a remote GMP inspection by South Korea's Ministry of Food and Drug Safety• Fully utilized by two commercial products and one post-PPQ product, producing substantial amount of neutralized antibody for COVID-19 during the Report Period

Management Discussion and Analysis



Facility	Highlights
MFG3	<ul style="list-style-type: none">• With MFG3, Shanghai site offers complete one-stop biologics development and manufacturing services in one central location• Enable the Group's customers to reach their clinical manufacturing goals within the shortest time possible• Despite Shanghai COVID-19, substantial batches successfully completed during the Reporting period
MFG4	<ul style="list-style-type: none">• Successfully completed the first 4,000L DS GMP production in 2020, which was a significant breakthrough in the biologics industry for the first time using the 4,000L single-use bioreactor in Asia• Successful DS PPQ production of COVID-19 vaccine in supporting WHO inspection• Passed all 11 audits including ANVISA and EU EMA during the Reporting Period
MFG5	<ul style="list-style-type: none">• World's largest single-use bioreactor-based cGMP biologics facility• Fully in compliance with FDA 21 CFR Part 11 and based on ISA88 batch standard, adaptable to various pharmaceutical processes• One PPQ project successfully completed in the 2,000L line during the Reporting Period

Management Discussion and Analysis

Facility	Highlights
MFG13	<ul style="list-style-type: none">• Part of the Group's microbial and viral platform ("MVP") business unit in Hangzhou, China• Offers one-stop end-to-end CDMO services from sequence to GMP manufacturing and quality control release for viral, HEK293 and mRNA based products
MFG14	<ul style="list-style-type: none">• Part of the Group's MVP business unit in Hangzhou, China• Offers services of integrated CMC package based on E. coli and yeast host systems• As of the end of the Reporting Period, MFG14 had been working on more than 20 projects for various modalities spanning recombinant protein, virus like particle, enzyme, plasmid DNA, etc.
MFG20	<ul style="list-style-type: none">• Acquired from Pfizer China in Hangzhou, designed 8,000L capacity with further expansion plan• GMP released in 2021
MFG21	<ul style="list-style-type: none">• GMP certificated facility in Suzhou acquired in 2021• Only took short time to upgrade this facility from local CDMO to global CRDMO, showcased the Group's strong post-acquisition integration power• Applies single-use technology with four upstream production lines with flexible capacities and two downstream purification lines• Substantial batches successfully completed during the Reporting Period

Management Discussion and Analysis

DP Manufacturing

Over the course of a decade's worth of continual investment and development, the Group has built up and expanded its world-class DP development and manufacturing capacity and capabilities to replicate its success in DS development and manufacturing. With state-of-art facilities and cutting-edge technologies, including integrated high throughput and automation instruments, pioneering lyophilization technologies, and advanced process development capabilities, the Group's one-stop comprehensive DP capabilities and capacity enlarged the spectrum of services offered to the biologics industry, boosting the Group's revenue stream. During the Reporting Period, the Group witnessed rapid growth of DP projects and clients. Its main operational DP facilities once again achieved their manufacturing goals:



Facility	Highlights
DP1	<ul style="list-style-type: none">• The Group's first triple approval DP facility from the U.S. FDA, the EU EMA and China NMPA, and only China based biologics DP facility certified by abovementioned regulatory authorities for commercial manufacturing• Successfully completed substantial batches with 100% success rate during the Reporting Period
DP2	<ul style="list-style-type: none">• Features a state-of-the-art isolator filling line for the continuous high-speed production of wide size range; GMP released in 2021• Applies innovative technologies such as single-use and automation and will increase up to 60 million vials for commercial DP per year• During the Reporting Period, completed one DP PPQ and eight audit
DP3	<ul style="list-style-type: none">• Please refer to the section headed "CRDMO Platform — Discovery and Development Capabilities and Capacity — Antibody-Drug Conjugates"

Management Discussion and Analysis

Facility	Highlights
DP4	<ul style="list-style-type: none">• First robotic aseptic filling line for biologics in China• During the Reporting Period, completed the first PFS PPQ batches• During the Reporting Period, completed substantial batches including the first domestic commercialized COVID-19 neutralized antibody
DP5	<ul style="list-style-type: none">• Successfully launched the GMP operation during the Reporting Period• Features an advanced isolator filling line for continuous and steady filling services, which offers multiple volume delivery options for PFS• More than 10 PFS filling batches completed in one month after the facility's GMP release
DP7	<ul style="list-style-type: none">• Acquired from Bayer Aktiengesellschaft ("Bayer") in Germany• Received a License of Manufacturing Permit from German health authorities and EU EMA COVID-19 product manufacturing approval• Successfully filled more than 10 million doses for commercial lots and under fill line capacity expansion
DP8	<ul style="list-style-type: none">• Part of the Group's MVP business unit in Hangzhou, China, GMP released• Planned for DP manufacturing of various modalities, including antibodies, recombinant proteins, enzymes, adjuvant-vaccines, mRNA, viral vectors, etc.
DP9	<ul style="list-style-type: none">• Acquired from Pfizer China in Hangzhou• GMP released from renovation during the Reporting Period• The capacity increased to 10 million doses annually
DP11	<ul style="list-style-type: none">• GMP certificated facility in Suzhou acquired in 2021• Completed audits from EU, US, China clients and EU Qualified Person ("EU QP")• Features a fully automatic Bosch line for both liquid and lyophilization products

Management Discussion and Analysis

In addition, a new Drug Product Packaging Center ("**DPPC**") which includes the Group's first fully automated vial packaging line, was also GMP released in end of 2021. Leveraging new technologies, including anti-forgery drug tracking as well as automatic intelligent labeling and packaging, DPPC will not only provide customized end-to-end manufacturing services for clients, but also accelerate the process of high-volume clinical and commercial projects. DPPC completed more than 20 batches packaging and labelling for multiple commercial projects during the Reporting Period.

The Group's Manufacturing Science and Technology ("**MSAT**") team is responsible for DS and DP late-phase and commercial manufacturing support and troubleshooting. During the Reporting Period, this team expanded its capabilities in leading the risk assessment of new product introduction, technology transfer and process verification, facility fit, and change control of late-phase and commercial products; PPQ preparation, implementation and reporting for post-clinical projects; and continuous process validation ("**CPV**") for commercial products. Currently it is handling the PPQ for more than 30 late-phase projects and supporting the production of commercial products.

Biosafety Testing

The Group's biosafety testing facility in Suzhou significantly shortens the turnaround times for all biosafety tests and viral clearance validation studies conducted for the Group's clients. The biosafety Suzhou site has received two EU EMA GMP certificates, which further validates the Group's commitment to delivering high-quality services to its global clients and partners.

Along with other business units, the Group's biosafety Suzhou site actively builds up its biosafety testing capabilities by developing tests and methods for various biologics products including gene therapy products, as well as expanding its cell bank characterization test panels to include other species (such as the HEK293 cell line) commonly used in the production of biologics and vaccines. With the ascent of the biologics testing business, another new testing center has been under construction for further capacity expansion.

In response to the COVID-19 predicament of early 2022, the Group's well-prepared biosafety Suzhou site recovered and returned to full capacity by proactively and effectively implementing its business continuity plan. In particular, the site's viral clearance study team proactively expanded their capabilities in providing remote services to mitigate the impact from COVID-19. With tremendous efforts, the Suzhou site not only successfully delivered all projects on time but also managed to keep the business growing.

Management Discussion and Analysis

Quality

The Group's quality department, which includes quality assurance, quality control, global quality compliance, regulatory affairs and training center functions, is committed to the highest standard of regulatory compliance while providing high-quality services and products that meet client needs.

With its world-class quality system, the Group has completed 25 regulatory inspections conducted by U.S. FDA, EU EMA, China NMPA and other national regulatory agencies since 2017 with no critical issues and zero data integrity finding, which distinguishes the Group as the first and only biologics company certified by these regulatory agencies for commercial manufacturing in China. The Group has completed more than 700 GMP audits from global clients, and more than 40 audits by EU QP. The Group believes that these certificates will help manifest the Group's world-class quality system that meets global quality standards and thereby benefits patients globally with biologics of better quality.

Capacity Expansion

During the Reporting Period, the Group continued to increase its global capacity in alignment with the industry's rapid growth of late-stage and commercial manufacturing projects, while also fulfilling its "Global Dual Sourcing" manufacturing paradigm to satisfy burgeoning demand. Through both new construction and global acquisitions, the total planned manufacturing capacity of the Group will reach 580,000L by 2026, including the newly announced Singapore CRDMO center.

<u>Facility</u>	<u>Designed Capacity</u>	<u>Location</u>	<u>Comments</u>
MFG6	6,000L perfusion	Dundalk, Ireland	Commercial
MFG7	48,000L fed-batch	Dundalk, Ireland	Commercial
MFG8	48,000L fed-batch	Hebei	Commercial
MFG9	120,000L fed-batch	Wuxi	Commercial
MFG10	120,000L fed-batch	Singapore	Commercial
MFG11	24,000L fed-batch	Worcester, MA	Clinical/Commercial
MFG12	48,000L fed-batch	Chengdu	Clinical/Commercial
MFG17	10,000L fed-batch	Shanghai	Clinical
MFG18	6,000L fed-batch	Cranbury, NJ	Clinical
MFG19	15,000L fed-batch/perfusion	Wuppertal, Germany	Commercial

Management Discussion and Analysis

During the Reporting Period, the Group made achievements to extend its global footprint despite various external challenges including the pandemic. Highlights included:

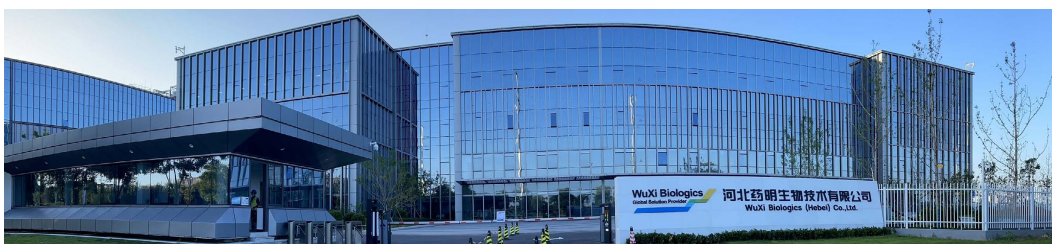
- The Group's Dundalk, Ireland site (MFG6 and MFG7), its first European site, has seen significant progress during the Reporting Period: most of commissioning, qualification and validation ("**CQV**") of MFG6 phase 1 was completed. The site is progressing well to be GMP operational soon. Once completed, this "Factory of the Future" will be one of the world's largest facilities using single-use bioreactors alongside next generation continuous manufacturing process technology.



- To meet the increasing demand from the U.S. market, the Group has taken determined steps to establish and grow its capacity there:
 - During the Reporting Period, the detail design of the Group's Manufacturing Facility 11 ("**MFG11**") in Worcester, Massachusetts, a new 200,000 square-foot biologics development and manufacturing facility, was nearly completed. Facility construction is expected to be completed in around 2024.
 - The Group's Manufacturing Facility 18 ("**MFG18**") in Cranbury, New Jersey, is its first manufacturing facility to be operational in the U.S., offering 150,000 square-foot cGMP clinical manufacturing space with full process development capability and clinical DS and DP cGMP manufacturing capability. Process development labs were opened for operation in April 2021 and DS GMP operation will be released soon.
- The Group's new site in the Fengxian district of Shanghai, a comprehensive one-stop center for biologics discovery, development, and clinical and commercial manufacturing, has been operational since early 2021 with a six-story building that houses laboratories and facilities for biologics discovery and development. Phase II construction — consisting of four buildings totaling around 60,000 square meters — is progressing smoothly. Altogether, the total area of this new state-of-the-art biologics center, including the future Phase III facilities, will be 150,000 square meters.

Management Discussion and Analysis

- The Group's Manufacturing Facility 8 ("**MFG8**") broke ground in 2018 in Hebei Province in Northern China. With a planned capacity of 48,000L, MFG8 is designed to meet the rigorous international cGMP standards of the U.S., EU and China. During the Reporting Period, MFG8's mechanical, electrical and plumbing engineering ("**MEP**") was completed. The facility is expected to release soon.



- The Group also acquired more state-of-the-art facilities worldwide to quickly grow its capacity for serving more clients and partners with its unparalleled integration capability, including MFG19 and DP7 in Germany from Bayer, MFG20, DP9 and DP10 in Hangzhou from Pfizer China, and MFG21 and DP11 of CMAB in Suzhou, China. Please refer to the section headed "CRDMO Platform — Manufacturing Capabilities and Capacity — Manufacturing" for additional information.

Sales and Marketing

During the Reporting Period, the pandemic situation continued to influence the way the Group interacted with its clients and partners, particularly in China, as interactions between large groups continued to mostly take place as virtual events. North America and parts of Europe opened for live industry events and other live industry sales engagements added new energy to prospect and client relationships.

Regarding industry events in North American and Europe, the Group was able to participate in-person at targeted events such as PEP Talks and the PEG Conference focusing on our discovery services and protein production capabilities, the World ADC London conference tailored to the ADC market, and increased activities at in-person core bioprocessing events such as the BIO International Convention, BioEurope Spring, and selected bioprocessing events in Singapore and Korea. In China, the Group continued to employ more digital outreach and focus on its active webinar program to communicate to the market.

Management Discussion and Analysis

In addition to promoting the Group's record-breaking DNA to IND timelines and the extraordinary efforts made to enable our partners to deliver novel biologics in record-breaking timeframe throughout the COVID-19 pandemic, this period was marked by increased marketing communications promoting the Group's expertise and services in the areas of biologics discovery. Other marketing efforts centered on the Group's "Global Dual Sourcing" manufacturing strategy, which supported the Group's global facility and capacity expansion initiatives, and leadership development for our novel technology platforms, including the proprietary WuXia™ cell line development system, novel formulation and fill capabilities, the WuXiUP™ continuous manufacturing platform and in particular, the Group's single-source ADC/bioconjugates one-stop service offered via the WuXi XDC subsidiary.

Environmental, Social and Governance ("ESG")

The Group regards ESG as an essential component of business strategy to drive its long-term success. The Group reinforced its ESG commitment by — among other strategies — setting an ambitious goal to reduce its Scope 1 and Scope 2 greenhouse gas ("GHG") emissions intensity by 50% by 2030 (compared to its 2020 outputs), achieving an 8% reduction of GHG emissions intensity in 2021 through its advanced continuous manufacturing platform with single-use technology. The Group has also launched additional Corporate Social Responsibility ("CSR") initiatives that aim to benefit its partners, patients, and society globally. In particular, devoted to spearheading career development of women professionals in the fields of STEM (Science, Technology, Engineering and Mathematics), the Group has formed a WiSTEM (Women in STEM) committee consisting of female employees from different sectors with different job titles, ethnic backgrounds, etc. to foster healthier business and culture with greater diversity, equity, and inclusion. As a recognition to these endeavors, the Group received multiple ESG awards and top recognition globally during the Reporting Period.

Future Outlook

The beginning of 2022 was marked by global events including the continued impact of COVID-19. Many economists estimate that the likelihood of a global recession is growing and inflation is already taking a significant toll, as also evidenced by the decline and postponement of investments in many sectors. However, owing to their indispensable efficacy and specificity, biologics drugs continue to see increased demand and are expected to become even more popular in the future. With that demand — coupled with robust expansion of the healthcare industry, growth in healthcare expenditures and favorable public support — the biologics market remains attractive and can expect to see a sustainable double-digit increase rate in the coming years.

Management Discussion and Analysis

Keeping pace with the market growth, while meeting the challenge of biologics' ever-increasing complexity, require solid expertise, extensive experience and significant capital expenditure. Outsourcing to a CDMO — especially to an experienced, one-stop CRDMO — is being viewed increasingly as a desirable option for maintaining competitiveness and bridging the gap between performance and opportunity. A shift to a more cost-effective, efficient and professional integrated outsourcing paradigm is becoming significantly more attractive to biopharma companies. Mirroring growth in the underlying biologics market, biologics outsourcing services are in unprecedented demand throughout all stages of biologics development. As a result, the global biologics outsourcing market is projected to increase at a remarkable rate.

In addition, the rapid growth of various new biological modalities — such as bispecific, multispecific antibodies and ADC — is predicted to contribute notably to the biologics outsourcing market due to their requirements for sophisticated in-house infrastructure, specific expertise and know-how. For small-and medium-sized biotechnology companies with limited manufacturing capabilities, utilizing the one-stop outsourcing model is particularly attractive to reduce pipeline risk and increase operating flexibility, while large pharmaceutical companies generally welcome strategic partnerships with outsourcing service providers in order to shed assets and drive down costs.

Boosted by the rapid ascent of the biologics outsourcing market, the Group will continue to maintain its strong growth. With ongoing investments in its capabilities and capacity for providing comprehensive end-to-end CRDMO services, the Group will capture more development opportunities in the biologics industry, boosting its milestone and royalty revenue streams by attracting additional clients, and introducing more biologics into its pipeline. The Group offers end-to-end solutions that empower anyone and any company to discover, develop and manufacture biologics — from concept to commercial manufacturing — in a cost-effective and time-sensitive manner.

During the Reporting Period, the Group advanced its strong business momentum with its excellent execution capabilities and flexible manufacturing capacity. The Group's "Follow and Win the Molecule" strategies continued to bring excellent results with increasing late-stage and commercial manufacturing projects. Its vaccines and ADC businesses were also thriving, securing new clients and projects. The Group maintained its leading role by investing in cutting-edge technology platforms and state-of-the-art infrastructure to sustain strong growth in business and revenue over the coming years.

Looking ahead to the remainder of 2022, the Group will continue to expand capacities, enrich service portfolios, and implement its "Follow and Win the Molecule" strategies and "Global Dual Sourcing" paradigm to capture exciting opportunities in the biologics industry. Through these efforts, we will continue to enable our clients and partners to benefit patients worldwide.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 63.5% from approximately RMB4,406.8 million for the six months ended June 30, 2021 to approximately RMB7,206.4 million for the six months ended June 30, 2022. The increase was mainly attributed to (i) the successful execution of the Group's "Follow and Win the Molecule" strategies, continuing to gain more customers to achieve sustainable high growth; (ii) accelerated momentum for the Group's commercial manufacturing and late-stage businesses since the banner year of 2021, contributing to significant revenue growth; (iii) the Group's acceleration to undertake, promptly execute and generate revenue from existing and new projects to support and enable the Group's global clients in combatting COVID pandemic; (iv) leading technology platform, best-in-industry timeline and excellent execution track record contributing to significantly higher revenue and market share of new non-COVID integrated projects; (v) enlarged spectrum of services offered to biologics industry, including the one-stop shop comprehensive drug product service, boosted the Group's revenue stream; and (vi) the full utilization of the existing capacities and resources and the implementation of operational efficiency improvement programs, coupled with successful executions of business continuity plan in Shanghai.

The revenue of the Group has maintained strong growth during the Reporting Period. The Group derived a vast majority of its revenue from providing services to customers headquartered in North America and the PRC. The table below shows the revenue distribution by countries/regions:

Revenue	Six months ended June 30,			
	2022		2021	
	RMB million	%	RMB million	%
— North America	3,896.1	54.1%	2,189.3	49.7%
— PRC	1,792.1	24.9%	1,161.0	26.3%
— Europe	1,296.6	18.0%	989.9	22.5%
— Rest of the world (Note)	221.6	3.0%	66.6	1.5%
Total	7,206.4	100.0%	4,406.8	100.0%

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

Management Discussion and Analysis

For the six months ended June 30, 2022, the pre-IND services revenue of the Group increased by 82.1% to approximately RMB2,637.7 million, accounting for 36.6% of the total revenue. Early-phase (phases I & II) services revenue of the Group increased by 42.7% to approximately RMB1,284.4 million, accounting for 17.8% of the total revenue. Furthermore, late-phase (phase III) services and commercial manufacturing revenue of the Group increased by 63.5% to approximately RMB3,151.5 million, accounting for 43.8% of the total revenue, by implementing the "Follow and Win the Molecule" strategies.

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

	Six months ended June 30,			
	2022		2021	
	RMB million	%	RMB million	%
Pre-IND services	2,637.7	36.6%	1,448.5	32.9%
Early-phase (phases I & II) services	1,284.4	17.8%	900.1	20.4%
Late-phase (phase III) services & commercial manufacturing	3,151.5	43.8%	1,928.1	43.8%
Others (Note)	132.8	1.8%	130.1	2.9%
Total	7,206.4	100.0%	4,406.8	100.0%

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

Cost of Sales and Services

The cost of sales and services of the Group increased by 79.8% from approximately RMB2,109.9 million for the six months ended June 30, 2021 to approximately RMB3,793.2 million for the six months ended June 30, 2022. The increase of the cost of sales and services was in line with the Group's business and revenue growth.

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

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 48.6% from approximately RMB2,296.8 million for the six months ended June 30, 2021 to approximately RMB3,413.2 million for the six months ended June 30, 2022, and with a gross profit margin of 47.4%, primarily due to: (i) the robust revenue growth; (ii) the significant manufacturing margin growth in the first half of 2022 compared to the same period last year, again demonstrating disposable technologies can yield similar or higher margin than stainless steel tanks; (iii) the Group's deployment to fully utilize existing manufacturing facilities; (iv) the Group's extraordinary efforts to undertake a large number of new development projects despite of the COVID constraints; and (v) the continuing undertaking of the Group's operational efficiency improvement programs.

The Group's revenue growth exceeded the gross profit growth in the Reporting Period, primarily due to the following reasons: The first half of 2021 was an exceptional period with record profitability, when the Group took extraordinary efforts to undertake a large number of new integrated projects with very limited new headcount added. In the first half of 2022, the Group continued to invest in talent acquisition and retention, capacity expansion, and global footprint extension to assure the long-term sustainable growth.

Other Income

The other income of the Group mainly consists of research and other grants and interest income. Other income of the Group increased by 25.0% from approximately RMB127.3 million for the six months ended June 30, 2021 to approximately RMB159.1 million for the six months ended June 30, 2022, mainly attributed to (i) an increase in interest income; (ii) dividend obtained from an equity investment at fair value through other comprehensive income ("FVTOCI"); and (iii) an increase in research and other grants.

Other Gains and Losses

The other gains and losses of the Group primarily include foreign exchange gains or losses, fair value gains or losses on equity investments measured at fair value through profit or loss ("FVTPL"), fair value changes from wealth management products, etc. The net other gains of the Group slightly decreased by 0.6% from approximately RMB311.5 million for the six month ended June 30, 2021 to approximately RMB309.6 million for the six month ended June 30, 2022.

Management Discussion and Analysis

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Impairment losses under Expected Credit Loss ("ECL") model, net of reversal of the Group represent loss allowances on the Group's financial assets (including trade and other receivables and contract assets) ("**Impairment Losses**") and decreased from approximately RMB133.2 million for the six months ended June 30, 2021 to approximately RMB70.8 million for the six months ended June 30, 2022. The decrease was mainly attributed to the management's efforts to continuously enhance credit control. Down-payment requirements, periodic credit evaluation and other effective measures have been strictly executed in operation.

Selling and Marketing Expenses

The selling and marketing expenses of the Group increased by 11.1% from approximately RMB60.4 million for the six months ended June 30, 2021 to approximately RMB67.1 million for the six months ended June 30, 2022, mainly due to (i) our continuous efforts in enhancing the Group's business development capability globally; and (ii) the amortization of customer relationship generated from acquisitions incurred in the later of year 2021. Compared to the phenomenal growth of revenue, the selling and marketing expenses as a percentage of the Group's revenue decreased from 1.4% for the six months ended June 30, 2021 to 0.9% for the six months ended June 30, 2022.

Administrative Expenses

The Group's administrative expenses increased by 49.6% from approximately RMB347.6 million for the six months ended June 30, 2021 to approximately RMB520.1 million for the six months ended June 30, 2022, primarily due to the Group's continuous investment in talent acquisition and retention.

Research and Development Expenses

The research and development expenses of the Group increased by 134.9% from approximately RMB115.4 million for the six months ended June 30, 2021 to approximately RMB271.1 million for the six months ended June 30, 2022, as a result of our continuous investment in innovation and technologies to enhance and develop the Group's cutting-edge platforms.

Management Discussion and Analysis

Financing Costs

The financing costs of the Group mainly include interest expenses on lease liabilities, interest expenses on bank borrowings and interest expenses on financing component of an advance payment received from a customer. The financing costs of the Group increased by 8.6% from approximately RMB20.9 million for the six months ended June 30, 2021 to approximately RMB22.7 million for the six months ended June 30, 2022, mainly due to (i) an increase in interest expense on lease liabilities, in line with the increment of lease liabilities over the world to support global operation, which was partially offset by (ii) a decrease in interest expense on bank borrowings, as a result of a lower interest rate maintained through interest swap arrangements.

Income Tax Expense

The income tax expense of the Group increased by 76.0% from approximately RMB175.5 million for the six months ended June 30, 2021 to approximately RMB308.9 million for the six months ended June 30, 2022, in line with the increment of profit before tax as discussed above. Excluding the impact of certain tax refund from local authorities, the effective tax rate of the Group increased from 15.8% for the six months ended June 30, 2021 to 23.6% for the six months ended June 30, 2022, mainly due to recognition of fair value losses on equity investments at FVTPL and share-based compensation expense which were not deductible for tax purpose during the Reporting Period.

Net Profit and Net Profit Margin

As a result of the foregoing, the net profit of the Group increased by 39.2% from approximately RMB1,882.8 million for the six months ended June 30, 2021 to approximately RMB2,621.2 million for the six months ended June 30, 2022. The net profit margin of the Group for the six months ended June 30, 2022 was 36.4%, as compared to 42.7% for the six months ended June 30, 2021. The decrease in net profit margin was mainly due to the decrease in gross profit margin and the increases in research and development expenses and income tax expense.

The net profit attributable to owners of the Company increased by 37.6% from approximately RMB1,842.1 million for the six months ended June 30, 2021 to approximately RMB2,535.1 million for the six months ended June 30, 2022. The margin of net profit attributable to owners of the Company decreased from 41.8% for the six months ended June 30, 2021 to 35.2% for the six months ended June 30, 2022. The decreases followed the same set of reasons as discussed above.

Management Discussion and Analysis

Basic and Diluted Earnings Per Share

The basic earnings per Share of the Group increased by 38.6% from RMB0.44 for the six months ended June 30, 2021 to RMB0.61 for the six months ended June 30, 2022. The diluted earnings per Share of the Group increased by 38.1% from RMB0.42 for the six months ended June 30, 2021 to RMB0.58 for the six months ended June 30, 2022. The increase in the basic and diluted earnings per Share was primarily due to the increase in the net profit attributable to owners of the Company as discussed above.

Property, Plant and Equipment

The balance of the property, plant and equipment of the Group increased by 11.9% from approximately RMB18,065.5 million as at December 31, 2021 to approximately RMB20,213.6 million as at June 30, 2022, primarily due to the on-going facility constructions in various sites of the Group, mainly in Ireland, the U.S. and China.

Investment of An Associate Measured at FVTPL

The investment of an associate measured at FVTPL of the Group represents the equity interest held in Shanghai Duoning Biotechnology Co., Ltd. ("**Duoning**"). The balance of investment in Duoning increased by 76.6% from approximately RMB752.3 million as at December 31, 2021 to approximately RMB1,328.7 million as at June 30, 2022, mainly due to the fair value gain on investment of Duoning amounting to approximately RMB572.6 million recognized during the Reporting Period.

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

The financial assets at FVTPL in the non-current assets of the Group mainly include investments in listed equity securities and unlisted equity investments. The balance decreased by 22.4% from approximately RMB1,356.1 million as at December 31, 2021 to approximately RMB1,052.0 million as at June 30, 2022, mainly due to the market value of listed equity securities held by the Group has declined during the Reporting Period.

The financial assets at FVTPL in the current assets of the Group mainly include investments in wealth management products purchased from several banks. The balance increased by 42.8% from approximately RMB975.6 million as at December 31, 2021 to approximately RMB1,393.4 million as at June 30, 2022, mainly as the Group has invested in principal guaranteed products to assure the safety of funds and improve the return accordingly.

Management Discussion and Analysis

Inventories

The inventories of the Group increased by 27.0% from approximately RMB1,687.4 million as at December 31, 2021 to approximately RMB2,143.8 million as at June 30, 2022, mainly due to (i) increased inventory safety stocks to mitigate the supply chain risk under the COVID pandemic; and (ii) increased inventory stock held in new sites preparing for coming production.

Contract Costs

The contract costs (previously called Service Work in Progress) of the Group increased by 5.3% from approximately RMB1,005.5 million as at December 31, 2021 to approximately RMB1,059.0 million as at June 30, 2022, mainly due to the increment of on-going projects, in line with the growth of the Group's revenue and business.

Trade and Other Receivables

The trade and other receivables of the Group increased by 38.3% from approximately RMB4,857.3 million as at December 31, 2021 to approximately RMB6,715.4 million as at June 30, 2022, primarily attributed to the increase in trade receivables, as combined results of the Group's revenue growth and slower collection due to the COVID pandemic, which was partially offset by the decrease in value added tax recoverable, as the local tax bureaus have accelerated refund of non-deductible value added tax to enterprises during the Reporting Period.

Contract Assets

The contract assets of the Group amounted to approximately RMB130.0 million as at June 30, 2022, being stable as compared to approximately RMB132.5 million as at December 31, 2021.

Trade and Other Payables

The trade and other payables of the Group decreased by 20.2% from approximately RMB3,697.8 million as at December 31, 2021 to approximately RMB2,951.0 million as at June 30, 2022, mainly due to (i) a decrease in the employees related payables, including salary and bonus payable and payables to employees arising from exercise of share options; and (ii) the settlement of acquisition of WuXi XDC's payload and linker business, partially offset by the increase in trade payables which was along with the Group's business expansion.

Management Discussion and Analysis

Contract Liabilities (Current Portion & Non-current Portion)

The contract liabilities in the current liabilities of the Group increased by 53.7% from approximately RMB1,733.8 million as at December 31, 2021 to approximately RMB2,664.1 million as at June 30, 2022, mainly due to more contracts have been entered into, and coupled with the management's efforts on stringent requirement of down-payments.

The contract liabilities in the non-current liabilities of the Group represented the total payment amounting to US\$100.0 million received from a vaccine partner. The balances at the end of each reporting period are measured after considering the financing components and the recognition of revenue during the related reporting period.

Liquidity and Capital Resources

The aggregated balances of bank balances and cash and time deposits of the Group decreased by 16.6% from approximately RMB10,150.9 million as at December 31, 2021 to approximately RMB8,470.9 million as at June 30, 2022. The decrease was mainly due to a higher weight of cash deployed as wealth management products with principal guaranteed, being recorded in Financial Assets at FVTPL; coupled with the payment for purchase of property, plant and equipment, which was partially offset by net cash from operating activities during the Reporting Period.

Treasury Policy

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. 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 dealt with reputable banks.

The Group's treasury policies are also designated to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations. The cash and cash equivalents held by the Group are mainly composed of RMB and USD. Certain Group's entities have foreign currency transactions, including sales and purchases transactions, borrowings and repayment, etc., and foreign currencies denominated monetary assets and liabilities, which are mainly denominated in USD and EUR. It is the Group's policy to negotiate a series of derivative instruments with different banks to hedge the foreign currency risks in the ordinary course of business. Including, the Group usually enters into foreign currency forward contracts to hedge to a reasonable coverage of the forecasted future USD denominated sales transactions up to 12 months, cross currency swap contracts to hedge foreign currencies denominated borrowings and repayments upon demand and forward extra contracts to hedge net exposure denominated in foreign currencies as needed, etc.

Management Discussion and Analysis

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2022, there was no significant investment held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Indebtedness

Borrowings

The aggregated borrowings of the Group increased by 4.2% from approximately RMB2,762.4 million as at December 31, 2021 to approximately RMB2,879.1 million as at June 30, 2022, mainly due to that more bank facilities have been utilized to support the continuous business expansion, especially the overseas construction activities.

Of the total borrowings as at June 30, 2022, RMB denominated borrowings amounted to approximately RMB71.3 million with the effective interest rate around 4.9% per annum; USD denominated borrowings amounted to approximately RMB2,080.6 million with the effective interest rates ranging from 1.8% to 2.7% per annum; and EUR denominated borrowings amounted to approximately RMB727.2 million with the effective interest rate ranging from 0.8% to 1.5% per annum, respectively.

Among all, approximately RMB2,347.2 million will be due within one year; approximately RMB479.0 million will be due in more than one year but within two years; approximately RMB27.6 million will be due in more than two years but within five years; and approximately RMB25.3 million will be due after five years.

As at June 30, 2022, RMB denominated borrowings of approximately RMB71.3 million was secured against the Group's buildings. The remaining borrowings were unsecured.

Contingent Liabilities and Guarantees

As at June 30, 2022, the Group did not have any material contingent liabilities or guarantees.

Charges of Assets

The Group pledged the bank deposits as collateral for the banks to issue the letter of guarantee for the facility construction in Ireland. As at June 30, 2022, the pledged bank deposits of the Group amounted to approximately RMB218.2 million, being stable as compared to the balance of approximately RMB218.0 million as at December 31, 2021.

Management Discussion and Analysis

Also, as at June 30, 2022, the buildings with carrying amount of approximately RMB10.5 million have been pledged for RMB denominated borrowing of approximately RMB71.3 million in China (December 31, 2021: borrowings of approximately RMB75.9 million were secured by the buildings with carrying amount of approximately RMB10.6 million).

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings divided by total equity and multiplied by 100%. Gearing ratio was 8.1% as at June 30, 2022, while 8.4% as at December 31, 2021.

Non-IFRS Measures

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

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

Management Discussion and Analysis

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

Adjusted Net Profit

	Six months ended June 30,	
	2022 RMB million	2021 RMB million
Net Profit	2,621.2	1,882.8
Add: share-based compensation expense	568.6	204.7
Less: foreign exchange gain	(94.0)	(93.1)
Less: gains from equity investments	(180.9)	(182.3)
Adjusted Net Profit (Note i)	2,914.9	1,812.1
Margin of Adjusted Net Profit	40.4%	41.1%
Adjusted Net Profit Attributable to Owners of the Company	2,835.0	1,768.7
Margin of Adjusted Net Profit Attributable to Owners of the Company	39.3%	40.1%
	RMB	RMB
Adjusted Earnings Per Share		
— Basic	0.68	0.43
— Diluted	0.65	0.40

Notes:

- i. In order to better reflect the key performance of the Group's current business and operations, the adjusted net profit is calculated on the basis of net profit, excluding:
 - a) share-based compensation expense, a non-cash expenditure;
 - b) foreign exchange gains or losses, primarily generated from revaluation of the assets and liabilities denominated in foreign currencies and the fair value change of derivative financial instruments, which the management believes is irrelevant to the Group's core business; and
 - c) gains or losses from equity investments, a non-operating item.

Management Discussion and Analysis

EBITDA and Adjusted EBITDA

	Six months ended June 30,	
	2022 RMB million	2021 RMB million
Net Profit	2,621.2	1,882.8
Add: income tax expense	308.9	175.5
Add: interest expense	22.7	20.9
Add: depreciation	410.7	286.6
Add: amortization	29.2	21.3
EBITDA	3,392.7	2,387.1
EBITDA Margin	47.1%	54.2%
Add: share-based compensation expense	568.6	204.7
Less: foreign exchange gain	(94.0)	(93.1)
Less: gains from equity investments	(180.9)	(182.3)
Adjusted EBITDA	3,686.4	2,316.4
Adjusted EBITDA Margin	51.2%	52.6%

Employee and Remuneration Policies

As at June 30, 2022, the Group employed a workforce totaling 10,593 employees. The staff costs, including Directors' emoluments but excluding any contributions to (i) retirement benefit scheme contributions; and (ii) share-based payment expenses, were approximately RMB1,707.9 million for the six months ended June 30, 2022, as compared to approximately RMB1,184.8 million for the six months ended June 30, 2021. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund as applicable to the countries where the Group operates.

The Group has adopted the Pre-IPO Share Option Scheme, the Restricted Share Award Scheme, the Global Partner Program Share Scheme and the Subsidiary Share Option Schemes to provide incentive or reward to eligible participants for their contribution or potential contribution to the Group.

Management Discussion and Analysis

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

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

Interim Dividend

The Board resolved not to declare any interim dividend for the six months ended June 30, 2022.

Other Information

Change in Director's Information

There was change in the Director's information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since January 1, 2022 as follows:

- Since his appointment in March 2021, Mr. William Robert Keller has resigned as an independent non-executive director of Artisan Acquisition Corp., a company listed on NASDAQ (stock code: ARTAU), on May 17, 2022.

Change of Director/Major Appointment

- Dr. Weichang Zhou was appointed as a member of the Strategy Committee on August 17, 2022.

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 14 to the Listing Rules as its own code of corporate governance. The Company has complied with all the code provisions as set out in the CG Code throughout the six months ended June 30, 2022. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Compliance with the Model Code for Securities Transactions

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

Other Information

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. Deloitte Touche Tohmatsu has been engaged as the Company's auditor for six consecutive years since the listing of the Company on the Stock Exchange. 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, 2022) of the Group. The Audit Committee and the independent auditor 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.

Risk Management

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

Regulatory Risk

The biologics industry, being a division of the pharmaceutical and healthcare industry, has experienced drastic changes in recent years. On one hand, the China NMPA has introduced certain measures to improve the standards of the approval of pharmaceutical research and development and the efficiency of the approval of drug applications, i.e., the "NMPA Notice No. 126 (2017)" which is the Opinion on Implementing Priority Review and Approval to Encourage Drug Innovation and the "Notice No. 23 (2018)" which is the Announcement on Optimizing the Review and Approval of Drug Registration. On the other hand, while government policies toward the pharmaceutical industry are expected to remain stable and the PRC government is expected to remain committed to increasing innovation as well as overall healthcare spending which is in line with the "Healthy China 2030" goals set by the State Council of the PRC, it is also observed that the companies of this industry have to comply with more stringent regulations which are closer to international standards, the punishment has become much stricter and supervision and inspection from the PRC government have also become more frequent. In 2020, China NMPA published the Pharmacopoeia of the People's Republic of China ("PPRC") which came into effect on December 30, 2020. All manufactured and marketed drugs should meet the related requirements of the latest version of PPRC. U.S. FDA and EU EMA have published a series of regulations and guidance related to COVID-19 in 2020. In May 2021, U.S. FDA released a report, "Resiliency

Other Information

Roadmap for U.S. FDA Inspectional Oversight" ("**Roadmap**"), beginning in July, U.S. FDA conducted domestic surveillance inspections, investigations, and sample collections based on U.S. FDA's consideration of risk and identified priorities. In respect to the Group, there are some uncertainties that remain since COVID-19 pandemic started in regards to possible delay in pre-license inspection of facilities outside the U.S. and drug approval application decisions due to travel restrictions. Furthermore, the relevant regulatory authorities are increasingly conducting planned or unplanned facility inspections for drug development and production organizations to ensure that the relevant facilities meet regulatory requirements. In response to all of the above, the Group sticks to the strategies of "Innovation" and "Globalization" to handle the keep-changing regulations. The Group has formed a dedicated Regulatory Affairs team which comprises professionals with years of experience and diversified backgrounds in both domestic and overseas markets. The team members are responsible for actively following new laws, regulations and guidelines published by regulatory agencies and promoting improvement and enhancement of the Group's in compliance with such laws, regulations and guidelines.

Risks related to Global Politics, International Trade and Regulations

The Group operates globally and as such its operations could be impacted by global and regional changes in macro-economic, geopolitical and social conditions, and regulatory environments. These external factors are beyond the Group's control and may make it more difficult for the Group to manage its financial performance. There are ongoing uncertainties in political conditions and changes in regulatory and legal requirements in various countries, specifically in global trade systems. Policy decisions and stringent regulations may affect the ease of doing business with customers and suppliers, increasing the cost of operations and exposing the Group to potential liability. The Group has diversified its geographic sources of revenue and profit to reduce its dependency on any single country or region. It continuously monitors its external environment, and tracks action plans and conducts sensitivity and scenario analysis to position the Group for a better outcome. The Group also vigilantly tracks and monitors the developments of the political conditions and adapts its strategy to address the shifting dynamics in regions and countries. It follows closely on legal and regulatory changes, and maintains stringent compliance programs.

Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and fixed-rate pledged bank deposits and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range. In addition, the Group entered into interest rate swaps with banks to minimize its exposure to interest rate fluctuation on its variable-rate bank borrowings.

Other Information

Credit Risk

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

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

Currency Risk

Following the "Global Dual Sourcing" manufacturing strategy, the Group has accelerated its business expansion around the world. The Group's entities are exposed to foreign exchange risks of foreign currencies other than their functional currencies, primarily with respect to USD and EUR.

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

Other Information

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

Data Privacy and Data Security Risk

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

We attach great importance to data protection and data compliance and have established our data compliance program to monitor the relevant risk.

Nevertheless, we may still encounter unexpected or uncontrollable threats to our data and systems, including computer viruses, malicious code, phishing, ransomware, hacker attacks, and other cyber security attacks. With the diversity of sources and technologies of network attacks, we may not be able to predict all types of security threats, or to implement effective preventive measures against all security threats. For this reason, the management has paid continuous attention to related risks, and will put more resources and investment into the relevant areas for continuous management and enhancement.

COVID-19 Pandemic Impact

COVID-19 pandemic is both a standalone business risk and an amplifier of existing vulnerabilities. COVID-19 was categorized as a pandemic by the World Health Organization in March 2020. While there is some progress toward transition to normalcy for some countries, others are still grappling with new waves and new variants of the virus as well as continued lockdowns. Despite the lasting effects of COVID-19, the Group continued to ensure supply continuity and timely delivery to our clients. This shows that the Group's Business Continuity Management system, as part of our overall management system, is functioning as intended. The scale of the outbreak and the unprecedented containment measures in many countries is still evolving and uncertainty remains. The Group continues to work closely with its customers, employees and suppliers to address the impact of the COVID-19 outbreak in order to navigate this crisis period. The Group closely monitors the evolving situation, changing demands and inventory levels to identify gaps in supply and production capacity. It actively anticipates and prepares contingency plans to minimize any negative impacts, including leveraging its own global manufacturing networks and collaboration with suppliers.

Other Information

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, 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares or underlying Shares of the Company

Names of Directors	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Number of Underlying Shares	Aggregate Interest ⁽¹⁾	Approximate Percentage of Shareholding Interest ⁽²⁾
Dr. Ge Li	Interests of controlled corporations	644,005,633 (L) ^{(3) (4)}	—	644,005,633 (L)	15.10%
Dr. Ning Zhao	Interest of spouse and interests of controlled corporations	644,005,633 (L) ^{(4) (5)}	—	644,005,633 (L)	15.10%
Dr. Zhisheng Chen	Beneficial owner and founder of a discretionary trust	12,583,966 (L) ⁽⁶⁾	6,101,723 restricted shares (L) ⁽⁷⁾ 102,532,000 share options (L) ⁽⁸⁾	121,217,689 (L)	2.84%
Dr. Weichang Zhou	Beneficial owner	103,546 (L)	1,650,125 restricted shares (L) ⁽⁷⁾ 15,089,000 share options (L) ⁽⁸⁾	16,842,671 (L)	0.40%
Mr. William Robert Keller	Beneficial owner	17,766 (L)	4,145 restricted shares (L) ⁽⁷⁾	21,911 (L)	0.00%
Mr. Teh-Ming Walter Kwauk	Beneficial owner	18,601 (L)	4,145 restricted shares (L) ⁽⁷⁾	22,746 (L)	0.00%
Mr. Kenneth Walton Hitchner III	Beneficial owner	44,926 (L)	8,291 restricted shares (L) ⁽⁷⁾	53,217 (L)	0.00%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) As at June 30, 2022, total number of Shares in issue is 4,263,528,317 Shares.
- (3) Dr. Ge Li controlled 19.66% of the issued share capital of Biologics Holdings and 55.03% of the voting power at its general meetings. Hence, Dr. Ge Li is deemed to be interested in 640,191,133 Shares held by Biologics Holdings.

Other Information

- (4) Dr. Ge Li entered into an acting-in-concert agreement dated June 30, 2016 with Dr. Ning Zhao, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu to acknowledge and confirm their acting in-concert relationship in relation to the Company.
- (5) Dr. Ning Zhao is the spouse of Dr. Ge Li and is deemed to be interested in the Shares interested by Dr. Ge Li.
- (6) Among the 12,583,966 Shares, 10,706,254 Shares were held by Dr. Zhisheng Chen through a trust of which Dr. Zhisheng Chen is the settlor (founder) and his spouse and child are the beneficiaries.
- (7) Interests in restricted shares granted pursuant to the Restricted Share Award Scheme and/or Global Partner Program Share Scheme.
- (8) Interests in share options granted pursuant to the Pre-IPO Share Option Scheme.

Save as disclosed above, as at June 30, 2022, so far as it was known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares of the Company

As at June 30, 2022, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Interests in Shares or underlying Shares of the Company

Names of Shareholders	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Shareholding Interest ⁽²⁾
Dr. Ge Li	Interests of controlled corporations	644,005,633 (L) ⁽³⁾⁽⁵⁾	15.10%
Dr. Ning Zhao	Interests of spouse and interests of controlled corporations	644,005,633 (L) ⁽⁴⁾⁽⁵⁾	15.10%
Mr. Zhaohui Zhang	Interests of parties acting in concert	644,005,633 (L) ⁽⁵⁾	15.10%
Mr. Xiaozhong Liu	Interests of parties acting in concert	644,005,633 (L) ⁽⁵⁾	15.10%
Life Science Holdings	Interests of controlled corporations	640,191,133 (L) ⁽⁶⁾	15.02%
Life Science Limited	Interests of controlled corporations	640,191,133 (L) ⁽⁶⁾	15.02%
WuXi PharmaTech	Interests of controlled corporations	640,191,133 (L) ⁽⁶⁾	15.02%
Biologics Holdings	Beneficial owner	640,191,133 (L) ⁽⁶⁾	15.02%
JPMorgan Chase & Co.	Interests of controlled corporations;	421,456,595 (L)	9.89%
	Investment manager; Person having	26,043,021 (S)	0.61%
	a security interest in shares; Trustee;	210,856,279 (P)	4.95%
	Approved Lending Agent ⁽⁷⁾		
The Capital Group Companies, Inc.	Interests of controlled corporations	302,577,937 (L) ⁽⁸⁾	7.10%
BlackRock, Inc.	Interests of controlled corporations	249,832,765 (L) ⁽⁹⁾	5.86%
		626,500 (S) ⁽⁹⁾	0.01%
Brown Brothers Harriman & Co.	Approved lending agent	213,847,359 (L)	5.02%
		213,847,359 (P)	5.02%

Other Information

Notes:

- (1) The letter "L" denotes the person's long position in the Shares; the letter "S" denotes the person's short position in the Shares; and the letter "P" denotes the person's lending pool in the Shares.
- (2) As at June 30, 2022, total number of Shares in issue is 4,263,528,317 Shares.
- (3) Dr. Ge Li controlled 19.66% of the issued share capital of Biologics Holdings and 55.03% of the voting power at its general meetings. Hence, Dr. Ge Li is deemed to be interested in 640,191,133 Shares held by Biologics Holdings.
- (4) Dr. Ning Zhao is the spouse of Dr. Ge Li and is deemed to be interested in the Shares interested by Dr. Ge Li.
- (5) Dr. Ge Li, Dr. Ning Zhao, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu entered into an acting-in-concert agreement on June 30, 2016 to acknowledge and confirm their acting-in-concert relationship in relation to the Company. Hence, Dr. Ge Li, Dr. Ning Zhao, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu are deemed to be interested in the Shares held by each other.
- (6) Life Science Holdings wholly owned Life Science Limited, which wholly owned WuXi PharmaTech, which in turn controlled 44.97% of the voting power at general meetings of Biologics Holdings. Biologics Holdings directly owned 640,191,133 Shares. Life Science Holdings, Life Science Limited and WuXi PharmaTech are deemed to be interested in the Shares held by Biologics Holdings.
- (7) The Shares held by JPMorgan Chase & Co. were held via different entities in the following capacities:

No. of Shares	Capacity
28,754,661 (L)	Interests of controlled corporations
26,043,021 (S)	
180,833,508 (L)	Investment manager
1,008,723 (L)	
3,424 (L)	Trustee
210,856,279 (P)	Approved lending agent

- (8) The Capital Group Companies, Inc. wholly owned Capital Research and Management Company, which wholly owned Capital Group International, Inc., which wholly owned Capital International Limited, Capital International Sàrl and Capital International, Inc., in aggregate interested in 8,393,800 Shares. Capital Research and Management Company is deemed to be interested in 8,393,800 Shares and the 294,184,137 Shares which it has direct interest in. Hence, The Capital Group Companies, Inc. is deemed to be interested in 302,577,937 Shares, which include 537,516 derivative interests.
- (9) BlackRock Inc. is deemed to be interested in the long position of a total of 249,832,765 Shares and in the short position of 626,500 Shares, including 608,000 derivative interests in short position, indirectly through a series of controlled corporations.

Other Information

Pre-IPO Share Option Scheme

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

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

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

Category of Participants	Date of Grant	Exercise Price	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Outstanding as at June 30, 2022
Directors							
Dr. Zhisheng Chen	January 7, 2016	USD0.1667	85,000,000	—	—	—	85,000,000
	March 15, 2017	USD0.3400	17,532,000	—	—	—	17,532,000
			102,532,000	—	—	—	102,532,000
Dr. Weichang Zhou	January 7, 2016	USD0.1667	12,596,000	—	—	—	12,596,000
	March 15, 2017	USD0.3400	2,493,000	—	—	—	2,493,000
			15,089,000	—	—	—	15,089,000
Sub-total			117,621,000	—	—	—	117,621,000

Other Information

Category of Participants	Date of Grant	Exercise Price	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Outstanding as at June 30, 2022
Employees in aggregate							
230 employees	January 7, 2016	USD0.1667	34,305,326	—	2,254,017	—	32,051,309
24 employees	March 28, 2016	USD0.1667	1,398,725	—	232,500	—	1,166,225
102 employees	August 10, 2016	USD0.2200	7,435,400	—	511,850	—	6,923,550
92 employees	November 11, 2016	USD0.2633	4,934,803	—	1,650,200	—	3,284,603
321 employees	March 15, 2017	USD0.3400	21,607,793	—	4,478,150	—	17,129,643
74 employees	May 12, 2017	USD0.6000	5,698,630	—	502,125	—	5,196,505
Sub-total			75,380,677	—	9,628,842	—	65,751,835
Total			193,001,677	—	9,628,842	—	183,372,835

In respect of the share options exercised during the Reporting Period, the weighted average closing price at the date of exercise was HK\$68.85 and the weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$68.67.

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

The options granted under the Pre-IPO Share Option Scheme shall be exercisable during a period from the vesting date of the option until the expiry of 10 years from the date of the grant of the option. Details of the terms and movement of the options granted during the Reporting Period and the impact of options granted under the Pre-IPO Share Option Scheme on the financial statements are set out in the Prospectus and under note 31(a) to the consolidated financial statements in this interim report.

Other Information

Restricted Share Award Scheme

The Company has adopted the Restricted Share Award Scheme on January 15, 2018 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 of the Company through ownership of Shares. The Restricted Share Award Scheme became effective on January 15, 2018. Subject to earlier termination by the Board, the Restricted Share Award Scheme shall be valid and effective for a period of 10 years from the adoption date. The maximum number of Shares which can be awarded under the Restricted Share Award Scheme are limited to 3% (i.e. 104,859,097 Shares, after taking into account the Share subdivision which took effect on November 16, 2020) of the issued share capital of the Company as at the adoption date.

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

The Company shall comply with the relevant Listing Rules when granting the Restricted Shares. If awards are made to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

Other Information

The table below shows details of the Restricted Shares granted under the Restricted Share Award Scheme during the Reporting Period:

Category of Participants	Date of Grant	Outstanding as at January 1, 2022	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited/Cancelled during the Reporting Period (Note)	Outstanding as at June 30, 2022	Vesting Period
Directors							
Dr. Zhisheng Chen	June 5, 2019	2,367,600	—	591,900	—	1,775,700	5 years
	November 12, 2020	1,178,796	—	—	—	1,178,796	5 years
	June 16, 2021	945,200	—	—	—	945,200	5 years
	June 10, 2022	—	1,324,333	—	—	1,324,333	5 years
		4,491,596	1,324,333	591,900	—	5,224,029	—
Dr. Weichang Zhou	June 5, 2019	378,816	—	94,704	—	284,112	5 years
	November 12, 2020	353,637	—	—	—	353,637	5 years
	June 16, 2021	263,679	—	—	—	263,679	5 years
	June 10, 2022	—	450,281	—	—	450,281	5 years
		996,132	450,281	94,704	—	1,351,709	—
Mr. William Robert Keller	June 16, 2021	2,467	—	2,467	—	—	1 year
	June 10, 2022	—	4,145	—	—	4,145	1 year
		2,467	4,145	2,467	—	4,145	—
Mr. Teh-Ming Walter Kwauk	June 16, 2021	4,934	—	4,934	—	—	1 year
	June 10, 2022	—	4,145	—	—	4,145	1 year
		4,934	4,145	4,934	—	4,145	—
Mr. Kenneth Walton Hitchner III	June 16, 2021	4,934	—	4,934	—	—	1 year
	June 10, 2022	—	8,291	—	—	8,291	1 year
		4,934	8,291	4,934	—	8,291	—
Sub-total		5,500,063	1,791,195	698,939	—	6,592,319	

Other Information

Category of Participants	Date of Grant	Outstanding as at January 1, 2022	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited/Cancelled during the Reporting Period (Note)	Outstanding as at June 30, 2022	Vesting Period
Employees in aggregate							
259 employees	January 15, 2018	3,128,778	—	1,042,926	80,064	2,005,788	5 years
540 employees	March 20, 2018	2,457,027	—	816,099	141,213	1,499,715	5 years
170 employees	June 13, 2018	886,641	—	287,457	26,052	573,132	5 years
202 employees	August 21, 2018	1,929,057	—	—	193,920	1,735,137	5 years
124 employees	November 20, 2018	1,336,522	—	—	46,438	1,290,084	5 years
6 employees	March 19, 2019	110,330	—	27,580	—	82,750	5 years
846 employees	June 5, 2019	6,781,849	—	1,619,419	456,603	4,705,827	5 years
335 employees	August 20, 2019	3,148,144	—	—	129,594	3,018,550	5 years
67 employees	November 20, 2019	969,806	—	—	33,039	936,767	5 years
383 employees	March 27, 2020	4,476,978	—	904,602	530,883	3,041,493	5 years
77 employees	June 9, 2020	1,775,685	—	342,290	49,130	1,384,265	5 years
126 employees	August 18, 2020	1,580,916	—	—	145,920	1,434,996	5 years
1,391 employees	November 12, 2020	4,439,712	—	—	265,056	4,174,656	5 years
1,617 employees	March 24, 2021	4,482,376	—	—	292,284	4,190,092	5 years
3 employees	June 16, 2021	271,927	—	—	156,202	115,725	5 years
1,752 employees	June 17, 2021	12,534,876	—	—	1,040,684	11,494,192	5 years
745 employees	August 24, 2021	4,583,421	—	—	437,430	4,145,991	5 years
486 employees	November 23, 2021	3,846,769	—	16,638	290,118	3,540,013	5 years
2,458 employees	March 23, 2022	—	18,954,570	—	704,947	18,249,623	5 years
725 employees	June 10, 2022	—	7,030,421	—	28,554	7,001,867	5 years
Sub-total		58,740,814	25,984,991	5,057,011	5,048,131	74,620,663	
Total		64,240,877	27,776,186	5,755,950	5,048,131	81,212,982	

Note: During the Reporting Period, certain employees of the Group were offered and agreed to join the Subsidiary Share Option Schemes, i.e. the WuXi XDC Share Option Scheme or the WuXi Vaccines Share Option Scheme. Upon participating in the Subsidiary Share Option Schemes, share options under the Subsidiary Share Option Schemes were granted to the employees while the outstanding restricted shares granted under the Restricted Share Award Scheme held by the respective employees were cancelled at the same time accordingly.

Details of the purpose, terms and movement of the Restricted Shares granted under the Restricted Share Award Scheme during the Reporting Period are set out in the Company's announcements dated March 23, 2022 and June 10, 2022 and under note 31(b) to the consolidated financial statements in this interim report. For more details of the Restricted Share Award Scheme, please refer to the Company's announcements dated January 15, 2018 and January 18, 2018.

Other Information

Global Partner Program Share Scheme

The Company has adopted the Global Partner Program Share Scheme on June 16, 2021 to further reward and incentivize the Group's top employees and attract key talents to ensure the continuous business development and growth of the Company. The Global Partner Program Share Scheme became effective on June 16, 2021. Subject to earlier termination by the Board, the Global Partner Program Share Scheme shall be valid and effective for a period of 10 years from the adoption date. The maximum number of Shares which can be awarded under the Global Partner Program Share Scheme are limited to 3% (i.e. 126,982,689 Shares) of the issued share capital of the Company as at the adoption date.

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

The Company shall comply with the relevant Listing Rules when granting the Restricted Shares. If awards are made to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

The table below shows details of the Restricted Shares granted under the Global Partner Program Share Scheme during the Reporting Period:

Category of Participants	Date of Grant	Outstanding as at January 1, 2022	Granted during the Reporting Period	Vested during the Reporting Period	Forfeited during the Reporting Period	Outstanding as at June 30, 2022	Vesting Period
Directors							
Dr. Zhisheng Chen	June 10, 2022	—	877,694	—	—	877,694	2 years
Dr. Weichang Zhou	June 10, 2022	—	298,416	—	—	298,416	2 years
Sub-total		—	1,176,110	—	—	1,176,110	
Employees in aggregate							
198 employees	November 23, 2021	2,723,830	—	—	107,280	2,616,550	2 years
2 employees	June 10, 2022	—	47,037	—	—	47,037	2 years
Sub-total		2,723,830	47,037	—	107,280	2,663,587	
Total		2,723,830	1,223,147	—	107,280	3,839,697	

Other Information

Details of the purpose, terms and movement of the Restricted Shares under the Global Partner Program Share Scheme granted during the Reporting Period are set out in the Company's announcement dated June 10, 2022 and under note 31(c) to the consolidated financial statements in this interim report. For more details of the Global Partner Program Share Scheme, please refer to the Company's announcement dated June 16, 2021.

WuXi Vaccines Share Option Scheme

WuXi Vaccines, a subsidiary of the Company, adopted the WuXi Vaccines Share Option Scheme pursuant to the resolution of the Shareholders passed on November 23, 2021, which shall be valid and effective for a period of 10 years commencing from the adoption date.

The purposes of the WuXi Vaccines Share Option Scheme are to enable WuXi Vaccines to grant share options of WuXi Vaccines to the eligible participants as incentives or rewards for their contribution to WuXi Vaccines and its subsidiaries (the "**WuXi Vaccines Group**") so as to enable the WuXi Vaccines Group to recruit and retain high-calibre employees and attract human resources that are valuable to the WuXi Vaccines Group.

Eligible participants for the WuXi Vaccines Share Option Scheme include any full-time or part-time employees, executives, officers or directors of the WuXi Vaccines Group, who have contribution to the business development and growth of the WuXi Vaccines Group. The maximum number of shares of WuXi Vaccines in respect of which share options may be granted under the WuXi Vaccines Share Option Scheme was 100,000,000 shares of WuXi Vaccines (the "**WuXi Vaccines Shares**"), representing 10% of the issued share capital of WuXi Vaccines as at the adoption date. Unless approved by the Shareholders, the total number of WuXi Vaccines Shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised, cancelled and outstanding share options of WuXi Vaccines) in any 12-month period shall not exceed 1% of the WuXi Vaccines Shares in issue. Save as determined by the board of WuXi Vaccines (the "**WuXi Vaccines Board**") and provided in the offer to a grantee, the WuXi Vaccines Share Option Scheme does not specify that the share options must be subject to any performance target and does not prescribe any specific minimum period for which a share option must be held before it can be exercised.

The exercise price of share options payable by any grantee shall, subject to the adjustment in the event of any capitalization issue, rights issue, sub-division or consolidation of shares or reduction of capital of WuXi Vaccines, be in such amount as determined by the WuXi Vaccines Board at its absolute discretion to be fair and reasonable on a case by case basis, after taking into account, among other things, the business performance of WuXi Vaccines, individual performance of the relevant grantee as well as the net asset value of WuXi Vaccines as shown in its latest available management accounts, provided that in the event that WuXi Vaccines resolves to seek a separate listing of its shares on the Stock Exchange, the exercise price of any share option granted after such resolution up to the listing date of WuXi Vaccines shall not be lower than the new issue price (if any); and in

Other Information

particular, any share options granted during the period commencing six months before the lodgment of the listing application and up to the listing date of WuXi Vaccines shall not be lower than the new issue price. A consideration of HK\$1.00 is payable on or before the acceptance of the grant of share options. The period within which the WuXi Vaccines Shares must be taken up under a share option is 10 years.

The table below shows details of the movements in the share options granted under the WuXi Vaccines Share Option Scheme during the Reporting Period:

Category of Participants	Date of Grant	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Outstanding as at June 30, 2022	Vesting Period
Chief executive officer of WuXi Vaccines							
Mr. Jian Dong	June 10, 2022	—	31,980,000	—	—	31,980,000	5 years
Employees of WuXi Vaccines in aggregate							
36 employees	May 16, 2022	—	14,676,453	—	—	14,676,453	5 years
Total		—	46,656,453	—	—	46,656,453	

Details of the terms and movement of the share options granted under the WuXi Vaccines Share Option Scheme during the Reporting Period and the impact of share options granted under the WuXi Vaccines Share Option Scheme on the financial statements are set out in the Company's announcements dated May 16, 2022 and June 10, 2022 and under note 31(d) to the consolidated financial statements in this interim report. For more details of the WuXi Vaccines Share Option Scheme, please refer to the Company's announcement dated November 23, 2021.

WuXi XDC Share Option Scheme

WuXi XDC, a subsidiary of the Company, adopted the WuXi XDC Share Option Scheme pursuant to the resolution of the Shareholders passed on November 23, 2021, which shall be valid and effective for a period of 10 years commencing from the adoption date.

The purposes of the WuXi XDC Share Option Scheme are to enable WuXi XDC to grant share options of WuXi XDC to the eligible participants as incentives or rewards for their contribution to WuXi XDC and its subsidiaries (the "**WuXi XDC Group**") so as to enable the WuXi XDC Group to recruit and retain high-calibre employees and attract human resources that are valuable to the WuXi XDC Group.

Other Information

Eligible participants for the WuXi XDC Share Option Scheme include any full-time or part-time employees, executives, officers or directors of the WuXi XDC Group, who have contribution to the business development and growth of the WuXi XDC Group. The maximum number of shares of WuXi XDC in respect of which share options may be granted under the WuXi XDC Share Option Scheme was 100,000,000 shares of WuXi XDC (the "**WuXi XDC Shares**"), representing 10% of the issued share capital of WuXi XDC as at the adoption date. Unless approved by the Shareholders, the total number of WuXi XDC Shares issued and to be issued upon exercise of the share options granted to each eligible participant (including both exercised, cancelled and outstanding share options of WuXi XDC) in any 12-month period shall not exceed 1% of the WuXi XDC Shares in issue. Save as determined by the board of WuXi XDC (the "**WuXi XDC Board**") and provided in the offer to a grantee, the WuXi XDC Share Option Scheme does not specify that the share options must be subject to any performance target and does not prescribe any specific minimum period for which a share option must be held before it can be exercised.

The exercise price of share options payable by any grantee shall, subject to the adjustment in the event of any capitalization issue, rights issue, sub-division or consolidation of shares or reduction of capital of WuXi XDC, be in such amount as determined by the WuXi XDC Board at its absolute discretion to be fair and reasonable on a case by case basis, after taking into account, among other things, the business performance of WuXi XDC, individual performance of the relevant grantee as well as the net asset value of WuXi XDC as shown in its latest available management accounts, provided that in the event that WuXi XDC resolves to seek a separate listing of its shares on the Stock Exchange, the exercise price of any share option granted after such resolution up to the listing date of WuXi XDC shall not be lower than the new issue price (if any); and in particular, any share options granted during the period commencing six months before the lodgment of the listing application and up to the listing date of WuXi XDC shall not be lower than the new issue price. A consideration of HK\$1.00 is payable on or before the acceptance of the grant of share options. The period within which the WuXi XDC Shares must be taken up under a share option is 10 years.

Other Information

The table below shows details of the movements in the share options granted under the WuXi XDC Share Option Scheme during the Reporting Period:

Category of Participants	Date of Grant	Outstanding as at January 1, 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Forfeited during the Reporting Period	Outstanding as at June 30, 2022	Vesting Period
Director of WuXi XDC							
Dr. Jincal Li	June 10, 2022	—	32,160,000	—	—	32,160,000	5 years
Employees of WuXi XDC in aggregate							
84 employees	April 1, 2022	—	20,907,270	—	91,179	20,816,091	5 years
Total		—	53,067,270	—	91,179	52,976,091	

Details of the terms and movement of the share options granted under the WuXi XDC Share Option Scheme during the Reporting Period and the impact of share options granted under the WuXi XDC Share Option Scheme on the financial statements are set out in the Company's announcements dated April 3, 2022 and June 10, 2022 and under note 31(d) to the consolidated financial statements in this interim report. For more details of the WuXi XDC Share Option Scheme, please refer to the Company's announcement dated November 23, 2021.

Use of Net Proceeds

Use of Net Proceeds from Placing

On June 29, 2020, the Company entered into a placing agreement with the Morgan Stanley & Co. International plc (the "**Placing Agent**"), pursuant to which the Placing Agent agreed to place 45,000,000 Shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors (the "**Third Placing**"). The Third Placing price was HK\$137.00 per Share.

Other Information

The net proceeds from the Third Placing were approximately RMB5,545.8 million, which will be used for continuous global capacity expansion of the Group, including the construction of commercial manufacturing facilities in the United States for projects involving COVID-19 treatments and other related CDMO projects, acquisition of manufacturing facilities outside of the PRC and development of microbial facilities in the PRC, as well as for general corporate purposes of the Group, as disclosed in the announcement of the Company dated June 30, 2020. The relevant net proceeds have been fully utilized as at June 30, 2022. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2022:

Use of proceeds	Planned applications (RMB million)	Percentage of total net proceeds	Actual usage up to June 30, 2022 (RMB million)	Net proceeds brought forward for the Reporting Period (RMB million)	Unutilized net proceeds as at June 30, 2022 (RMB million)	Expected timeframe for utilizing the remaining unutilized proceeds
To construct commercial manufacturing facilities in the United States for projects involving COVID-19 treatments and other related CDMO projects, acquisition of manufacturing facilities outside of the PRC and development of microbial facilities in the PRC, as well as for general corporate purposes	5,545.8	100%	5,545.8	1,038.9	—	N/A

On February 2, 2021, the Company entered into a placing agreement with the Placing Agent, pursuant to which the Placing Agent agreed to place 118,000,000 Shares (or, failing which, to purchase itself as principal) on a fully underwritten basis to not less than six independent investors (the "**Fourth Placing**"). The Fourth Placing price was HK\$112.00 per Share. The net price per Fourth Placing Share was approximately HK\$111.20. The closing price was HK\$120.40 per Share as quoted on the Stock Exchange on the date of the placing agreement.

Other Information

The net proceeds from the Fourth Placing were approximately HK\$13,121.24 million (equivalent to approximately RMB10,899.00 million), which will be used in the following manner: (i) approximately 40% will be used for merger and acquisition of additional capacities for drug substances/drug products (DS/DP) manufacturing to match a rapidly growing pipeline; (ii) approximately 40% will be used for building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms; (iii) approximately 10% will be used for investment in mRNA (messenger RNA) related technologies to further enable its global clients; and (iv) approximately 10% shall be used for general corporate purposes of the Group. For details on the Fourth Placing, please refer to the announcement of the Company dated February 3, 2021. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2022:

Use of proceeds	Planned applications (RMB million)	Percentage of total net proceeds	Actual usage up to June 30, 2022 (RMB million)	Net proceeds brought forward for the Reporting Period (RMB million)	Unutilized net proceeds as at June 30, 2022 (RMB million)	Expected timeframe for utilizing the remaining unutilized proceeds ⁽¹⁾
Merger and acquisition of additional capacities for drug substances/drug products (DS/DP) manufacturing	4,359.6	40%	3,162.1	1,197.5	1,197.5	By the end of 2023
Building-up of additional large scale manufacturing capacities for various technology platforms, including microbial and mammalian platforms	4,359.6	40%	1,231.7	4,359.6	3,127.9	By the end of 2023
Investment in mRNA related technologies	1,089.9	10%	—	1,089.9	1,089.9	By the end of 2023
General corporate purposes of the Group	1,089.9	10%	1,089.9	—	—	N/A
Total	10,899.0	100%	5,483.7	6,647.0	5,415.3	

Note:

- (1) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

Other Information

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Reporting Period, the Company had repurchased, a total of 10,435,500 Shares on the Stock Exchange at an aggregate purchase price of approximately HK\$842.67 million. As of the date of this interim report, the repurchased Shares had been cancelled by the Company.

The financial position of the Company is solid and healthy. The Company believes the share repurchase and subsequent cancellation of the repurchased Shares can enhance the value of the Shares thereby improving the return to Shareholders of the Company. In addition, the share repurchase reflects the confidence of the Company in its business development and the strong growth prospects. The Company believes that the share repurchase is in the interests of the Company and its Shareholders as a whole.

Details of the share repurchased during the six months ended June 30, 2022 are set out as follows:

Date of repurchases	Number of Shares repurchased on the Stock Exchange	Price per Share paid		Aggregate purchase price (HK\$ million)
		Highest (HK\$)	Lowest (HK\$)	
January 4, 2022 to January 5, 2022	10,435,500	82.90	78.45	842.67

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Key Events after the Reporting Period

The Group has the following events taken place subsequent to June 30, 2022:

- On July 19, 2022, the Group announced a 10-year US\$1.4 billion investment plan to establish a cutting-edge, fully integrated CRDMO center expanding its research, development, and large-scale DS and DP manufacturing capacity and capabilities in Singapore with 120,000L biomanufacturing capacity by 2026. This investment will strengthen the Group's global research, development and manufacturing network with more robust nodes to meet the growing demand from clients worldwide for end-to-end services, and continue to enable its "Global Dual Sourcing" strategy.

Other Information

Future Plan for Material Investments and Capital Assets

The Group will continue to invest in its capacity expansion plan. Please refer to “Management Discussion and Analysis — Capacity Expansion” section and “Other Information — Use of Net Proceeds” section in this interim report.

Report on Review of Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

Deloitte.

德勤

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

Introduction

We have reviewed the condensed consolidated financial statements of WuXi Biologics (Cayman) Inc. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 64 to 118, which comprise the condensed consolidated statement of financial position as of June 30, 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. 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.

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 17, 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2022

	NOTES	Six months ended June 30,	
		2022	2021
		RMB' 000 (Unaudited)	RMB' 000 (Unaudited)
Revenue	4	7,206,440	4,406,754
Cost of sales and services		(3,793,233)	(2,109,921)
Gross profit		3,413,207	2,296,833
Other income	5	159,144	127,273
Other gains and losses	6	309,626	311,533
Impairment losses under expected credit loss model, net of reversal	8	(70,838)	(133,166)
Selling and marketing expenses		(67,103)	(60,356)
Administrative expenses		(520,112)	(347,640)
Research and development expenses		(271,128)	(115,375)
Financing costs	7	(22,661)	(20,874)
Profit before tax	8	2,930,135	2,058,228
Income tax expense	9	(308,910)	(175,450)
Profit for the period		2,621,225	1,882,778
Other comprehensive expense: <i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		(49,552)	—
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(124,080)	(223,762)
Fair value loss on hedging instruments designated in fair value hedges and cash flow hedges, net of related income tax		(108,047)	(127,558)
Other comprehensive expense for the period		(281,679)	(351,320)
Total comprehensive income for the period		2,339,546	1,531,458

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2022

		Six months ended June 30,	
		2022	2021
NOTE		RMB' 000 (Unaudited)	RMB' 000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		2,535,064	1,842,140
Non-controlling interests		86,161	40,638
		<u>2,621,225</u>	<u>1,882,778</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		2,260,191	1,503,365
Non-controlling interests		79,355	28,093
		<u>2,339,546</u>	<u>1,531,458</u>
		RMB	RMB
Earnings per share	— Basic	11	<u>0.61</u>
	— Diluted	11	<u>0.58</u>

Condensed Consolidated Statement of Financial Position

As at June 30, 2022

	NOTES	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	12	20,213,557	18,065,495
Right-of-use assets	12	1,632,312	1,690,301
Goodwill		1,529,914	1,529,914
Intangible assets	13	563,981	600,654
Investment of an associate measured at fair value through profit or loss ("FVTPL")	14	1,328,691	752,275
Equity instruments at FVTOCI		49,832	94,413
Financial assets at FVTPL	15	1,052,023	1,356,134
Finance lease receivables		116,935	124,485
Derivative financial assets	24	28,566	10,942
Deferred tax assets		244,639	220,787
Other long-term deposits and prepayments		55,747	57,482
		26,816,197	24,502,882
Current Assets			
Inventories	16	2,143,758	1,687,375
Finance lease receivables		13,772	13,564
Trade and other receivables	17	6,715,392	4,857,319
Contract assets	18	129,958	132,545
Contract costs	19	1,058,955	1,005,470
Tax recoverable		9,066	9,436
Derivative financial assets	24	503,613	479,557
Financial assets at FVTPL	15	1,393,441	975,578
Pledged bank deposits	20	218,241	217,991
Time deposits	20	335,570	1,147,626
Bank balances and cash	20	8,135,290	9,003,280
		20,657,056	19,529,741
Current Liabilities			
Trade and other payables	21	2,950,985	3,697,819
Borrowings	22	2,347,164	2,121,895
Contract liabilities	23	2,664,117	1,733,799
Income tax payable		586,999	557,725
Lease liabilities		126,249	103,561
Derivative financial liabilities	24	320,640	40,890
		8,996,154	8,255,689
Net Current Assets		11,660,902	11,274,052
Total Assets less Current Liabilities		38,477,099	35,776,934

Condensed Consolidated Statement of Financial Position

As at June 30, 2022

		June 30, 2022	December 31, 2021
	NOTES	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current Liabilities			
Deferred tax liabilities		162,313	124,211
Borrowings	22	531,898	640,513
Contract liabilities	23	688,010	652,598
Lease liabilities		1,393,251	1,429,318
Deferred income	25	220,996	224,128
		<u>2,996,468</u>	<u>3,070,768</u>
Net Assets		<u>35,480,631</u>	<u>32,706,166</u>
Capital and Reserves			
Share capital	26	235	235
Reserves		34,461,460	32,278,358
Equity attributable to owners of the Company		34,461,695	32,278,593
Non-controlling interests		1,018,936	427,573
Total Equity		<u>35,480,631</u>	<u>32,706,166</u>

The condensed consolidated financial statements on pages 64 to 118 were approved and authorized for issue by the Board of Directors on August 17, 2022 and are signed on its behalf by:

Zhisheng Chen
DIRECTOR

Weichang Zhou
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

	Attributable to owners of the Company											Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note i)	Equity-settled share-based compensation reserve RMB'000 (note ii)	Hedging reserve RMB'000	FVTOCI reserve RMB'000	Group reorganization reserve RMB'000 (note iii)	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
At January 1, 2021 (Audited)	225	—	15,949,665	333,657	640,531	241,720	(2,686)	(4,636)	(29,744)	3,435,713	20,564,445	334,951	20,899,396
Profit for the period	—	—	—	—	—	—	—	—	—	1,842,140	1,842,140	40,638	1,882,778
Other comprehensive income (expense) for the period	—	—	—	—	—	—	—	—	—	—	—	—	—
— Fair value adjustments on fair value hedges and cash flow hedges	—	—	—	—	—	84,577	—	—	—	—	84,577	—	84,577
— Recycling from cash flow hedging reserve to profits or loss	—	—	—	—	—	(212,135)	—	—	—	—	(212,135)	—	(212,135)
— Exchange difference arising from translation of foreign operations	—	—	—	—	—	—	—	—	(211,217)	—	(211,217)	(12,545)	(223,762)
Total comprehensive income (expense) for the period	—	—	—	—	—	(127,558)	—	—	(211,217)	1,842,140	1,503,365	28,093	1,531,458
Recognition of equity-settled share-based compensation	—	—	—	—	222,623	—	—	—	—	—	222,623	—	222,623
Exercise of pre-IPO share options and vest of restricted shares	2	—	127,116	—	(95,845)	—	—	—	—	—	31,273	—	31,273
Issue of new shares (Note 26)	7	—	10,977,731	—	—	—	—	—	—	—	10,977,738	—	10,977,738
Transaction costs attributable to issue of new shares	—	—	(78,709)	—	—	—	—	—	—	—	(78,709)	—	(78,709)
At June 30, 2021 (Unaudited)	234	—	26,975,803	333,657	767,309	114,162	(2,686)	(4,636)	(240,961)	5,277,853	33,220,735	363,044	33,583,779
At January 1, 2022 (Audited)	235	(2,517,115)	27,044,497	637,307	1,079,598	125,214	(32,505)	(4,636)	(574,543)	6,520,541	32,278,593	427,573	32,706,166
Profit for the period	—	—	—	—	—	—	—	—	—	2,535,064	2,535,064	86,161	2,621,225
Other comprehensive expense for the period	—	—	—	—	—	—	—	—	—	—	—	—	—
— Fair value adjustments on fair value hedges and cash flow hedges	—	—	—	—	—	(37,338)	—	—	—	—	(37,338)	(2,382)	(39,720)
— Recycling from cash flow hedging reserve to profits or loss	—	—	—	—	—	(68,327)	—	—	—	—	(68,327)	—	(68,327)
— Fair value change of equity instruments at FVTOCI	—	—	—	—	—	—	(49,552)	—	—	—	(49,552)	—	(49,552)
— Exchange difference arising from translation of foreign operations	—	—	—	—	—	—	—	—	(119,656)	—	(119,656)	(4,424)	(124,080)
Total comprehensive (expense) income for the period	—	—	—	—	—	(105,665)	(49,552)	—	(119,656)	2,535,064	2,260,191	79,355	2,339,546
Recognition of equity-settled share-based compensation	—	—	—	—	594,779	—	—	—	—	—	594,779	4,727	599,506
Exercise of pre-IPO share options and vest of restricted shares	1	—	219,745	—	(200,558)	—	—	—	—	—	19,188	—	19,188
Issue of new shares (Note 26)	2	—	(2)	—	—	—	—	—	—	—	—	—	—
Capital injection by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	508,410	508,410
Repurchase of shares (Note 26)	—	(691,056)	—	—	—	—	—	—	—	—	(691,056)	—	(691,056)
Cancellation of treasury stock	(3)	3,208,171	(3,208,168)	—	—	—	—	—	—	—	—	—	—
Deemed distribution to a non-controlling shareholder arising from reorganization	—	—	—	—	—	—	—	—	—	—	—	(1,129)	(1,129)
At June 30, 2022 (Unaudited)	235	—	24,056,072	637,307	1,473,819	19,549	(82,057)	(4,636)	(694,199)	9,055,605	34,461,695	1,018,936	35,480,631

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2022

Notes:

- i. In accordance with the Articles of Association of all subsidiaries of WuXi Biologics (Cayman) Inc. (the "**Company**") established in the People's Republic of China (the "**PRC**"), they are required to transfer 10% of the profit after tax to the statutory reserve until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.
- ii. The amount represents the equity-settled share-based compensation in respect of:
 - (a) the share options for shares of WuXi PharmaTech (Cayman) Inc. ("**WuXi PharmaTech**"), the then ultimate holding company of the Company before completing the group reorganization of the Company (see note iii below), granted by WuXi PharmaTech to certain directors and employees of the Company and its subsidiaries (collectively referred to as the "**Group**") for their services rendered to the Group;
 - (b) the equity-settled share-based compensation under the Company's pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**");
 - (c) the Company's restricted share award scheme (the "**Restricted Share Award Scheme**");
 - (d) the Company's global partner program share scheme (the "**Global Partner Program Share Scheme**"); and
 - (e) the share option schemes of the Company's subsidiaries (the "**Subsidiary Share Option Scheme**").
- iii. Group reorganization reserve represents the combined capital contribution of the entities comprising the Group, net of the settlement of the payables to their then shareholders; and the administration service cost borne or on behalf of the fellow subsidiaries by the Company prior to the completion of the group reorganization in 2015.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	<u>1,457,918</u>	<u>798,005</u>
INVESTING ACTIVITIES		
Receipt of interest from banks	45,396	15,832
Proceeds on disposal of property, plant and equipment	8,170	73,347
Purchases of property, plant and equipment	(2,684,500)	(4,073,130)
Payments for rental deposits	—	(20,909)
Payments for acquisition deposits	—	(9,316)
Withdrawal/proceeds on disposal of financial assets at FVTPL	4,102,289	41,264,040
Placement/acquisition of financial assets at FVTPL	(4,563,359)	(42,018,035)
Research and other grants received	8,145	17,344
Withdrawal of time deposits	827,854	177,768
Placement of time deposits	—	(840,574)
Acquisition of investment of an associate measured at FVTPL	—	(354,526)
Settlement of derivative financial instruments	15,348	2,679
Repayment of payments for potential acquisition	149,555	—
Payment for consideration payable for acquisition of business in prior year	(280,000)	—
Payment for acquisition of subsidiaries	—	(2,025,922)
Repayment of loan to an associate	—	50,000
Dividend received from an equity instrument at FVTOCI	8,315	—
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,362,787)</u>	<u>(7,741,402)</u>
FINANCING ACTIVITIES		
Proceeds from bank borrowings	413,843	650,290
Repayments of bank borrowings	(386,440)	(284,051)
Interest paid	(43,912)	(41,598)
Repayments of lease liabilities	(38,976)	(39,408)
Capital injection by non-controlling shareholders	508,410	—
Proceeds from issue of ordinary shares	—	10,977,738
Payment on repurchase of shares	(691,056)	—
Payment of issue cost	—	(78,709)
Proceeds from exercise of pre-IPO share options	19,188	31,273
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(218,943)</u>	<u>11,215,535</u>
Effect of foreign exchange rate changes	<u>255,822</u>	<u>(86,161)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(867,990)</u>	<u>4,185,977</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>9,003,280</u>	<u>7,095,735</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	<u>8,135,290</u>	<u>11,281,712</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

1. GENERAL INFORMATION

The Company was established in the Cayman Islands as an exempted company with limited liability on February 27, 2014, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since June 13, 2017. The Company is an investment holding company. The Group is principally engaged in provision of discovery, development of biologics services and manufacturing of biologics products.

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 ("**IAS 34**") "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix 16 to 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.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2022 for the preparation of the Group's condensed consolidated financial statements:

<i>Amendments to IFRS 3</i>	<i>Reference to the Conceptual Framework</i>
<i>Amendments to IAS 16</i>	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
<i>Amendments to IAS 37</i>	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Amendments to IFRS Standards</i>	<i>Annual Improvements to IFRS Standards 2018–2020</i>

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

3. PRINCIPAL ACCOUNTING POLICIES (continued)

In addition, the Group adopted the following accounting policies which became relevant to the Group during the current reporting period.

Share-based payments

Equity-settled share-based payment transactions

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

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue from contracts with customers

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

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
Type of goods or services		
Services		
— Research services on fee-for-service (“FFS”) basis	5,983,487	3,298,466
— Research services on full-time-equivalent (“FTE”) basis	124,942	89,269
— Project management organization (“PMO”) services	17,016	8,960
	<u>6,125,445</u>	<u>3,396,695</u>
Sales of goods	<u>1,080,995</u>	<u>1,010,059</u>
Total	<u>7,206,440</u>	<u>4,406,754</u>

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
Timing of revenue recognition		
A point in time		
— Research services on FFS basis	5,885,483	3,282,980
— Sales of goods	1,080,995	1,010,059
Over time		
— Research services on FFS basis	98,004	15,486
— Research services on FTE basis	124,942	89,269
— PMO services	17,016	8,960
	<u>7,206,440</u>	<u>4,406,754</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

4. REVENUE FROM CONTRACT WITH CUSTOMERS (continued)

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

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 prepared based on the same accounting policies of the Group. Accordingly, the Group has only one single operating and reportable segment and no further analysis of this single segment is presented.

(ii) Entity-wide disclosure

Geographical information

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

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
Revenue		
— North America	3,896,111	2,189,224
— PRC	1,792,077	1,161,009
— Europe	1,296,601	989,933
— Rest of the world	221,651	66,588
	<u>7,206,440</u>	<u>4,406,754</u>

As at June 30, 2022, the Group's non-current assets located in Ireland, Germany, the United States ("US") and Singapore are amounted to RMB8,519,137,000, RMB2,451,576,000, RMB1,416,177,000 and RMB7,793,000 (December 31, 2021: RMB7,743,261,000, RMB2,388,062,000, RMB1,078,688,000 and RMB3,954,000) respectively, the remaining non-current assets of the Group are mainly located in the PRC.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

5. OTHER INCOME

	Six months ended June 30,	
	2022	2021
	RMB' 000 (Unaudited)	RMB' 000 (Unaudited)
Interest income from banks and other financial assets at amortized cost	44,004	26,289
Research and other grants related to		
— Assets (note i)	8,178	17,760
— Income (note ii)	98,647	82,765
Dividend from an equity instrument at FVTOCI	8,315	—
Others	—	459
	<u>159,144</u>	<u>127,273</u>

Notes:

- i. The Group has received certain research and other grants for investing in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets. Details of the grants are set out in Note 25.
- ii. The research and other grants received by the Group during the current interim period were mainly related to recognizing the Group's contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

6. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2022	2021
	RMB' 000 (Unaudited)	RMB' 000 (Unaudited)
Net foreign exchange gain	106,410	88,907
Fair value (loss) gain on		
— listed equity securities at FVTPL	(413,646)	153,965
— unlisted equity investments at FVTPL	13,633	14,967
— investment of an associate measured at FVTPL	572,619	13,335
— wealth management products	14,148	30,689
— derivative financial instruments	(12,400)	4,176
Others	28,862	5,494
	309,626	311,533

7. FINANCING COSTS

	Six months ended June 30,	
	2022	2021
	RMB' 000 (Unaudited)	RMB' 000 (Unaudited)
Interest expense on financing component of an advance payment received from a customer	4,911	4,884
Interest expense on bank borrowings	24,317	30,043
Interest expense on lease liabilities	25,220	13,669
Less: amounts capitalized in the cost of qualifying assets	(31,787)	(27,722)
	22,661	20,874

During the current interim period, borrowing cost arose on certain general borrowings were capitalized to expenditure on qualifying assets at rates varying from 1.39% to 2.31% (2021: from 1.29% to 2.31%) per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

8. PROFIT BEFORE TAX

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

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
Depreciation of property, plant and equipment	388,926	263,462
Depreciation of right-of-use assets	82,825	47,334
Amortization of intangible assets	29,204	21,335
	<u>500,955</u>	<u>332,131</u>
Staff cost (including directors' emoluments):		
— Salaries and other benefits	1,707,923	1,184,808
— Retirement benefit scheme contributions	132,282	90,244
— Share-based payment expenses	599,506	222,623
	<u>2,439,711</u>	<u>1,497,675</u>
Less: Capitalized in contract costs and property, plant and equipment	<u>(708,287)</u>	<u>(492,701)</u>
	<u>2,232,379</u>	<u>1,337,105</u>
Impairment losses under expected credit loss model, net of reversal		
— Trade receivables	64,472	125,414
— Contract assets	98	412
— Receivables for purchase of raw materials on behalf of customers	6,268	7,340
	<u>70,838</u>	<u>133,166</u>
Covid-19-related rent concessions	—	(177)
Write-down of inventories (included in cost of sales and services)	18,123	28,731
Reversals of inventories write-down (included in cost of sales and services)	(23,694)	(5,171)
Write-down of contract costs (included in cost of sales and services)	10,941	16,286
Loss on disposal of property, plant and equipment	1,259	766
Cost of inventories recognized as expense	<u>1,497,829</u>	<u>861,958</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

9. INCOME TAX EXPENSE

	Six months ended June 30,	
	2022	2021
	RMB' 000 (Unaudited)	RMB' 000 (Unaudited)
Current tax:		
— PRC Enterprise Income Tax ("EIT")	566,752	317,493
— Hong Kong Profits Tax	56,187	35,219
— Ireland Income Taxes	—	379
— US Federal and State Income Taxes	34	39
Over provision in prior years	(361,982)	(132,639)
	260,991	220,491
Deferred tax:		
— Current period	47,919	(45,041)
	308,910	175,450

The Company is registered as an exempted company and as such is not subject to Cayman Islands taxation.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

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

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

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

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,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
Earnings attributable to owners of the Company		
Earnings for the purpose of calculating basic and diluted earnings per share	<u>2,535,064</u>	<u>1,842,140</u>

	Six months ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Number of Shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	4,175,781,792	4,149,321,757
Effect of dilutive potential ordinary shares:		
Share options	184,325,722	224,232,937
Restricted shares	<u>26,231,757</u>	<u>34,277,112</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>4,386,339,271</u>	<u>4,407,831,806</u>

The weighted average number of ordinary shares shown above have been arrived at after deducting the weighted average effect on 46,532,552 shares (June 30, 2021: 49,367,119 shares) held by the trustee under the Restricted Share Award Scheme or the Global Partner Program Share Scheme as set out in Note 31.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

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 RMB2,629,270,000 (six months ended June 30, 2021: RMB4,739,194,000) of property, plant and equipment for the expansion of production facilities and distribution capacity.
- ii. The Group entered into several new lease agreements for the use of offices, laboratories and plant from 2 to 6 years (six months ended June 30, 2021: 2 to 20 years). On lease commencement, the Group recognized right-of-use assets of RMB29,376,000 and lease liabilities of RMB29,046,000 (six months ended June 30, 2021: RMB678,391,000 and RMB674,637,000 respectively).

13. INTANGIBLE ASSETS

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Carrying amount:		
Patent and license	243,503	258,787
Technology	65,714	69,092
Customer relationship	254,764	272,775
	<u>563,981</u>	<u>600,654</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

14. INVESTMENT OF AN ASSOCIATE MEASURED AT FVTPL

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Investment of an associate measured at FVTPL	1,328,691	752,275

Details of the Group's associate at the end of the reporting period are as follow:

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	
Shanghai Duoning Biotechnology Co., Ltd. ("Duoning")	PRC	PRC	17.36%	18.44%	16.67%	20.00%	Sales of serum-free media and disposable products, formulation production and services

During the current interim period, other investors further invested in Duoning and the Group's shareholding in Duoning was diluted to 17.36%. The Group maintained significant influence in Duoning through its representation on the board of directors.

Details of the fair value measurement of the investment of an associate are set out in Note 28.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

15. FINANCIAL ASSETS AT FVTPL

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Non-current assets		
Listed equity securities	363,495	756,872
Unlisted investments	688,528	599,262
Financial assets at FVTPL	<u>1,052,023</u>	<u>1,356,134</u>
Current assets		
Wealth management products (note)	<u>1,393,441</u>	<u>975,578</u>
Financial assets at FVTPL	<u>1,393,441</u>	<u>975,578</u>

Note: During the current interim period, the Group invested in several contracts of wealth management products with banks under which the original maturity terms are within 12 months. For the wealth management products, returns are determined by reference to the performance of the underlying instruments in the currency market, the interbank market, the bond market, the security and equity market and the derivative financial assets; those are recognized as financial assets at FVTPL. The expected return rates varied from 0.4% to 3.12% (December 31, 2021: 0.11% to 4.53%) per annum.

During the current interim period, the Group managed and evaluated the unlisted investments in accordance with the Group's investment strategy.

Details of the fair value measurement of the financial assets at FVTPL are set out in Note 28.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

16. INVENTORIES

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Raw materials and consumables	2,109,082	1,663,332
Work in progress	11,002	7,824
Finished goods	23,674	16,219
Total	<u>2,143,758</u>	<u>1,687,375</u>

Raw materials and consumables are net of a write-down of approximately RMB227,232,000 as at June 30, 2022 (December 31, 2021: RMB251,329,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

17. TRADE AND OTHER RECEIVABLES

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Trade receivables		
— related parties	1,924	2,367
Less: allowance for credit losses	(22)	(76)
— third parties	5,784,280	3,424,757
Less: allowance for credit losses	(368,246)	(303,293)
	<u>5,417,936</u>	<u>3,123,755</u>
Bills receivable from contracts with customers	<u>605</u>	<u>3,247</u>
Receivables for purchase of raw materials on behalf of customers	745,213	616,961
Less: allowance for credit losses	(36,646)	(30,378)
	<u>708,567</u>	<u>586,583</u>
Advances to suppliers		
— related parties	13,177	12,607
— third parties	71,640	70,600
	<u>84,817</u>	<u>83,207</u>
Other receivables (note i)	278,867	278,026
Prepayments	30,119	12,362
Value added tax recoverable	194,481	620,584
Receivable arising from payments for potential acquisition (note ii)	—	149,555
	<u>503,467</u>	<u>1,060,527</u>
Total trade and other receivables	<u>6,715,392</u>	<u>4,857,319</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

17. TRADE AND OTHER RECEIVABLES (continued)

Notes:

- i. Included in other receivables at June 30, 2022, an amount of RMB247,000,000 (December 31, 2021: RMB216,338,000) was the receivable from bank in relation to the settled derivative financial instruments.
- ii. In October 2020, the Group entered into a letter of intent with independent vendors pursuant to which the Group conditionally agreed to acquire not less than 75% equity interest of a target company from the vendors. In November 2020, the first installment of RMB149,555,000 was paid to one of the vendors in accordance with the terms of the said letter. The proposed acquisition was subsequently terminated due to delay of closing of the shares transfer. During the current interim period, the aforementioned installment had been fully repaid to the Group.

Details of the trade and other receivables due from related parties are set out in Note 30(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, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Not past due	3,428,026	2,075,079
Overdue:		
— Within 90 days	1,284,757	719,662
— 91 days to 1 year	628,768	281,206
— Over 1 year	76,385	47,808
	<u>5,417,936</u>	<u>3,123,755</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

18. CONTRACT ASSETS

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Contract assets		
— related parties	7,250	7,685
Less: allowance for credit losses	(64)	(2)
— third parties	133,303	135,357
Less: allowance for credit losses	(10,531)	(10,495)
	129,958	132,545

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.

19. CONTRACT COSTS

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Costs to fulfil contracts	1,058,955	1,005,470

The contract cost are net of a write-down of approximately RMB55,562,000 as at June 30, 2022 (December 31, 2021: RMB103,923,000).

20. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS/TIME DEPOSITS

Bank balances and cash of the Group comprised of cash and short term bank deposits with an original maturity of three months or less. The short term bank deposits carried interest at market rates which ranged from nil to 2.03% per annum as at June 30, 2022 (December 31, 2021: from nil to 2.10% per annum).

Certain deposits were pledged to banks as collateral for the letter of guarantee for the facility construction in Ireland.

Time deposits as at June 30, 2022 carried fixed interests rate at 0.4% per annum and have original maturity over three months (December 31, 2021: from 0.3% to 0.6%).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

21. TRADE AND OTHER PAYABLES

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Trade payables		
— related parties	89,939	62,214
— third parties	905,390	555,570
	<u>995,329</u>	<u>617,784</u>
Other payables		
— related parties	4,314	8,857
— third parties	788,847	1,206,705
	<u>793,161</u>	<u>1,215,562</u>
Payable for purchase of property, plant and equipment	697,843	750,420
Consideration payables for acquisition of subsidiaries	4,008	4,008
Consideration payable to a non-controlling shareholder	1,129	—
Consideration payable to a related party for acquisition of business	—	280,000
Salary and bonus payables	402,033	781,009
Other taxes payable	57,482	49,036
	<u>1,162,495</u>	<u>1,864,473</u>
Trade and other payables	<u>2,950,985</u>	<u>3,697,819</u>

Details of the trade and other payables due to related parties are set out in Note 30(b).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

21. TRADE AND OTHER PAYABLES (continued)

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, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Within 90 days	884,333	561,455
91 days to 1 year	109,649	37,408
Over 1 year but within 5 years	1,347	18,921
	<u>995,329</u>	<u>617,784</u>

22. BORROWINGS

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Secured bank loans	71,300	75,900
Unsecured bank loans	2,807,762	2,686,508
	<u>2,879,062</u>	<u>2,762,408</u>
The carrying amounts of the above borrowings are repayable*:		
Within one year	2,347,164	2,121,895
Within a period of more than one year but not exceeding two years	478,998	583,013
Within a period of more than two years but not exceeding five years	27,600	27,600
Within a period of more than five years	25,300	29,900
	<u>2,879,062</u>	<u>2,762,408</u>
Less: amounts due within one year shown under current liabilities	<u>(2,347,164)</u>	<u>(2,121,895)</u>
Amounts shown under non-current liabilities	<u>531,898</u>	<u>640,513</u>

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

22. BORROWINGS (continued)

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

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000	RMB' 000
Fixed-rate borrowings	71,300	75,900
Variable-rate borrowings	2,807,762	2,686,508
	2,879,062	2,762,408

The Group's variable-rate borrowings carry interest at LIBOR plus 1.1% to 1.2%, European Central Bank Rate plus 1.5% and EURIBOR plus 0.7% to 0.8%. Interest is reset each one to three months based on the contracts.

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

	As at	
	June 30, 2022	December 31, 2021
Effective interest rate:		
Fixed-rate borrowings	4.90%	3.85% to 4.90%
Variable-rate borrowings	0.75% to 2.70%	0.75% to 2.69%

At June 30, 2022, the Group's borrowings were secured against the Group's property, plant and equipment as collaterals with carrying amounts of RMB10,522,000 (December 31, 2021: RMB10,597,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

22. BORROWINGS (continued)

In respect of bank loans with carrying amount of RMB2,080,534,000 (December 31, 2021: RMB2,359,009,000), the Group is required to comply with the following financial covenants throughout the continuance of the relevant loans and/or as long as the loans are outstanding:

(i) Bank loans with carrying amount of RMB1,409,394,000 (USD210,000,000):

In relation to the Group:

- Earnings before interest, taxes, depreciation and amortization ("**EBITDA**") during each year shall not be less than 5 times interest expense on bank borrowings at the last day of the first half of the financial year and the last day of the financial year;
- Total equity after deducting goodwill, intangible assets and deferred tax assets (together referred to as "**Tangible Net Worth**") shall not at any time be less than RMB6,000,000,000; and
- Total debt less the cash and cash equivalents ("**Net debt**") at the end of each year shall not exceed 2.5 times EBITDA during the same year.

In relation to WuXi Biologics (Hong Kong) Limited ("**BIOHK**"), a wholly-owned subsidiary of the Company:

- Tangible Net Worth shall not at any time be less than RMB20,000,000.

(ii) Bank loans with carrying amount of RMB671,140,000 (USD100,000,000):

In relation to the Group:

- EBITDA during each year shall not be less than 5 times interest expense on bank borrowings at the last day of the first half of the financial year and the last day of the financial year;
- Tangible Net Worth shall not at any time be less than RMB9,000,000,000; and
- Net debt at the end of each year shall not exceed 2.5 times EBITDA during the same year.

In relation to BIOHK:

- Tangible Net Worth shall not at any time be less than RMB20,000,000.

The Group has complied with these covenants throughout the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

23. CONTRACT LIABILITIES

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Contract liabilities		
— related parties	432	98
— third parties	3,351,695	2,386,299
	3,352,127	2,386,397
Less: amounts shown under current liabilities	(2,664,117)	(1,733,799)
Amounts shown under non-current liabilities	688,010	652,598

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

24. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	Assets		Liabilities	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)	RMB' 000 (Unaudited)	RMB' 000 (Audited)
<i>Derivatives not under hedge accounting</i>				
Partial callable forward extra	—	—	12,486	—
<i>Derivatives under hedge accounting</i>				
Fair value hedges				
— Forward extra and European vanilla option contracts	486,601	319,584	100,949	24,191
Cash flow hedges				
— Foreign currency forward, forward extra, cross currency swap and interest rate swap contracts	45,578	170,915	195,662	16,699
Net investment hedge in foreign operations				
— Forward extra	—	—	11,543	—
Total	532,179	490,499	320,640	40,890
Less: current portion	(503,613)	(479,557)	(320,640)	(40,890)
Non-current portion	28,566	10,942	—	—

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

24. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

Derivatives not under hedge accounting

For the six months ended June 30, 2022

During the six months ended June 30, 2022, the Group entered into a partial callable forward extra contract with bank in order to manage the Group's currency risk. Under the partial callable forward extra contract, the Group will pay to the bank notional amount of US\$ and receive from the bank an amount in RMB equal to the product of the relevant notional amount of US\$ and the relevant forward rate as specified within the respective contracts.

The Group did not elect to adopt hedge accounting for the contract and therefore, during the six months ended June 30, 2022, losses from forward extra of RMB12,400,000 was recognized as "fair value loss on derivative financial instruments" in other gains and losses.

For the six months ended June 30, 2021

During the six months ended June 30, 2021, the Group entered into several HK\$/US\$ cap forward contracts with banks in order to manage the Group's currency risk. Under the cap contracts, the Group will pay to the bank notional amount of HK\$ and receive from the bank an amount in US\$ equal to the product of the relevant notional amount of HK\$ and the relevant forward rate as specified within the respective contracts.

The Group did not elect to adopt hedge accounting for these contracts and therefore, during the six months ended June 30, 2021, gains from foreign currency forward contracts of RMB4,176,000 was recognized as "fair value (loss) gain on derivative financial instruments" in other gains and losses.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

24. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

Derivatives under hedge accounting

In the view of directors of the Company, certain foreign currency forward contracts, cross currency swap contracts, interest rate swap contracts, and forward extra contracts are highly effective hedging instruments and qualified as cash flow, fair value hedges or net investment hedge in foreign operations.

As at June 30, 2022, the aggregate amount of gains after tax under foreign currency forward contracts, cross currency swap contracts, interest rate swap contracts and forward extra contracts recognized in other comprehensive income and accumulated in the cash flow and fair value hedging reserve relating to the exposure on anticipated future sales transactions and repayment of borrowings and net exposure denominated in US\$ and EUR was RMB19,549,000 (December 31, 2021: RMB125,214,000 gains). It is anticipated that the sales and bank borrowings repayment and net exposure would take place within next 18 months (December 31, 2021: 12 months) at which time the amount deferred in equity will be recycled to profit or loss.

During the current interim period, ineffective hedge portion recognized immediately in profit or loss was nil (six months ended June 30, 2021: RMB2,679,000 losses recognized immediately in "other gains and losses").

During the current interim period, the aggregated amount of gains previously recognized in other comprehensive income and accumulated in equity of RMB68,327,000 (six months ended June 30, 2021: RMB209,456,000 gains) were reclassified to revenue when the hedged item affects profit or loss.

25. DEFERRED INCOME

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Assets related research and other grants	211,948	213,225
Income related research and other grants	9,048	10,903
	220,996	224,128

During the six months ended June 30, 2022, the Group received research and other grants of RMB8,145,000 (six months ended June 30, 2021: RMB17,344,000) for its investment in laboratory equipment. The grants were recognized in profit or loss over the useful lives of the relevant assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

26. SHARE CAPITAL

AUTHORIZED:

	Number of shares	Par value US\$	Authorized share capital US\$
At January 1, 2021, June 30, 2021, January 1, 2022 and June 30, 2022	<u>6,000,000,000</u>	<u>1/120,000</u>	<u>50,000</u>

ISSUED AND FULLY PAID:

	Number of shares	Amount US\$	Shown in the financial statements as RMB'000
At January 1, 2021 (audited)	4,084,763,060	34,040	225
Issue of new shares (notes i & ii)	128,354,126	1,070	7
Exercise of pre-IPO share options	<u>25,005,956</u>	<u>208</u>	<u>2</u>
At June 30, 2021 (unaudited)	<u>4,238,123,142</u>	<u>35,318</u>	<u>234</u>
At January 1, 2022 (audited)	4,259,003,614	35,492	235
Issue of new shares (note ii)	39,953,861	333	2
Exercise of pre-IPO share options	9,628,842	80	1
Shares repurchased and cancelled (note iii)	<u>(45,058,000)</u>	<u>(375)</u>	<u>(3)</u>
At June 30, 2022 (unaudited)	<u>4,263,528,317</u>	<u>35,530</u>	<u>235</u>

Notes:

- i. On February 10, 2021, the Company issued 118,000,000 new ordinary shares of US\$1/120,000 each through placement to certain independent third parties at a price of HK\$112.00 per share. The net cash proceed of this placement was HK\$13,121,243,000 (equivalent to approximately RMB10,899,029,000), after deducting the issue cost of HK\$94,757,000 (equivalent to approximately RMB78,709,000) from the gross cash proceed of HK\$13,216,000,000 (equivalent to approximately RMB10,977,738,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

26. SHARE CAPITAL (continued)

- ii. On June 10, 2021 and June 10, 2022, the Company issued and allotted 10,354,126 and 39,953,861 new ordinary shares at nil consideration to the trustee under the Restricted Share Award Scheme or the Global Partner Program Share Scheme, respectively. Details of the Restricted Share Award Scheme are set out in Note 31.
- iii. During the current interim period, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid RMB'000
		Highest HK\$	Lowest HK\$	
January 2022	10,435,500	82.90	78.45	691,056

On January 14, 2022, 45,058,000 shares were cancelled, of which 10,435,500 and 34,622,500 shares were repurchased in January 2022 and December 2021, respectively.

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

27. CAPITAL COMMITMENTS

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

	As at	
	June 30, 2022 RMB'000 (Unaudited)	December 31, 2021 RMB'000 (Audited)
Contracted but not provided for		
— Land, property, plant and equipment	4,562,316	3,035,768
— Financial assets at FVTPL	80,537	95,363
	4,642,853	3,131,131

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation process

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	June 30, 2022	December 31, 2021			
Financial assets at FVTPL	Listed equity securities: RMB363,495,000	Listed equity securities: RMB756,872,000	Level 1	Active market quoted transaction price (note)	N/A
	Unlisted equity investments: RMB294,919,000	Unlisted equity investments: RMB130,280,000	Level 3	Back-solve from recent transaction price, option pricing model and/or adjusted net asset value method	Probability of qualified initial public offering ("IPO"), redemption and liquidation, risk-free rate and expected volatility
	Unlisted equity investments: RMB281,607,000	Unlisted equity investments: RMB360,982,000	Level 3	Comparable company method	Liquidity discount

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	June 30, 2022	December 31, 2021			
	Unlisted equity investments: RMB112,000,000	Unlisted equity investments: RMB108,000,000	Level 3	Discounted cash flows method and option pricing model	Discount rate, probability of conversion, redemption and liquidation, risk-free rate and expected volatility
	Wealth management products: RMB1,393,441,000	Wealth management products: RMB975,578,000	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A
Equity instruments at FVTOCI	Unlisted equity investments: RMB49,832,000	Unlisted equity investments: RMB94,413,000	Level 3	Comparable company method	Liquidity discount
Investment of an associate measured at FVTPL	Investment of an associate measured at FVTPL: RMB1,328,691,000	Investment of an associate measured at FVTPL: RMB752,275,000	Level 3	Back-solve from recent transaction price and option pricing model	Probability of qualified IPO or sales, redemption and liquidation, risk-free rate and expected volatility
Foreign currency forward contracts, cross currency swap contracts, interest rate swap contracts and forward extra contracts classified as derivative financial assets and liabilities	Derivative financial assets: RMB532,179,000 Derivative financial liabilities: RMB320,640,000	Derivative financial assets: RMB490,499,000 Derivative financial liabilities: RMB40,890,000	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of the banks.	N/A

Note: These equity investments were listed on the Stock Exchange or National Association of Securities Dealers Automated Quotations ("NASDAQ") market, with the shares traded in an active market. Therefore, the fair value of such investments as at June 30, 2022 and December 31, 2021 was determined based on the market price and classified as Level 1 of the fair value hierarchy.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Equity instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Investment of an associate measured at FVTPL RMB'000
At January 1, 2022 (audited)	94,413	599,262	752,275
Total gains (losses)			
— in profit or loss	—	13,633	572,619
— in other comprehensive expense	(49,552)	—	—
Purchases	—	57,359	—
Exchange alignment	4,971	18,274	3,797
At June 30, 2022 (unaudited)	<u>49,832</u>	<u>688,528</u>	<u>1,328,691</u>

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

29. ACQUISITION OF SUBSIDIARIES

During the six months ended June 30, 2021, the Group acquired 100% shares of CMAB Biopharma Limited and its subsidiaries and Pfizer Biologics (Hangzhou) Company Limited from independent third parties. Details of the aforementioned acquisitions were set out in the Group's 2021 Annual Report published on the website of the Stock Exchange.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

30. RELATED PARTY DISCLOSURES

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

(a) Related party transactions:

Provision of technical service to related parties

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
Shanghai SynTheAll Pharmaceutical Co., Ltd. ("STA")	1,049	—
WuXi AppTec (Shanghai) Co., Ltd. ("WXAT Shanghai")	395	382
Shanghai STA Pharmaceutical R&D Co., Ltd. ("STA RD")	162	—
WuXi ATU Co., Ltd. ("WuXi ATU")	49	—
WuXi MedImmune Biopharmaceutical Co., Ltd. ("WX MedImmune")	—	380
Duoning	—	45
	1,655	807

WX MedImmune is a joint venture held by WuXi AppTec (Hong Kong) Limited, an indirect wholly-owned subsidiary of WuXi AppTec Co., Ltd. which is ultimately controlled by the Shareholders (as defined in Note 30(b)) of the Company.

As disclosed in Note 14, Duoning is an associate of the Group.

Provision of materials to related parties

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
WuXi ATU	1,786	1,274

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

30. RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions: (continued)

Technical service received

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
WuXi AppTec (Suzhou) Co., Ltd. (" WASZ ")	25,847	6,378
Changzhou SynTheAll Pharmaceutical Co., Ltd. (" STA Changzhou ")	9,134	—
WXAT Shanghai	1,677	3,714
Nanjing Mingjie Biomedical Testing Co., Ltd. (" Mingjie ")	939	—
WuXi Diagnostic Medical Testing Institute (Shanghai) Co., Ltd. (" WuXi Diagnostic ")	528	—
WuXi AppTec (Tianjin) Co., Ltd.	82	—
Shanghai MedKey Med-Tech Development Co., Ltd. (" Shanghai Medkey ")	67	25
WuXi AppTec (Nantong) Co., Ltd.	55	—
STA RD	53	—
Duoning	24	—
Shanghai STA Pharmaceutical Product Co., Ltd.	20	—
WuXi Clinical Development Services (Shanghai) Co., Ltd.	—	520
WuXi NextCode Genomics (Shanghai) Co., Ltd. (" NextCode Shanghai ")	—	2,650
XenoBiotic Laboratories, Inc.	—	257
	38,426	13,544

NextCode Shanghai was no longer a related party of the Group since September 2, 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

30. RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions: (continued)

Other services received

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
Shanghai Waigaoqiao WuXi AppTec Incubator Management Co., Ltd. ("WXAT Incubator")	1,302	—
WuXi AppTec Korea Co., Ltd.	821	410
Chengdu Kangde Renze Real Estate Co., Ltd.	625	—
STA Changzhou	396	—
WXAT Shanghai	14	—
NextCode Shanghai	—	173
	3,158	583

WXAT Incubator is a joint venture held by WXAT Shanghai, an indirect wholly-owned subsidiary of WuXi AppTec Co., Ltd.

Purchase of materials, property, plant and equipment

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
Duoning	63,978	40,650
WXAT Shanghai	4,161	157
STA Changzhou	1,477	—
Shanghai Lianghei Technology Co., Ltd. ("LiangHei")	309	6,138
	69,925	46,945

LiangHei is a subsidiary of Duoning.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

30. RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions: (continued)

Interest expenses on lease liabilities

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
WXAT Incubator	119	36
WXAT Shanghai	51	77
NextCode Shanghai	—	85
	<u>170</u>	<u>198</u>

Expenses relating to short-term leases

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
STA Changzhou	<u>2,148</u>	<u>—</u>

Interest income

	Six months ended June 30,	
	2022 RMB' 000 (Unaudited)	2021 RMB' 000 (Unaudited)
Duoning	<u>—</u>	<u>54</u>

The transactions above were carried out in accordance with the terms agreed with the counterparties.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

30. RELATED PARTY DISCLOSURES (continued)

(b) Related party balances:

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Amounts due from related parties		
<u>Trade related:</u>		
STA	1,096	9
Duoning	432	1,944
Less: Allowance for credit losses	(22)	(76)
WXAT Shanghai	271	15
STA RD	125	—
WX MedImmune	—	399
	<u>1,902</u>	<u>2,291</u>
Contract assets		
STA Changzhou	7,250	7,685
Less: Allowance for credit losses	(64)	(2)
	<u>7,186</u>	<u>7,683</u>
Advances to suppliers		
WASZ	12,534	12,526
WXAT Incubator	643	14
Shanghai MedKey	—	67
	<u>13,177</u>	<u>12,607</u>
Amounts due to related parties		
<u>Trade related:</u>		
Duoning	31,628	36,908
WASZ	22,890	2,318
STA Pharmaceutical Hong Kong Limited	20,525	19,498
STA Changzhou	9,682	—
WXAT Shanghai	3,607	1,003
Mingjie	1,118	—
XenoBiotic Laboratories, Inc.	267	253
LiangHei	161	25
STA RD	61	61
STA	—	2,148
	<u>89,939</u>	<u>62,214</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

30. RELATED PARTY DISCLOSURES (continued)

(b) Related party balances: (continued)

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Non-trade related:		
STA Changzhou	4,269	1,570
Duoning	45	2,878
WXAT Shanghai	—	2,500
WASZ	—	1,660
WuXi Diagnostic	—	249
	4,314	8,857
Contract liabilities		
Duoning	432	—
STA RD	—	46
WuXi ATU	—	52
	432	98
Lease liabilities		
WXAT Incubator	6,486	—
WXAT Shanghai	1,481	2,334
	7,967	2,334

During current interim period, the Group entered into a new lease agreement with WXAT Incubator for three years. The Group has recognized an addition of right-of-use assets and lease liabilities of RMB6,698,000 and RMB6,618,000 respectively (six months ended June 30, 2021: RMB3,422,000 and RMB3,422,000 respectively).

	As at	
	June 30, 2022	December 31, 2021
	RMB' 000 (Unaudited)	RMB' 000 (Audited)
Consideration payable for acquisition of business		
STA Changzhou	—	280,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

30. RELATED PARTY DISCLOSURES (continued)

(b) Related party balances: (continued)

Except for lease liabilities, all the above balances with related parties are unsecured, interest free and repayable on demand.

Except for WX MedImmune, Duoning, WXAT Incubator, LiangHei and NextCode Shanghai of which the relationship with the Group have been disclosed separately as above, all of the other related parties mentioned above are considered as related parties of the Group throughout the entire reporting period, because they are ultimately controlled by Dr. Ge Li; Dr. Ning Zhao, the spouse of Dr. Ge Li; Mr. Xiaozhong Liu and Mr. Zhaohui Zhang (collectively referred to as the "Shareholders"), who are all acting in concert and have significant influence in WuXi Biologics Holdings Limited, the immediate and ultimate holding company of the Company.

(c) Compensation of directors and key management personnel:

	Six months ended June 30,	
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Directors' fee	286	280
Salaries and other benefits	6,318	6,624
Performance-based bonus	2,477	2,742
Retirement benefits scheme contributions	47	78
Share-based compensation	71,946	20,739
	<u>81,074</u>	<u>30,463</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, 2022

31. SHARE-BASED COMPENSATION

(a) Pre-IPO Share Option Scheme

The Company's Pre-IPO Share Option Scheme was adopted pursuant to resolutions passed on January 5, 2016 for the primary purpose of attracting, retaining and motivating employees and directors. Under the Pre-IPO Share Option Scheme, the directors of the Company may grant up to 144,600,000 (before the effect of the share subdivision in 2020 (the "**Share Subdivision**") share options to eligible employees, including the directors of the Company and its subsidiaries, to subscribe for shares in the Company. Grantee accepting an option grant offered by the Company has to sign an acceptance letter and pay to the Company an amount of HK\$1.00 (before the effect of the Share Subdivision) as consideration for the grant.

Each option granted under the Pre-IPO Share Option Scheme can only be exercised in the following manners (each date on which any portion of option granted shall be vested is hereinafter referred to as a "**Vesting Date of the Pre-IPO Share Option Scheme**" and each batch on which any portion of option granted shall be vested is hereinafter referred to as a "**Batch under the Pre-IPO Share Option Scheme**"):

Batch under the Pre-IPO Share Option Scheme	Vesting Date of the Pre-IPO Share Option Scheme
twenty percent (20%) of the shares subject to an option so granted	second (2nd) anniversary of the offer date for an Option
twenty percent (20%) of the shares subject to an option so granted	third (3rd) anniversary of the offer date for an Option
twenty percent (20%) of the shares subject to an option so granted	fourth (4th) anniversary of the offer date for an Option
forty percent (40%) of the shares subject to an option so granted	fifth (5th) anniversary of the offer date for an Option

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(a) Pre-IPO Share Option Scheme (continued)

Set out below are details of the movements of the outstanding options granted under the Pre-IPO Share Option Scheme during the six months ended June 30, 2022:

Batch	Outstanding as at January 1, 2022	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at June 30, 2022
January 7, 2016	131,901,326	—	2,254,017	—	129,647,309
March 28, 2016	1,398,725	—	232,500	—	1,166,225
August 10, 2016	7,435,400	—	511,850	—	6,923,550
November 11, 2016	4,934,803	—	1,650,200	—	3,284,603
March 15, 2017	41,632,793	—	4,478,150	—	37,154,643
May 12, 2017	5,698,630	—	502,125	—	5,196,505
	<u>193,001,677</u>	<u>—</u>	<u>9,628,842</u>	<u>—</u>	<u>183,372,835</u>
Exercisable at the end of the period	<u>167,686,477</u>				<u>183,372,835</u>
Weighted average exercise price (US\$)	<u>0.22</u>	<u>—</u>	<u>0.29</u>	<u>—</u>	<u>0.22</u>

The estimated fair value of the Pre-IPO share options at the date of grant were approximately US\$20,489,000, US\$555,000, US\$1,773,000, US\$2,227,000, US\$9,430,000 and US\$2,974,000 for the January 7, 2016, March 28, 2016, August 10, 2016, November 11, 2016, March 15, 2017 and May 12, 2017 option batch, respectively. The fair value was calculated using the Binomial model. The major inputs into the model are as follows:

Grant date	January 7, 2016	March 28, 2016	August 10, 2016	November 11, 2016	March 15, 2017	May 12, 2017
Share price (US\$) (note)	0.1600	0.1600	0.2167	0.2500	0.3167	0.5500
Exercise price (US\$) (note)	0.1667	0.1667	0.2200	0.2633	0.3400	0.6000
Expected volatility	40.80%	40.80%	40.92%	40.87%	40.65%	40.46%
Expected life (years)	10	10	10	10	10	10
Risk-free interest rate	2.92%	2.92%	2.72%	2.83%	3.39%	3.67%
Forfeiture rate	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%

Note: The share price and exercise price represent the prices after the effect of the Share Subdivision effected on November 16, 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(a) Pre-IPO Share Option Scheme (continued)

The Group recognized total expense of approximately RMB1,384,000 for the six months ended June 30, 2022 (June 30, 2021: RMB4,615,000) in relation to share options granted by the Company under the Pre-IPO Share Option Scheme.

In respect of the share options exercised during the period, the weighted average share price at the dates of exercise was HK\$68.85 (June 30, 2021: HK\$111.46).

(b) Restricted Share Award Scheme

On January 15, 2018, the Company adopted the Restricted Share Award Scheme for the primary purpose of (i) recognize the contributions by certain employees of the Group and directors of the Company (the "**Selected Participants**"); (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 of the Company through ownership of Shares. The total number of the restricted shares underlying all grants made pursuant to the Restricted Share Award Scheme shall not exceed three percent of the issued share capital of the Company as at the adoption date (i.e. 34,953,032 shares before the effect of the Share Subdivision).

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 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.

Upon the Share Subdivision became effective, pro-rata adjustments have been made to the number of outstanding restricted shares, so as to give the Selected Participants the same proportion of the equity capital as that they were entitled to before the effect of the Share Subdivision.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(b) Restricted Share Award Scheme (continued)

Except for 14,138 (before the effect of the Share Subdivision) restricted shares granted on June 5, 2019, 11,400 (before the effect of the Share Subdivision) restricted shares granted on June 9, 2020, 12,335 (after the effect of the Share Subdivision) restricted shares granted on June 16, 2021 and 16,581 (after the effect of the Share Subdivision) restricted shares granted on June 10, 2022 with vesting period of one year, and 56,018 (after the effect of the Share Subdivision) restricted shares granted on March 24, 2021 with forty percent of such restricted shares were vested during the year ended December 31, 2021, and twenty and forty percent of such restricted shares shall be vested in the following two years, respectively, and 50,933 (after the effect of the Share Subdivision) restricted shares granted on November 23, 2021 with different vesting schedule from 3 years to 5 years, each other restricted share granted under the Restricted Share Award Scheme can only be vested in the following manners (each date on which any portion of restricted share granted shall be vested is hereinafter referred to as a **"Vesting Date of Restricted Share Award Scheme"** and each batch on which any portion of restricted share granted shall be vested is hereinafter referred to as a **"Batch under Restricted Share Award Scheme"**):

Batch under Restricted Share Award Scheme	Vesting Date of Restricted Share Award Scheme
twenty percent (20%) of the restricted shares so granted	second (2nd) anniversary of the grant date for a restricted share
twenty percent (20%) of the restricted shares so granted	third (3rd) anniversary of the grant date for a restricted share
twenty percent (20%) of the restricted shares so granted	fourth (4th) anniversary of the grant date for a restricted share
forty percent (40%) of the restricted shares so granted	fifth (5th) anniversary of the grant date for a restricted share

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(b) Restricted Share Award Scheme (continued)

Set out below are details of the movements of the outstanding restricted shares granted under the Restricted Share Award Scheme during the six months ended June 30, 2022:

Batch	Outstanding as at January 1, 2022	Granted during the period	Vested during the period	Forfeited during the period	Cancelled due to joining the Subsidiary Share Option Scheme during the period (note i)	Outstanding as at June 30, 2022	Fair value per share at the date of grant (note ii)
January 15, 2018	3,128,778	—	1,042,926	46,284	33,780	2,005,788	HK\$18.333
March 20, 2018	2,457,027	—	816,099	78,498	62,715	1,499,715	HK\$25.233
June 13, 2018	886,641	—	287,457	26,052	—	573,132	HK\$29.500
August 21, 2018	1,929,057	—	—	106,953	86,967	1,735,137	HK\$23.500
November 20, 2018	1,336,522	—	—	46,438	—	1,290,084	HK\$21.850
March 19, 2019	110,330	—	27,580	—	—	82,750	HK\$27.783
June 5, 2019	9,528,265	—	2,306,023	279,291	177,312	6,765,639	HK\$23.900
August 20, 2019	3,148,144	—	—	70,914	58,680	3,018,550	HK\$27.667
November 20, 2019	969,806	—	—	33,039	—	936,767	HK\$29.800
March 27, 2020	4,476,978	—	904,602	351,047	179,836	3,041,493	HK\$33.333
June 9, 2020	1,775,685	—	342,290	43,595	5,535	1,384,265	HK\$41.900
August 18, 2020	1,580,916	—	—	92,679	53,241	1,434,996	HK\$58.600
November 12, 2020	5,972,145	—	—	142,833	122,223	5,707,089	HK\$77.133
March 24, 2021	4,482,376	—	—	202,983	89,301	4,190,092	HK\$87.950
June 16, 2021	1,493,141	—	12,335	—	156,202	1,324,604	HK\$116.900
June 17, 2021	12,534,876	—	—	595,209	445,475	11,494,192	HK\$120.800
August 24, 2021	4,583,421	—	—	253,087	184,343	4,145,991	HK\$121.700
November 23, 2021	3,846,769	—	16,638	223,645	66,473	3,540,013	HK\$101.300
March 23, 2022	—	18,954,570	—	701,631	3,316	18,249,623	HK\$65.300
June 10, 2022	—	8,821,616	—	28,554	—	8,793,062	HK\$69.000
	<u>64,240,877</u>	<u>27,776,186</u>	<u>5,755,950</u>	<u>3,322,732</u>	<u>1,725,399</u>	<u>81,212,982</u>	
Weighted average fair value per share (HK\$)	<u>68.09</u>	<u>66.48</u>	<u>26.35</u>	<u>71.54</u>	<u>80.09</u>	<u>70.10</u>	

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(b) Restricted Share Award Scheme (continued)

Notes:

- i. During the current interim period, certain employees of the Group were offered, and agreed to join the Subsidiary Share Option Scheme, i.e. the WuXi XDC Share Option Scheme (as defined in Note 31(d)) or the WuXi Vaccines Share Option Scheme (as defined in Note 31(d)). Upon participating in the Subsidiary Share Option Scheme, share options under the Subsidiary Share Option Scheme were granted to the employees while the outstanding restricted shares granted under the Restricted Share Award Scheme held by the respective employees were cancelled in the same time accordingly. The directors of the Company considered that most of the cancelled restricted shares under the Restricted Share Award Scheme were replaced by the share options granted under the Subsidiary 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.
- ii. The fair value per share at the date of grant represents the prices after the effect of the Share Subdivision effected on November 16, 2020.

The Group recognized total expense of approximately RMB511,102,000 for the six months ended June 30, 2022 (June 30, 2021: RMB218,008,000) in relation to restricted shares granted by the Company under the Restricted Share Award Scheme.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(c) Global Partner Program Share Scheme

On June 16, 2021, the Company adopted the Global Partner Program Share Scheme to further reward and incentivize the Group's top employees and attract key talents (the "**Selected Participants under Global Partner Program Share Scheme**") to ensure the continuous business development and growth of the Company and to further align the interests of the top employees and the shareholders of the Company. The Selected Participants under Global Partner Program Share Scheme who have significant contributions to the Group's business development and growth will be granted restricted shares under the Global Partner Program Share Scheme. The number of restricted shares to be granted and its value will be determined based on various performance-related considerations, such as the fulfilment by the respective Selected Participants under Global Partner Program Share Scheme of their individual performance targets as well as the overall business performance of the Group as a whole. The total number of the restricted shares underlying all grants made pursuant to the Global Partner Program Share Scheme shall not exceed three percent of the total number of shares of the Company in issue as at the adoption date (i.e. 126,982,689 shares).

The Company will issue and allot to trustee new shares under the general mandate granted by the shareholders of the Company from time to time. The new shares so issued will be held on trust until the end of each vesting period and will be transferred to the Selected Participants under Global Partner Program Share Scheme upon satisfaction of the relevant original vesting conditions.

The fair value of the restricted shares awarded was determined based on the market value of the Company's share at the grant date.

The restricted share granted under the Global Partner Program Share Scheme can only be vested in the following manners (each date on which any portion of restricted share granted shall be vested is hereinafter referred to as a "**Vesting Date of Global Partner Program Share Scheme**" and each batch on which any portion of restricted share granted shall be vested is hereinafter referred to as a "**Batch under Global Partner Program Share Scheme**"):

Batch under Global Partner Program Share Scheme	Vesting Date of Global Partner Program Share Scheme
fifty percent (50%) of the restricted shares so granted	first (1st) anniversary of the grant date for a restricted share
fifty percent (50%) of the restricted shares so granted	second (2nd) anniversary of the grant date for a restricted share

Besides, the restricted shares can only be vested when the share price is no less than HK\$97.80.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(c) Global Partner Program Share Scheme (continued)

Set out below are details of the movements of the outstanding restricted shares granted under the Global Partner Program Share Scheme during the six months ended June 30, 2022:

Batch	Outstanding as at January 1, 2022	Granted during the period	Vested during the period	Forfeited during the period	Outstanding as at June 30, 2022	Fair value per share at the date of grant
November 23, 2021	2,723,830	—	—	107,280	2,616,550	HK\$101.30
June 10, 2022	—	1,223,147	—	—	1,223,147	HK\$69.00
	<u>2,723,830</u>	<u>1,223,147</u>	<u>—</u>	<u>107,280</u>	<u>3,839,697</u>	
Weighted average fair value per share (HK\$)	<u>101.30</u>	<u>69.00</u>	<u>—</u>	<u>101.30</u>	<u>91.01</u>	

The Group recognized total expense of approximately RMB83,096,000 for the six months ended June 30, 2022 (June 30, 2021: nil) in relation to restricted shares granted by the Company under the Global Partner Program Share Scheme.

(d) Subsidiary Share Option Scheme

WuXi XDC Share Option Scheme (as defined below)

On November 23, 2021 WuXi XDC Cayman Inc. ("WuXi XDC"), a subsidiary of the Company, adopted the share option scheme (the "WuXi XDC Share Option Scheme") for the primary purpose to enable WuXi XDC to grant share options to eligible participants as incentives or rewards for their contribution to WuXi XDC and its subsidiaries (collectively referred to as the "WuXi XDC Group") so as to enable the WuXi XDC Group to recruit and retain high-calibre employees and attract human resources that are valuable to the WuXi XDC Group. Eligible participants for the WuXi XDC Share Option Scheme include any full-time or part-time employees, executives, officers or directors of the WuXi XDC Group. The maximum number of WuXi XDC shares which may be issued upon exercise of all share options to be granted under the WuXi XDC Share Option Scheme and other share option schemes of WuXi XDC shall not in aggregate exceed 10% of the total number of WuXi XDC shares in issue as at the adoption date (i.e. 100,000,000 shares) (the "WuXi XDC Scheme Mandate Limit"). Share options lapsed in accordance with the terms of the WuXi XDC Share Option Scheme will not be counted for the purpose of calculating the WuXi XDC Scheme Mandate Limit.

The fair value of the options awarded was determined based on the equity value of the WuXi XDC's share at the grant date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(d) Subsidiary Share Option Scheme (continued)

WuXi XDC Share Option Scheme (as defined below) (continued)

The option granted under the WuXi XDC Share Option Scheme can only be vested in the following manners (each date on which any portion of options granted shall be vested is hereinafter referred to as a “**Vesting Date of WuXi XDC Share Option Scheme**” and each batch on which any portion of options granted shall be vested is hereinafter referred to as a “**Batch under WuXi XDC Share Option Scheme**”):

Batch under WuXi XDC Share Option Scheme	Vesting Date of WuXi XDC Share Option Scheme
twenty percent (20%) of the WuXi XDC share options so granted	second (2nd) anniversary of the grant date for a WuXi XDC share option
twenty percent (20%) of the WuXi XDC share options so granted	third (3rd) anniversary of the grant date for a WuXi XDC share option
twenty percent (20%) of the WuXi XDC share options so granted	fourth (4th) anniversary of the grant date for a WuXi XDC share option
forty percent (40%) of the WuXi XDC share options so granted	fifth (5th) anniversary of the grant date for a WuXi XDC share option

Set out below are details of the movements of the outstanding share options granted under the WuXi XDC Share Option Scheme during the six months ended June 30, 2022:

Batch	Outstanding as at January 1, 2022	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at June 30, 2022
April 1, 2022	—	20,907,270	—	91,179	20,816,091
June 10, 2022	—	32,160,000	—	—	32,160,000
	—	53,067,270	—	91,179	52,976,091
Weighted average exercise price (RMB)	—	1.658	—	1.658	1.658

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(d) Subsidiary Share Option Scheme (continued)

WuXi XDC Share Option Scheme (as defined below) (continued)

The estimated fair value of the WuXi XDC share options at the date of grant were approximately RMB20,602,000 and RMB34,331,000 for the April 1, 2022 and June 10, 2022 option batch, respectively. The fair value was calculated using the Binomial model. The major inputs into the model are as follows:

Grant date	April 1, 2022	June 10, 2022
Equity value per share (RMB)	1.658	1.658
Exercise price (RMB)	1.658	1.658
Expected volatility	47.6%	47.9%
Expected life (years)	10	10
Risk-free interest rate	2.81%	2.81%
Forfeiture rate	3.7%	0%

The Group recognized total expense of approximately RMB1,791,000 for the six months ended June 30, 2022 in relation to options granted by WuXi XDC under the WuXi XDC Share Option Scheme.

WuXi Vaccines Share Option Scheme (as defined below)

On November 23, 2021 WuXi Vaccines (Cayman) Inc. ("**WuXi Vaccines**"), a subsidiary of the Company, adopted the share option scheme (the "**WuXi Vaccines Share Option Scheme**") for the primary purpose to enable WuXi Vaccines to grant share options to eligible participants as incentives or rewards for their contribution to WuXi Vaccines and its subsidiaries (collectively referred to as the "**WuXi Vaccines Group**") so as to enable the WuXi Vaccines Group to recruit and retain high-calibre employees and attract human resources that are valuable to the WuXi Vaccines Group. Eligible participants for the WuXi Vaccines Share Option Scheme include any full-time or part-time employees, executives, officers or directors of the WuXi Vaccines Group. The maximum number of WuXi Vaccines shares which may be issued upon exercise of all share options to be granted under the WuXi Vaccines Share Option Scheme and other share option schemes of WuXi Vaccines shall not in aggregate exceed 10% of the total number of WuXi Vaccines shares in issue as at the adoption date (i.e. 100,000,000 shares) (the "**WuXi Vaccines Scheme Mandate Limit**"). Share options lapsed in accordance with the terms of the WuXi Vaccines Share Option Scheme will not be counted for the purpose of calculating the WuXi Vaccines Scheme Mandate Limit.

The fair value of the options awarded was determined based on the equity value of the WuXi Vaccines' share at the grant date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(d) Subsidiary Share Option Scheme (continued)

WuXi Vaccines Share Option Scheme (as defined below) (continued)

The option granted under the WuXi Vaccines Share Option Scheme can only be vested in the following manners (each date on which any portion of options granted shall be vested is hereinafter referred to as a "**Vesting Date of WuXi Vaccines Share Option Scheme**") and each batch on which any portion of options granted shall be vested is hereinafter referred to as a "**Batch under WuXi Vaccines Share Option Scheme**"):

Batch under WuXi Vaccines Share Option Scheme	Vesting Date of WuXi Vaccines Share Option Scheme
twenty percent (20%) of the WuXi Vaccines share options so granted	second (2nd) anniversary of the grant date for a WuXi Vaccines share option
twenty percent (20%) of the WuXi Vaccines share options so granted	third (3rd) anniversary of the grant date for a WuXi Vaccines share option
twenty percent (20%) of the WuXi Vaccines share options so granted	fourth (4th) anniversary of the grant date for a WuXi Vaccines share option
forty percent (40%) of the WuXi Vaccines share options so granted	fifth (5th) anniversary of the grant date for a WuXi Vaccines share option

Set out below are details of the movements of the outstanding share options granted under the WuXi Vaccines Share Option Scheme during the six months ended June 30, 2022:

Batch	Outstanding as at January 1, 2022	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding as at June 30, 2022
May 16, 2022	—	14,676,453	—	—	14,676,453
June 10, 2022	—	31,980,000	—	—	31,980,000
	—	46,656,453	—	—	46,656,453
Weighted average exercise price (US\$)	—	0.511	—	—	0.511

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2022

31. SHARE-BASED COMPENSATION (continued)

(d) Subsidiary Share Option Scheme (continued)

WuXi Vaccines Share Option Scheme (as defined below) (continued)

The estimated fair value of the WuXi Vaccines share options at the date of grant were approximately US\$4,851,000 and US\$11,004,000 for the May 16, 2022 and June 10, 2022 option batch, respectively. The fair value was calculated using the Binomial model. The major inputs into the model are as follows:

Grant date	May 16, 2022	June 10, 2022
Equity value per share (US\$)	0.511	0.511
Exercise price (US\$)	0.511	0.511
Expected volatility	65%	65%
Expected life (years)	10	10
Risk-free interest rate	2.88%	2.88%
Forfeiture rate	0% and 3.7%	0%

The Group recognized total expense of approximately RMB2,133,000 for the six months ended June 30, 2022 in relation to options granted by WuXi Vaccines under the WuXi Vaccines Share Option Scheme.

Definitions

"ANVISA"	the Brazilian Health Surveillance Agency
"Audit Committee"	the audit committee of the Board
"Biologics Holdings"	WuXi Biologics Holdings Limited, a company incorporated under the laws of the British Virgin Islands on December 17, 2015 with limited liability and a substantial shareholder of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"CDMO"	Contract Development and Manufacturing Organization
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"cGMP"	Current Good Manufacturing Practice regulations, regulations enforced by the U.S. FDA on pharmaceutical and biotech firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity
"Chairman"	the chairman of the Board
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau Special Administrative Region and Taiwan
"China NMPA"	China National Medical Products Administration
"CMO"	Contract Manufacturing Organization
"Company"	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on February 27, 2014
"CRDMO"	Contract Research, Development and Manufacturing Organization
"Director(s)"	the director(s) of the Company
"DNA"	a molecule that carries most of the genetic instructions used in the development, functioning and reproduction of all known living organisms and many viruses

Definitions

"EU"	a politico-economic union of 27 member states that are located primarily in Europe
"EU EMA"	European Medicines Agency
"EUR"	Europe currency
"France HAS"	French National Authority for Health
"Global Partner Program Share Scheme"	the share award scheme for global partner program adopted by the Company on June 16, 2021
"GMP"	Good Manufacturing Practice
"Group" or "we" or "our" or "us"	the Company and its subsidiaries
"H.K. dollar(s)" or "HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKEX"	Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug, an experimental drug for which a pharmaceutical company obtains permission to ship across jurisdictions (usually to clinical investigators) before a marketing application for the drug has been approved
"IPO"	the listing of the Shares on the Main Board on June 13, 2017
"Italy AIFA"	Italian Medicines Agency
"Japan PMDA"	Pharmaceuticals and Medical Devices Agency of Japan
"Life Science Holdings"	New WuXi Life Science Holdings Limited, a company incorporated under the laws of the Cayman Islands on July 2, 2015 with limited liability, which holds 100% issued share capital of Life Science Limited
"Life Science Limited"	New WuXi Life Science Limited, a company incorporated under the laws of the Cayman Islands on July 2, 2015 with limited liability, which holds 100% issued share capital of WuXi PharmaTech

Definitions

"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 10 to the Listing Rules
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company on January 5, 2016, and amended on August 10, 2016, the principal terms of which are summarized in "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus
"Prospectus"	the prospectus issued by the Company dated May 31, 2017
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of the PRC
"Reporting Period"	the six-month period from January 1, 2022 to June 30, 2022
"Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company on January 15, 2018
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US\$1/120,000 each
"Strategy Committee"	the strategy committee of the Board
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary Share Option Schemes"	the WuXi Vaccines Share Option Scheme and the WuXi XDC Share Option Scheme
"U.S."	United States of America

Definitions

"U.S. dollar(s)" or "US\$" or "USD"	United States dollar(s), the lawful currency of the U.S.
"U.S. FDA"	the U.S. Food and Drug Administration
"WHO"	World Health Organization
"Written Guidelines"	the Written Guidelines for Securities Transactions by Directors adopted by the Company
"WuXi PharmaTech"	WuXi PharmaTech (Cayman) Inc., a company incorporated under the laws of the Cayman Islands on March 16, 2007 with limited liability. Its shares were listed on the New York Stock Exchange (stock code: WX), and were delisted from the New York Stock Exchange on December 10, 2015
"WuXi Vaccines"	WuXi Vaccines (Cayman) Inc., a company incorporated under the laws of the Cayman Islands and a non-wholly owned subsidiary of the Company
"WuXi Vaccines Share Option Scheme"	the share option scheme of WuXi Vaccines adopted by the Shareholders on November 23, 2021
"WuXi XDC"	WuXi XDC Cayman Inc., a company incorporated under the laws of the Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company
"WuXi XDC Share Option Scheme"	the share option scheme of WuXi XDC adopted by the Shareholders on November 23, 2021

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