XDC

WuXi XDC Cayman Inc.

藥明合聯生物技術有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2268

* *For identification purpose only*

2024

Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

Dr. Ulf Grawunder
Mr. Stewart John Hen
(Resigned on November 21, 2024)
Mr. Kenneth Walton Hitchner III
(Appointed on November 21, 2024)
Mr. Hao Zhou

AUDIT COMMITTEE

Mr. Hao Zhou *(Chairman)*
Dr. Ulf Grawunder
Mr. Stewart John Hen
(Resigned on November 21, 2024)
Mr. Kenneth Walton Hitchner III
(Appointed on November 21, 2024)

REMUNERATION COMMITTEE

Dr. Ulf Grawunder *(Chairman)*
Mr. Stewart John Hen
(Resigned on November 21, 2024)
Mr. Kenneth Walton Hitchner III
(Appointed on November 21, 2024)
Ms. Ming Shi

NOMINATION COMMITTEE

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

STRATEGY COMMITTEE

Dr. Jincai Li *(Chairman)*
Dr. Zhisheng Chen
Dr. Weichang Zhou
Dr. Ulf Grawunder
Mr. Stewart John Hen
(Resigned on November 21, 2024)
Mr. Kenneth Walton Hitchner III
(Appointed on November 21, 2024)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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

AUTHORIZED REPRESENTATIVES

Mr. Jerry Jingwei Zhang
Mr. Xiaojie Xi

COMPANY SECRETARY

Mr. Xiaojie Xi

REGISTERED OFFICE

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

CORPORATE HEADQUARTER

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

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

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PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

HONG KONG LEGAL ADVISER

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

AUDITOR

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

STOCK CODE

2268

COMPANY WEBSITE

www.wuxixdc.com

CEO Statement

The year 2024 marked a pivotal chapter in the journey of WuXi XDC. It was another year of remarkable progress, innovation, and success. As the global bioconjugate field enters a dynamic growth phase — evidenced by a rapidly expanding ADC pipeline achieving regulatory approvals and demonstrating transformative clinical potential across therapeutic areas — WuXi XDC has solidified its leadership in enabling this wave of progress. By proactively addressing strong downstream needs and capturing market share through differentiated capabilities, we are uniquely positioned as the trusted partner of choice for innovators navigating this era of scientific momentum. I am immensely proud of our team's dedication and achievements and sincerely grateful for the trust placed in us by top global pharmaceutical and biotech innovators, including the world's most distinguished pharmaceutical companies. Our unwavering commitment to scientific excellence, client-centric service, and operational rigor allowed us to deliver another year of robust growth and strategic execution.

BUSINESS AND PROJECT HIGHLIGHTS: ACCELERATING LEADERSHIP THROUGH INTEGRATED EXCELLENCE

Our strategic approach of "Enable, Follow, and Win the Molecule" has driven sustained growth, enabling us to support a rapid increasing number of integrated projects globally. Our success stems from our unwavering commitment, cross-functional collaboration, and pursuit of excellence.

2024 was a remarkable year characterized by greater global reach, enhanced execution capabilities, and significant capacity advancement.

Firstly, our Singapore manufacturing site, the first site outside of China, has made substantial progress with modular construction implementation. Once operational, this facility will significantly strengthen our ability to serve global customers with speed, flexibility, and superior quality. During the past year, we have significantly expanded our partnerships across North America, Europe, and Asia, underscoring WuXi XDC's enhanced global relevance and solidifying our reputation as a trusted leader and partner in ADC innovation. Meanwhile, our Wuxi site continues to significantly improve its capabilities, highlighted by the swift ramp-up of new production line.

Moreover, we are particularly proud to have supported clients advancing innovative ADC projects into late-stage clinical development and commercialization. The increasing complexity of these projects underscores the importance of our end-to-end, integrated service model — one that spans from drug discovery to commercialization — all within a unified and quality-driven framework. Our ability to deliver speed, flexibility, and regulatory support at every stage of development positions us uniquely in the global landscape.

Lastly, we continue to nurture and empower our growing customer base, reinforcing unmatched industry credibility and the distinct value WuXi XDC consistently provides through advanced technology platform, extensive bioconjugation expertise, and customized solutions designed specifically to address the complex ADC development challenges.

FINANCIAL PERFORMANCE: SUSTAINED GROWTH MATCHING WITH BUSINESS SUCCESS

We achieved record revenues of RMB4,052.3 million in 2024, reflecting a 90.8% year-on-year growth. This performance underscores the increasing demand for our fully integrated CRDMO platform and the continued success of our strategic positioning as a one-stop solution provider in the global bioconjugate space.

Our gross profit reached RMB1,239.8 million, up by 121.6% from the prior year, with a gross profit margin of 30.6%. Notably, our net profit increased by 277.2% year-on-year to RMB1,069.6 million, reflecting operational leverage and continuous stringent cost control measures.

SCIENTIFIC INNOVATION AND PLATFORM DIFFERENTIATION: INVESTING IN ADC FRONTIERS

Our proprietary CRDMO platform continues to evolve to meet the ever-increasing complexity and diversity of ADCs and bioconjugates. We are committed to pioneering the development of the bioconjugate industry and meeting our customers' growing development requirements. We strive to empower customers with cutting-edge conjugation and payload-linker technologies, along with extensive expertise in bioconjugate development capabilities, to fulfill diverse research and development requirements.

The proprietary WuXiDARx™ technology aims to meet customers' demands for highly homogeneous ADCs with a range of distinct DAR values. As of the reporting date, 45 pre-clinical candidates and 7 clinical projects were successfully developed by using our WuXiDARx™ technology. In alignment with the evolving trends of ADC design, we have introduced our innovative payload-linker technologies — X-LinC, which serves as a superior connector to significantly enhance stability in blood circulation, as well as our proprietary hydrophilic linker and CPT payload. These innovative platforms are designed to optimize the therapeutic potential of ADCs.

ESG COMMITMENT: BUILDING A SUSTAINABLE AND RESPONSIBLE FUTURE

At WuXi XDC, we recognize that long-term success must be underpinned by environmental responsibility, social engagement, and robust governance. In 2024, we made meaningful strides in our ESG journey, guided by our belief that corporate responsibility is integral to value creation.

Environmentally, we have adopted rigorous standards in waste management, energy efficiency, and emission controls, particularly across our high-potency manufacturing lines. Socially, we invested in talent development, workplace safety, and diversity. Our team grew to over 2,000 employees globally in 2024 — a highly skilled workforce that represents one of our most valuable assets. Governance-wise, we continued to strengthen our internal controls, data security protocols, and compliance infrastructure.

CEO Statement

OUTLOOK: ELEVATING OUR MISSION FOR INDUSTRY LEADERSHIP

As we look to the future, we remain guided by a singular mission: to accelerate and transform the discovery, development and manufacturing of bioconjugates through a comprehensive open-access platform, enabling our global healthcare partners and benefiting patients worldwide.

WuXi XDC's journey is only beginning. The road ahead is filled with opportunity — to enable more innovators and help bring more life-changing therapies to market. Together, we will continue to shape the future of ADCs and bioconjugates, making a lasting difference in global health.

Thank you for your partnership in this extraordinary journey.

Dr. Jimmy (Jincai) Li
Chief Executive Officer
March 24, 2025

Financial Summary

	For the year ended December 31				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Operating Results					
Revenue	96,353	311,131	990,423	2,123,839	**4,052,320**
Gross profit	8,081	113,494	261,083	559,558	**1,239,846**
Profit before tax	32,366	66,853	195,801	359,612	**1,219,791**
Net profit attributable to owners of the Company	26,299	54,930	155,731	283,538	**1,069,622**
Adjusted net profit attributable to owners of the Company[1]	32,775	77,087	194,357	412,269	**1,174,005**
Profitability					
Gross profit margin (%)	8.4%	36.5%	26.4%	26.3%	**30.6%**
Net profit margin attributable to owners of the Company (%)	27.3%	17.7%	15.7%	13.4%	**26.4%**
Adjusted net profit margin attributable to owners of the Company (%)[1]	34.0%	24.8%	19.6%	19.4%	**29.0%**

	As at December 31				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Financial Position					
Total Assets	408,468	879,753	2,496,379	6,735,321	**9,124,131**
Total Liabilities	32,787	858,872	1,015,600	1,281,005	**2,484,642**
Total Equity	375,681	20,881	1,480,779	5,454,316	**6,639,489**
Bank balances and cash	28,390	26,325	334,972	4,047,583	**1,925,149**

(1) Details are set out in "Non-IFRS Measures" on page 35 of this annual report.

Management Discussion and Analysis

BUSINESS REVIEW

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

The Group's CRDMO business extended strong momentum throughout 2023 and 2024 with continuous active business expansion and increased demand from customers globally for its services. As at December 31, 2024, the Group has cumulatively served 499 customers worldwide via the provision of integrated services backed up by its comprehensive CRDMO capabilities and facilities equipped with "All-in-One" capabilities spanning from drug discovery to commercialization. Notably, the Group has successfully secured 8 process performance qualifications (the "**PPQ**") projects and 1 commercial stage project.

In recognition of its excellence, the Company has been the winner of the "Best CDMO" Prize at the World ADC Awards consecutively in 2023 and 2024. The continuous growth of the Group, signified by its awards and achievements, underscores the Company's global leadership in providing integrated services driven by and combined with technological innovation, and strong Chemistry, Manufacturing and Controls (CMC) expertise for ADC and broader bioconjugates.

To ensure that the Group is well-positioned to continuously grow its market share as well as to capture the rapidly increasing global demands for bioconjugates CRDMO services, it continued to expand its manufacturing capacities and acquire talents throughout the Reporting Period. The announced Wuxi site expansion and the construction of the new site in Singapore by the Group are both making solid progress as planned, which will bring additional mAb, DS and DP production lines, laboratories and office space upon completion.

As at December 31, 2024, the Group had 2,041 full-time employees, representing a year-on-year increase of 73.3% as compared to December 31, 2023.

Management Discussion and Analysis

Overall Performance for ADC CRDMO

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

- Revenue for the year ended December 31, 2024 increased by 90.8% year-on-year to RMB4,052.3 million.
- Gross profit for the year ended December 31, 2024 increased by 121.6% year-on-year to RMB1,239.8 million.
- Net profit for the year ended December 31, 2024 increased by 277.2% year-on-year to RMB1,069.6 million.
- Adjusted net profit for the year [Note] ended December 31, 2024 increased by 184.8% year-on-year to RMB1,174.0 million.
- Adjusted net profit before interest income and expense[Note] for the year ended December 31, 2024 increased by 171.3% year-on-year to RMB992.0 million.
- 53 integrated projects were signed during the Reporting Period.
- The total number of integrated projects increased from 143 as at December 31, 2023 to 194 as at December 31, 2024.
- The total number of ongoing post-IND projects increased from 59 as at December 31, 2023 to 92 as at December 31, 2024.

Management Discussion and Analysis

- The total number of phase II and beyond projects increased from 21 as at December 31, 2023 to 34 as at December 31, 2024. Among these projects, 8 PPQ projects and 1 commercial stage project were scheduled within the Group's site in Wuxi, China as at December 31, 2024.

- The Group also moved forward 45 projects from discovery to iCMC stage cumulatively during the Reporting Period.

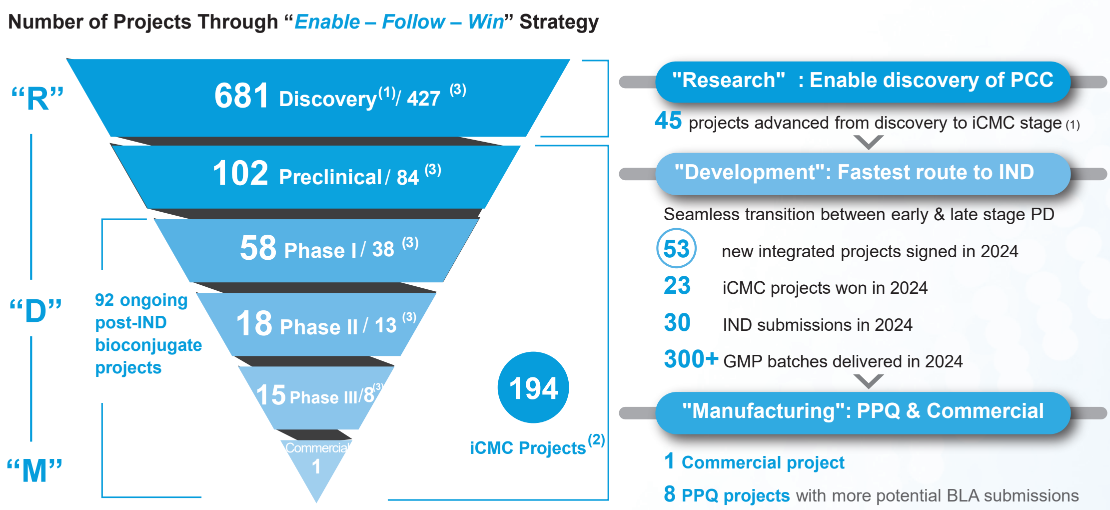
- The cumulative total number of drug discovery stage projects executed by the Group since inception increased from 427 as at December 31, 2023 to 681 as at December 31, 2024.

- The Group's effective execution of the "win the molecule" strategy cumulatively brought 69 external projects into the pipeline since the inception of the Group.

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

Management Discussion and Analysis

The following funnel diagram sets forth the developmental stages and other details of ongoing integrated projects as at December 31, 2024. From its inception through December 31, 2024, the Group has executed a cumulative total of 681 discovery projects. These discovery projects are regarded as strategically and critically important project inflow for the Group, as they help facilitate the establishment of long-term customer relationships with such clients and are expected to be instrumental in winning integrated projects for the Group in the future. As at December 31, 2024, the Group had 194 ongoing integrated projects. The Group helped customers to submit IND applications for (i) 83 ADC candidates and 2 XDC candidates globally since its inception up to and including December 31, 2024, and (ii) 28 ADC candidates and 2 XDC candidates globally during the year ended December 31, 2024.



Notes:

1. Cumulative number of projects since the Group's inception and as at December 31, 2024.

2. Number of ongoing integrated CMC projects as at December 31, 2024.

3. The small-sized figures account for the number of projects as at December 31, 2023, save for the number of projects at discovery stage which is cumulative from the Group's inception up until December 31, 2023.

The following table sets forth the details of ongoing projects by each development stage. During the year ended December 31, 2024, 28 ongoing post-IND projects were advanced from the pre-IND stage leveraging the Group's ADC CRDMO services.

		As at December 31, 2023		**As at December 31, 2024**	
Development Stage	**Typical Duration**	Number of Ongoing Projects[3]	Type of Projects	**Number of Ongoing Projects[3]**	**Type of Projects**
Discovery	**N/A[1]**	427[4]	ADC (322) and XDC (105)	**681[4]**	**ADC (513) and XDC (168)**
Preclinical	**1–2 years**	84	ADC (77) and XDC (7)	**102**	**ADC (97) and XDC (5)**
Clinical	**Multiple years[2]**	59	ADC (52) and XDC (7)	**92**	**ADC (80) and XDC (12)**

Notes:

1. The duration of discovery projects can vary significantly in light of their ad hoc nature and depends on the types of projects at issue. Therefore, there is not a typical range for discovery projects.

2. The typical duration of projects in phase I, II and III stages are 1–3 years, 2–4 years and 3–5 years, respectively.

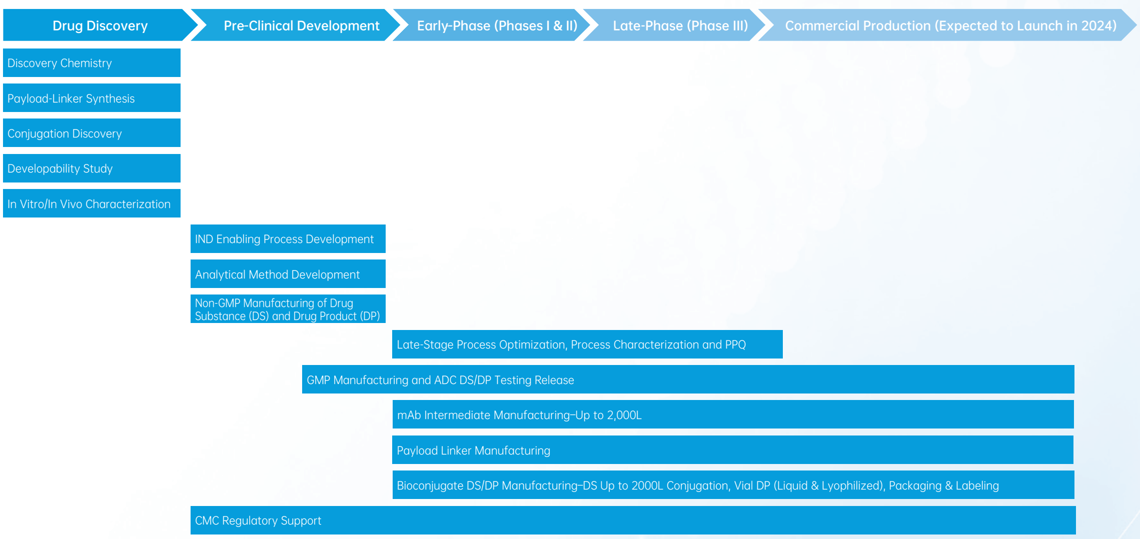
3. "Number of ongoing projects" is the number of integrated projects excluding the number of integrated projects that are inactive or for which the customers notify the Group that they do not intend to further pursue. An integrated project is deemed inactive if the Group has not been requested to provide services for three years.

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

The Group's revenue for the year ended December 31, 2024 increased by 90.8% year-on-year to RMB4,052.3 million, together with a 121.6% year-on-year growth in gross profit to RMB1,239.8 million, and a 184.8% year-on-year increase in adjusted net profit attributable to owners of the Company to RMB1,174.0 million. The Group's total backlog also increased by 71.2% from US$578.6 million as at December 31, 2023 to US$990.8 million as at December 31, 2024. The revenue to be generated from the backlog may take longer to receive at various development stages as it depends on the success rate and progress of the projects which may not be within the Group's control.

The Group's Services

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



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

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

Drug Discovery and Process Development

Drug Discovery

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

The Group has a cumulative total number of 681 projects in the drug discovery stage since inception through December 31, 2024, involving (i) discovery chemistry, (ii) conjugation discovery, (iii) in vitro and in vivo characterization, and (iv) developability study, being 254 projects more than the 427 projects as at December 31, 2023. Drug discovery projects are of fundamental strategic importance, as they enable the Group to establish and deepen relationships with client teams that are conducting cutting-edge research, which is expected to provide the Group with an increasing number of opportunities to compete for and win more cutting-edge XDC projects in addition to traditional ADC projects.

Early-stage Process Development

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

As at December 31, 2024, the Group has a total of 160 projects in the preclinical and phase I process development phase, involving (i) bioconjugate drug substance development, (ii) bioconjugate formulation process development and (iii) analytical method development, being 38 projects more than the 122 projects as at December 31, 2023.

Late-stage Development and Process Validation

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

As at December 31, 2024, the Group has a total number of 34 projects in phase II and beyond development and process validation, involving process optimization, process characterization and performance qualification, being 13 projects more than the 21 projects as at December 31, 2023. The increase in the number of projects was primarily due to the implementation of the "enable, follow and win the molecule" strategies, which has enabled several early-stage projects to advance into later stages and won new projects during the Reporting Period.

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

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

As at the date of this report, the Group operates domestic sites in Shanghai, Wuxi and Changzhou in China and offers fully integrated and end-to-end bioconjugates CRDMO service capabilities from drug discovery to commercialization, making the Group globally the leading CRDMO dedicated to ADCs and other bioconjugates that provides full-spectrum services.

Over the course of the past year, the Group further expanded its "All-in-One" manufacturing facility in Wuxi. The facility ramped up faster than originally anticipated and attained a 100% delivery success rate with the Group's efforts dedicated to delivering high-quality deliverables to global clients. The Group is able to better coordinate its development and manufacturing operations, manage the supply chain and ensure seamless technology transfer and quality assurance as compared to a typical fragmented third-party service network with services provided from geographically dispersed locations.

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

Site	Site Area (sq.m.)	Capacity
Current facilities		
Wuxi	58,749	**Conjugation Drug Substance ("XBCM") Production and Antibody Intermediates Production ("XmAb")** • XBCM1 facility with single-use reactor systems ranging from 5 liters to 500 liters and the redesigned reactor system with additional DS capacity which is expected to launch in 2025. • The dual function XmAb/XBCM2 ("**XBCM2 Line 1**") facility is designed with capacities ranging from 50 liters to 2,000 liters per batch for monoclonal antibody intermediates or 2,000 liters of drug substance per batch. A second line ("**XBCM2 Line 2**"), also with dual function design, commenced operation in November 2024.

Site	Site Area (sq.m.)	Capacity
		Conjugation Drug Product Production ("XDP") • XDP1 facility is designed to produce three million doses of bioconjugates per year in liquid or lyophilized form (3 million vials, lyophilizer 1x5 m^2 & 1x20 m^2). • XDP2 facility is designed to produce five million doses of bioconjugate drug products per year in liquid or lyophilized form (5 million vials, lyophilizer 1x5 m^2 & 2x20 m^2). • XDP3 facility is designed to produce seven million doses of bioconjugate drug products per year in liquid or lyophilized form (7 million vials, lyophilizer 2x30 m^2) and is expected to commence operation in second quarter of 2025. • XDP5 facility is designed to produce twelve million doses of bioconjugate drug products per year in liquid or lyophilized form (12 million vials, lyophilizer 4x30m^2) and is expected to commence operation in 2027. **Payload Linker ("XPLM")** • XPLM1 facility is designed as a kilogram-scale payload and linker production line.

Site	Site Area (sq.m.)	Capacity
Changzhou	819	**Payload Linker** • Laboratory with a field-tested containment design to safely handle highly potent compounds that are designated as OEB (occupational exposure band) 5-rated materials. • Equipped with reaction kettles for GMP-compliant production with capacity of up to 150 liters per batch, enabling the Group to produce payloads and linkers at a kilogram scale.
Shanghai Waigaoqiao	8,927	**Discovery Lab** • Laboratories for bioconjugate discovery and support functions. **Bioconjugate Process Development Lab** • Bioconjugate process development and analytical method development. Laboratory-scale sample preparation to pilot-scale manufacturing of ADCs and other bioconjugates.

Site	Site Area (sq.m.)	Capacity
New facility		
Singapore	22,000	**Conjugation Drug Substance Production** • Dual function XmAb/XBCM3 facility is designed with capacity to produce 50 liters to 2,000 liters per batch for monoclonal antibody intermediates, or up to 2,000 liters per batch for bioconjugate drug substance and is expected to commence operation by late 2025. • XBCM4 production line facility with capacity of up to 500 liters of bioconjugate drug substance per batch and is expected to commence operation by late 2025. **Conjugation Drug Product Production** • The XDP4 facility is designed to produce eight million doses of bioconjugates per year in liquid or lyophilized form with 200 to 300 vials per minute for liquid or lyophilized drug products (8 million vials, lyophilizer 1x10 m^2 & 2x30 m^2) and is expected to commence operation by mid 2026.

CMC Regulatory Support

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

Management Discussion and Analysis

Fully Integrated R&D Technology Platform

The Group is committed to providing cutting-edge conjugation technology, payload-linker technology, early-stage R&D and process development services to meet the diversified needs of its customers. During the Reporting Period, the Group has launched the upgraded proprietary version of the WuXiDARx™ technology, which potentially improves the homogeneity of ADC drugs with flexible DAR choices, enhances process stability, reduces drug development costs, enables more accurate assessment of the ADC clinical efficacy and better safety profile, and broadens the possibilities of different desired DARs of ADC drugs. As at December 31, 2024, the proprietary WuXiDARx™ platform has successfully facilitated customers to bring 7 ADC pipelines from preclinical stage to clinical stage.

In respect of payload-linker innovation, the Group has launched X-LinC technology, which serves as a highly stable connector, designed to improve ADC stability and therapeutic window. The Group is also developing its proprietary hydrophilic linker, an innovative linker designed to improve hydrophilicity and stability. Meanwhile, proprietary CPT payload as well as other novel payloads are also being developed.

In addition to the self-developed technology platform, the Group also collaborates with external partners to incorporate complementary ADC technologies.

Quality Management

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

All manufacturing operations of the Group are conducted in accordance with the GMP regulations of the FDA, the EMA and the NMPA. As at December 31, 2024, the Group has completed more than 137 GMP audits from global clients, including 16 audits by EU Qualified Persons. The Group believes that these certificates will help manifest the Group's premier quality system that meets global quality standards.

Achievements and Company Awards

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

As at December 31, 2023 and 2024, as the result of its "enable" strategy, the Group had cumulatively progressed 36 and 45 ADC candidates, respectively, from discovery to CMC development. As the result of the "win the molecule" strategy, among the 194 ongoing integrated projects the Group had as at December 31, 2024, 69 projects were transferred to the Group from its customers or their outsourcing service providers. The Group's diverse and growing customer base includes both innovative biotechnology companies and global pharmaceutical companies, many of which are leading players in the ADC and bioconjugate space with potentially first-in-class or best-in-class pipeline programs. The number of customers grew significantly from 345 in 2023 to 499 in 2024. Additionally, the Group's platform has achieved the highest number of IND approvals globally in 2024.

As at December 31, 2024, 13 out of the top 20 global pharmaceutical companies[1] partnered with the Group to develop ADCs or XDCs, which comprises approximately 32.0% of the Group's total revenue in 2024. Additionally, 60% of the large-scale China-to-global out-licensing deals in 2024 involving ADCs (deal value exceeding US$1 billion) were the Group's clients, which is a strong testament to the Group's leading position in the bioconjugate industry. As of the reporting date, all customers' out-license assets empowered by WuXi XDC are in active development.

As an industry recognition of its capabilities, the Company has won in the "Best Contract Development Manufacturing Organization (CDMO)" prize consecutively at the 2023 and 2024 World ADC Awards and multiple prestigious awards at the Asia-Pacific Biopharma Excellence Awards 2025.

1 The top 20 global pharmaceutical companies were ranked by their revenue in 2023.

Investor Relations

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

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

Environmental, Social and Governance

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

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

The Group is committed to continuously enhanced ESG governance and received an "A" rating in the Wind ESG rankings in 2024, reflecting the Group's exceptional performance in corporate responsibility, risk management, and ethical business conduct.

Future Outlook

Riding on the recent trend of transformative advancements in drug design and conjugation technologies, the ADC and bioconjugate drug market is at a growth inflection point. According to Frost & Sullivan, the global ADC drug market size is anticipated to grow at a CAGR of 30.3% from US$10.4 billion in 2023 to US$66.2 billion in 2030, which is considerably more rapid growth than the CAGR of 9.2% that is expected for the global biologics drug market during the same period.

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

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

Looking ahead, the Company intends to capture the market opportunities and burgeoning demands through the implementation of the following strategies:

- **Continue to execute projects with a high success rate and maintain high customer satisfaction**

  The Group is committed to deliver projects with a high success rate across global operations, ensuring exceptional customer satisfaction through reliable execution, proactive communication, and tailored solutions that meet or exceed customer expectations. The Group's goal is to consistently exceed its customer expectations by providing innovative solutions and tailor-made support, thereby fostering long-term partnerships and enhancing the Group's reputation in the industry.

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

  The Group will continue to expand its global footprint and capacity infrastructure. With operation expected to commence at the Singapore site by late 2025, the Group believes that its expansion plan will allow further integration of manufacturing functions, expedite timelines and facilitate quality assurance, enabling the Group to keep pace with the growing global demand for bioconjugate CRDMO services. The Group has been undergoing expansion of its capacity at the Wuxi site, with XDP3 and XDP5 currently under construction and expected to commence operation respectively in the second quarter of 2025 and in 2027. The Group also actively engaged in global talent acquisition, as it believes that talent retention is the key to excellence in the execution of plans and the further development of the Group.

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

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

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

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

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 90.8% from RMB2,123.8 million for the year ended December 31, 2023 to RMB4,052.3 million for the year ended December 31, 2024. This increase was primarily attributable to (i) the growth in the number of customers and projects, driven by continued active development of the global ADC and broader bioconjugates market, (ii) the increasing market share through the Group's established position as a leading ADC CRDMO service provider in that market, and (iii) the steady advancement of the Group's projects into later stages (which typically yield higher contract values).

Revenue by Geographic Coverage

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

	For the year ended December 31,			
	2024		2023	
Revenue[(1)]	**RMB'000**	**%**	RMB'000	%
— North America	**2,030,356**	**50.1%**	851,931	40.1%
— China	**1,048,454**	**25.9%**	661,318	31.1%
— Europe	**639,001**	**15.8%**	497,593	23.4%
— Others[(2)]	**334,509**	**8.2%**	112,997	5.4%
Total	**4,052,320**	**100.0%**	2,123,839	100.0%

Notes:

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

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

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

Revenue by Project Development Stage

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

	For the year ended December 31,			
	2024		2023	
Revenue	**RMB'000**	**%**	RMB'000	%
Pre-IND services	**1,675,643**	**41.4%**	926,774	43.6%
Post-IND services	**2,376,677**	**58.6%**	1,197,065	56.4%
Total	**4,052,320**	**100.0%**	2,123,839	100.0%

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

Revenue by Project Type

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

	For the year ended December 31,			
	2024		2023	
	RMB'000	**%**	RMB'000	%
ADC	**3,767,240**	**93.0%**	1,888,013	88.9%
Non-ADC	**285,080**	**7.0%**	235,826	11.1%
Total	**4,052,320**	**100.0%**	2,123,839	100.0%

As at December 31, 2024, the Group had 177 ADC integrated projects and 17 non-ADC integrated projects, accounting for respectively 91.2% and 8.8% of the total number of ongoing integrated projects as at the same date.

Cost of Sales

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

The cost of sales of the Group increased by 79.8% from RMB1,564.3 million for the year ended December 31, 2023 to RMB2,812.5 million for the year ended December 31, 2024, primarily due to increases in cost of raw materials, direct labor costs used in production and indirect production costs and overheads incurred in relation to antibodies master services, which are correlated with the Group's revenue growth.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 121.6% from RMB559.6 million for the year ended December 31, 2023 to RMB1,239.8 million for the year ended December 31, 2024. The Group's gross profit margin increased from 26.3% for the year ended December 31, 2023 to 30.6% for the year ended December 31, 2024. The increase in the gross profit and gross profit margin is primarily attributable to (i) further improving capacity utilization rate of the production line including the swift ramp-up of the new production line (XBCM2 Line 1), (ii) the enhanced overall operation and manufacturing efficiency of the Group, (iii) the continuous efforts in cost control, and (iv) the continuous efforts in procurement strategy optimization.

Selling and Marketing Expenses

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

The selling and marketing expenses of the Group increased by 268.5% from RMB15.2 million for the year ended December 31, 2023 to RMB56.1 million for the year ended December 31, 2024, primarily due to the Group's continued investments in its selling and marketing talents and an increase in share-based payment expenses during the Reporting Period.

Administrative Expenses

The administrative expenses of the Group mainly consist of (i) labor cost for the administrative personnel, (ii) logistics and accommodation expenses, (iii) depreciation and amortization, (iv) professional service fees, and (v) other administrative expenses primarily maintenance expense and utilities.

The administrative expenses of the Group increased by 32.5% from RMB124.0 million for the year ended December 31, 2023 to RMB164.2 million for the year ended December 31, 2024, primarily due to an increase in labor cost for the Group's increase in headcount and average compensation level of its administrative personnel and management.

Research and Development Expenses

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

The research and development expenses of the Group increased by 30.0% from RMB76.9 million for the year ended December 31, 2023 to RMB100.0 million for the year ended December 31, 2024, primarily due to (i) an increase in cost of raw materials as a result of increase in material procurement for research and development activities driven by strong business growth, and (ii) an increase in labor cost.

Finance Costs

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

The finance costs of the Group increased by 331.9% from RMB0.7 million for the year ended December 31, 2023 to RMB3.2 million for the year ended December 31, 2024, primarily due to an increase in interest expense arising from bank borrowings.

Other Income

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

The other income of the Group increased by 149.1% from RMB92.3 million for the year ended December 31, 2023 to RMB229.9 million for the year ended December 31, 2024, primarily due to an increase in interest income from banks, primarily attributable to the increase in bank deposits and term deposits with banks which resulted from the net proceeds received from the Global Offering.

Other Gains and Losses

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

The Group recorded net other losses of RMB43.9 million for the year ended December 31, 2023 and recorded net other gains of RMB80.4 million for the year ended December 31, 2024, primarily due to net foreign exchange gains for the year ended December 31, 2024, which in turn primarily consisted of realized foreign exchange gains resulting from strengthening of the U.S. dollar and its impact on the Group's receivables from customers and bank balances and term deposits that are denominated in U.S. dollars.

Impairment Losses Under ECL Model, Net of Reversal

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

The Group reversed Impairment Losses of RMB22.0 million for the year ended December 31, 2023, primarily due to the subsequent repayment of trade receivables by certain customers. The Group recognized Impairment Losses of RMB6.9 million for the year ended December 31, 2024, primarily due to an increase in trade and other receivable which are in line with the Group's revenue growth.

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

Income Tax Expense

The income tax expenses of the Group increased by 97.4% from RMB76.1 million for the year ended December 31, 2023 to RMB150.2 million for the year ended December 31, 2024, which is in line with the increment of profit before tax. The effective tax rate of the Group decreased from 21.2% for the year ended December 31, 2023 to 12.3% for the year ended December 31, 2024, mainly due to additional subsidiaries of the Group having qualified for a lower Enterprise Income Tax rate for the Reporting Period.

Net Profit and Net Profit Margin

As a result of the foregoing, the net profit of the Group increased by 277.2% from RMB283.5 million for the year ended December 31, 2023 to RMB1,069.6 million for the year ended December 31, 2024. The significant growth in the Group's net profit during the Reporting Period is generally in line with the Group's revenue and business growth (after taking into account the effects of non-recurrent listing expenses and non-cash share-based compensation). The net profit margin of the Group increased from 13.4% for the year ended December 31, 2023 to 26.4% for the year ended December 31, 2024, primarily due to the increase in gross profit margin, enhancement in operation efficiency, continuous effective cost control measures, and increased interest income.

Adjusted Net Profit and Adjusted Net Profit Margin

The adjusted net profit of the Group increased by 184.8% from RMB412.3 million for the year ended December 31, 2023 to RMB1,174.0 million for the year ended December 31, 2024. Adjusted net profit margin was 29.0% for the year ended December 31, 2024, increased from 19.4% for the year ended December 31, 2023. The adjusted net profit before interest income and expense of the Group increased by 171.3% from RMB365.6 million for the year ended December 31, 2023 to RMB992.0 million for the year ended December 31, 2024.

Basic and Diluted Earnings Per Share

The basic earnings per share of the Group increased by 217.9% from RMB0.28 for the year ended December 31, 2023 to RMB0.89 for the year ended December 31, 2024. The diluted earnings per share of the Group increased by 219.2% from RMB0.26 for the year ended December 31, 2023 to RMB0.83 for the year ended December 31, 2024. The increase in basic and diluted earnings per share was primarily due to the increase in the net profit resulting from the strong business growth of the Group as discussed above.

Property, Plant and Equipment

The balance of the property, plant and equipment of the Group increased by 118.6% from RMB1,246.2 million as at December 31, 2023 to RMB2,724.5 million as at December 31, 2024, primarily due to (i) an increase in value of construction in progress as a result of construction of the new facility at the Singapore site, (ii) an increase in leasehold improvements, and (iii) an increase in machinery in connection with the Wuxi site.

Investment Property

The balance of investment property of the Group decreased by 3.2% from RMB12.4 million as at December 31, 2023 to RMB12.0 million as at December 31, 2024, primarily due to depreciation on a straight-line basis.

Goodwill

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

Intangible Assets

The intangible assets of the Group mainly include customer relationships and licenses.

Intangible assets decreased by 15.5% from RMB52.9 million as at December 31, 2023 to RMB44.7 million as at December 31, 2024, following the regular amortization schedule during the Reporting Period.

Inventories

The inventories of the Group mainly include raw materials, pharmaceutical intermediates and consumables. The inventory level of the Group increased by 153.6% from RMB46.8 million as at December 31, 2023 to RMB118.7 million as at December 31, 2024, primarily representing inventory stocked up for the timely fulfilment of strong client demands and inventory consumed for the research and development and manufacturing activities.

Trade and Other Receivables

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

The trade and other receivables of the Group increased by 88.3% from RMB956.4 million as at December 31, 2023 to RMB1,800.5 million as at December 31, 2024, primarily attributable to receivables from contracts with third parties, which is in line with the business growth of the Group.

Contract Assets

Contract assets increased by 153.3% from RMB31.1 million as at December 31, 2023 to RMB78.7 million as at December 31, 2024, which is in line with the business growth of the Group.

Contract Costs

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

The contract costs of the Group increased by 14.7% from RMB113.7 million as at December 31, 2023 to RMB130.4 million as at December 31, 2024, which is generally in line with the business growth of the Company.

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

The financial assets at FVTPL primarily consisted of the investments in wealth management products of the Group. The Group had nil financial assets at FVTPL as at December 31, 2023 and had financial assets at FVTPL of RMB433.5 million as at December 31, 2024. This increase was primarily attributable to the Group placement of wealth management products during the Reporting Period.

Trade and Other Payables

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

The trade and other payables of the Group increased by 53.9% from RMB915.4 million as at December 31, 2023 to RMB1,408.9 million as at December 31, 2024, primarily due to the increases in trade payables for the purchase for raw materials and consumables, which are generally in line with the Group's business growth.

Contract Liabilities

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

Contract liabilities increased by 53.6% from RMB328.3 million as at December 31, 2023 to RMB504.3 million as at December 31, 2024, which is generally in line with the business growth of the Group.

Liquidity and Capital Resources

Bank balances and cash and time deposits decreased by 12.5% from RMB4,047.6 million as at December 31, 2023 to RMB3,539.8 million as at December 31, 2024, primarily due to the cash used in investing for capital expenditures and for financial assets at FVTPL. Taking into account the financial resources available to the Group, the Directors are of the view that the Group has sufficient working capital to meet its present requirements.

Treasury Policy

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

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

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2024, there was no significant investment held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Indebtedness

Borrowings

The Group had borrowings of RMB478.0 million as at December 31, 2024 as compared to nil as at December 31, 2023. Such borrowings were from reputable banks.

Contingent Liabilities and Guarantees

As at December 31, 2024, the Group did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, liabilities under acceptance or acceptance credits, or other similar indebtedness, material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings divided by total equity and multiplied by 100%. Gearing ratio was not applicable as at December 31, 2023 since the Group did not have any borrowings, and was 7.2% as at December 31, 2024, mainly due to the Group having made borrowing from reputable banks.

Currency Risk

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

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

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

Non-IFRS Measures

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

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

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

Adjusted Net Profit (non-IFRS measure)

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Net Profit	**1,069,622**	283,538
Add:		
Listing expenses	**–**	53,578
Share-based compensation expense	**104,383**	75,153
Adjusted Net Profit (non-IFRS measure)(Note)	**1,174,005**	412,269
Margin of Adjusted Net Profit (non-IFRS measure)	**29.0%**	19.4%
Adjusted Net Profit Attributable to Owners of the Company (non-IFRS measure)	**1,174,005**	412,269
Margin of Adjusted Net Profit Attributable to Owners of the Company (non-IFRS measure)	**29.0%**	19.4%

	RMB	RMB
Adjusted Earnings Per Share (non-IFRS measure)		
— Basic	**0.98**	0.40
— Diluted	**0.91**	0.38
Net Profit	**1,069,622**	283,538
Less:		
Interest income	**185,186**	47,363
Add:		
Interest expense	**3,205**	742
Adjusted Net Profit Before Interest Income and Expense (non-IFRS measure)[(Note)]	**992,024**	365,648
Margin of Adjusted Net Profit Before Interest Income and Expense (non-IFRS measure)	**24.5%**	17.2%

Note:

In order to better reflect the key performance of the Group's current business and operations, the adjusted net profit is calculated as the net profit excluding listing expenses (a non-recurring item) of nil (year ended December 31, 2023: listing expenses of RMB53.6 million), and share-based compensation (a non-cash item) of RMB104.4 million (year ended December 31, 2023: share-based compensation of RMB75.2 million); whereas the adjusted net profit before interest income and expense is calculated as the net profit excluding interest income (a non-operating item which includes interest income from bank balances, short-term bank deposits and time deposits) of RMB185.2 million (year ended December 31, 2023: interest income from bank balances, short-term bank deposits and time deposits of RMB47.4 million) while including interest expense of RMB3.2 million (year ended December 31, 2023: interest expense of RMB0.7 million).

EBITDA and Adjusted EBITDA (non-IFRS measure)

	Year ended December 31,	
	2024 RMB'000	2023 RMB'000
Net Profit	**1,069,622**	283,538
Add:		
Income tax expense	**150,169**	76,074
Depreciation and amortization	**110,388**	59,513
Finance costs	**3,205**	742
Less:		
Interest income from banks	**(185,186)**	(47,363)
EBITDA (non-IFRS measure)	**1,148,198**	372,504
EBITDA Margin (non-IFRS measure)	**28.3%**	17.5%
Add:		
Listing expenses	**–**	53,578
Share-based compensation expense	**104,383**	75,153
Adjusted EBITDA (non-IFRS measure)(Note)	**1,252,581**	501,235
Adjusted EBITDA Margin (non-IFRS measure)	**30.9%**	23.6%

Note:

The adjusted EBITDA is a non-IFRS financial measure and is calculated as the EBITDA excluding listing expenses (a non-recurring item) of nil (year ended December 31, 2023: listing expenses of RMB53.6 million), and share-based compensation (a non-cash item) of RMB104.4 million (year ended December 31, 2023: share-based compensation of RMB75.2 million).

Employee and Remuneration Policies

As at December 31, 2024, the Group employed a workforce totaling 2,041 employees. The staff costs, including Directors' emoluments but excluding any contributions to (i) retirement benefit scheme contributions, and (ii) share-based payment expenses, were RMB501.0 million for the year ended December 31, 2024, as compared to RMB260.5 million for the year ended December 31, 2023. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees.

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

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

The Group also makes contributions to social insurance funds, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve funds as applicable to the countries where the Group operates.

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

Final Dividend

The Board does not recommend any payment of final dividend for the year ended December 31, 2024.

KEY EVENTS AFTER THE REPORTING PERIOD

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

On April 14, 2025, the Company granted a total of 5,387,735 restricted Shares to 287 grantees under the 2024 Share Scheme. For details of the grant, please refer to the announcement of the Company dated April 14, 2025.

Directors and Senior Management

DIRECTORS

Executive Directors

Dr. Jincai Li (李錦才), aged 52, has been a Director since the incorporation of the Company in December 2020, and re-designated as an executive Director and appointed as the chief executive officer of the Company since June 2023. He is primarily responsible for formulating overall strategic plans, business development and daily operations of the Group. Dr. Li has over 20 years of experience in biologics process development, scale-up and cGMP manufacturing. Under his leadership, the Group became a leading ADC and bioconjugates CRDMO, which was recognized by the 2022 World ADC Awards' Runner Up prize in the "Best CMO Provider" category and the winner of the 2023 World ADC Awards' prize in the "Best Contract Development Manufacturing Organization (CDMO)" category. Throughout 2021 and 2022, Dr. Li spearheaded the integration of the ADC capabilities into the Group and accumulatively his team had completed more than 40 ADCs/bioconjugates IND filings in China, US and Europe.

Dr. Li obtained a bachelor's degree in chemical engineering and technology and minor in chemistry from Tsinghua University (清華大學) in China in July 1996 and obtained a doctoral degree majoring in chemical and biochemical engineering from University of Maryland Baltimore County in the United States in August 2001.

Mr. Jerry Jingwei Zhang (張靖偉), aged 57, has been an executive Director and the chief operating officer of the Company since April 2023. He is primarily responsible for managing the supply chain and operation supports and capacity expansion of the Group. Mr. Zhang has over 25 years of experience in the biotech industry.

Mr. Zhang obtained his bachelor's degree in biomedical science from Nankai University (南開大學) in China in July 1990 and received his master's degree in business administration from New York University, Stern School of Business in the United States in May 2002.

Mr. Xiaojie Xi (席曉捷), aged 50, has been an executive Director since June 2023 and the chief financial officer and company secretary of the Company since May 2023 and November 2023, respectively. Mr. Xi is primarily responsible for overseeing the overall financial management, financial matters and strategic development of the Group. He brings over 18 years of financial industry experience in the United States and China to the Company, including investment banking and private equity investment with many public and private companies.

Mr. Xi obtained his bachelor's degree in biochemistry from Wuhan University (武漢大學) in China in 1997 and obtained his master's degree in science from Rutgers, The State University of New Jersey in the United States in 2002. He further obtained his MBA degree with distinction from New York University, Stern School of Business in the United States in 2008.

Non-executive Directors

Dr. Zhisheng Chen (陳智勝), aged 52, has been a Director since the incorporation of the Company in December 2020 and was re-designated as a non-executive Director since June 2023. He was appointed as the chairman of the Board in May 2021. Dr. Chen is primarily responsible for providing overall guidance on the business, strategy and corporate development of the Group. Dr. Chen has been an executive director of WuXi Biologics since February 2014. He has over 20 years of experience in the biotech industry.

Dr. Chen obtained a bachelor's degree in chemical engineering and technology from Tsinghua University (清華大學) in China in July 1994 and a doctoral degree in chemical engineering from University of Delaware in the United States in August 2000. In November 2018, Dr. Chen was appointed by International Society for Pharmaceutical Engineering (ISPE) to serve on the International Board of Directors.

Dr. Weichang Zhou (周偉昌), aged 61, has been a Director since December 2020 and was re-designated as a non-executive Director since June 2023. He is primarily responsible for providing guidance on corporate strategy and governance to the Group. Dr. Zhou was formerly an executive director of WuXi Biologics from May 2016 until March 2024 and has been a non-executive director of WuXi Biologics since March 2024. He has around 30 years of experience in the biotech industry.

Dr. Zhou obtained a bachelor's degree in organic chemical engineering from Jiangxi University of Technology (江西工學院) in China in July 1982 and obtained a doctoral degree in chemical engineering from the University of Hannover in Germany in 1989 and conducted postdoctoral research at the German Association of Chemical Engineering and Biotechnology, Swiss Federal Institute of Technology Zurich, and the University of Minnesota.

Ms. Ming Shi (施明), aged 50, has been a non-executive Director since June 2023. She is primarily responsible for providing guidance on corporate strategy and governance to the Group. Ms. Shi has had over 20 years of management experience in the fields of finance, business development and operations.

Ms. Shi obtained her bachelor's degree in international finance from the International Business School of Shanghai University (上海大學國際商學院) in China in July 1997. She has been a member of the Chinese Institute of Certified Public Accountants since September 2016 and a graduate of GE's Executive Financial Leadership Program (EFLP).

Directors and Senior Management

Independent Non-Executive Directors

Dr. Ulf Grawunder, aged 60, has been an independent non-executive Director since November 2023. He is primarily responsible for supervising and providing independent judgment to the Board. Dr. Grawunder is an experienced Swiss life-science entrepreneur with over 20 years of experience in the therapeutic antibody development industry.

Dr. Grawunder obtained his bachelor's degree in biochemistry in October 1988 and his master's degree in Biochemistry in July 1991, both from the University of Bayreuth, Germany. He subsequently obtained his doctoral degree in cell biology from the University of Basel in Switzerland in July 1994. In addition, Dr. Grawunder holds a diploma in Technology Entrepreneurship from the University St. Gallen, School of Business in Switzerland.

Mr. Kenneth Walton Hitchner III, aged 65, has been an independent non-executive Director since November 2024. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Hitchner has more than 30 years of experience in corporate finance. He served as the Chairman and Chief Executive Officer of The Goldman Sachs Group, Inc. in Asia Pacific Ex-Japan before his retirement in 2019. He was also a member of Goldman Sachs' Management Committee and co-chaired its Asia Pacific Management Committee. Previously, Mr. Hitchner served as President of Goldman Sachs in Asia Pacific Ex-Japan from 2013 to 2017. Prior to relocating to Hong Kong, he was global head of Goldman Sachs' Healthcare Banking Group and global co-head of its Technology, Media and Telecom Group. He was named managing director in 2000 and partner in 2002. He became head of the global medical device banking practice in 1998 and head of the global pharmaceutical banking practice in 2001. He began his career with Goldman Sachs' Corporate Finance Department in 1991. Mr. Hitchner has been serving as a director of the alternative investment management firm Elements Advisors SPV since May 2020. He has joined Global Advisory Board of the global early-stage venture capitalist Antler since January 2021. He has also been serving as a senior advisor of WuXi AppTec since February 2020. From January 2021 to October 2022, Mr. Hitchner served as an independent non-executive director of Provident Acquisition Corp., a company listed on NASDAQ and delisted in October 2022. Since February 11, 2021, Mr. Hitchner has also been serving as the chairman of the board of HH&L Acquisition Co., a company listed on the New York Stock Exchange (stock code: HHLA) and delisted in 2024. Mr. Hitchner has been serving as an independent non-executive director of WuXi Biologics since June 9, 2020 and as a non-executive director of CStone Pharmaceuticals (stock code: 2616) since December 10, 2021.

Mr. Hitchner obtained a bachelor's degree in arts from the University of Colorado in 1982 and a master's degree in business administration (MBA) as a merit fellow from Columbia University Business School in 1992.

Mr. Hao Zhou, aged 49, has been an independent non-executive Director since November 2023. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Zhou has served as an independent non-executive director of Angelalign Technology Inc. a company listed on the Stock Exchange (stock code: 6699) since April 2023, an independent non-executive director of Bairong Inc., a company listed on the Stock Exchange (stock code: 6608) since March 2021 and an independent non-executive director of Meitu, Inc., a company listed on the Stock Exchange (stock code: 1357) since 2016.

Mr. Zhou obtained his bachelor's degree from the Shanghai International Studies University (上海外國語大學) in the PRC in July 1998.

SENIOR MANAGEMENT

For the biographies of Dr. Jincai Li (李錦才), Mr. Jerry Jingwei Zhang (張靖偉) and Mr. Xiaojie Xi (席曉捷), please refer to "Directors — Executive Directors" above.

Dr. Marie Meiying Zhu (朱梅英), aged 60, has been the chief technology officer of the Company since July 2023. She is primarily responsible for early discovery of new drugs, drug-linkers, and novel conjugation technologies and leading CMC development of ADC drugs. Dr. Zhu is a well-regarded expert and executive with over 28 years of drug development experience in the biotech industry.

Dr. Zhu obtained his bachelor's degree in chemical engineering from Tsinghua University (清華大學) in China in July 1987 and later obtained her master's degree in chemical engineering from Illinois Institute of Technology in the United States in December 1991. In May 1999, Dr. Zhu earned her doctoral degree in chemical engineering from the University of Wisconsin-Madison in the United States.

Dr. Jianjun Luo (羅建軍), aged 58, has been the vice president of the Company since June 2023. He is primarily responsible for supervising ADC conjugate and drug product manufacturing of the Group. Dr. Luo has over 30 years of experience in the biopharmaceuticals industry.

Dr. Luo obtained a bachelor's degree in chemical engineering from Beijing University of Chemical Technology (北京化工大學) in July 1988 and a master's degree in chemical engineering from Institute of Process Engineering, Chinese Academy of Sciences (中國科學院過程工程研究所) in July 1991. In May 2002, Dr. Luo obtained a doctoral degree in chemical engineering from Dalhousie University in Canada.

Directors' Report

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

PRINCIPAL ACTIVITIES

The Group is principally engaged in research, discovery, development and manufacturing of the drug substances and drug products of antibody drug conjugates and other bioconjugates.

A list of the Company's subsidiaries, together with their places of incorporation, principal activities and particulars of their issued shares/paid up capital, is set out in note 38 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business are set out in the sections headed "CEO Statement" on pages 4 to 6 of this annual report, "Financial Summary" on page 7 of this annual report, and "Management Discussion and Analysis" on pages 8–39 of this annual report. The financial risk management objectives and policies of the Group are set out in note 32 to the consolidated financial statements in this annual report. All the above sections shall form an integral part of this Directors' report.

DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this Director's report were:

Executive Directors:

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

Non-executive Directors:

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

Independent Non-executive Directors:

Dr. Ulf Grawunder
Mr. Stewart John Hen *(resigned on November 21, 2024)*
Mr. Kenneth Walton Hitchner III *(appointed on November 21, 2024)*
Mr. Hao Zhou

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 40–43 of this annual report.

SERVICE CONTRACTS OF THE DIRECTORS

On October 30, 2023, each of the executive Directors and non-executive Directors has entered into a three-year service contract with the Company effective from November 17, 2023, subject to termination before expiry by either party giving not less than three months' notice in writing to the other.

On October 30, 2023, the independent non-executive Directors, Dr. Ulf Grawunder and Mr. Hao Zhou have signed a letter of appointment with the Company for a term of three years effective from November 17, 2023, subject to termination before expiry by either party giving not less than three months' notice in writing to the other.

On November 21, 2024, an independent non-executive Director, Mr. Kenneth Walton Hitchner III has signed a letter of appointment with the Company for a term of three years effective from November 21, 2024, subject to termination before expiry by either party giving not less than one month's notice in writing to the other. Mr. Kenneth Walton Hitchner III is also subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, none of the Directors has entered, or proposes to enter, into a service contract with the Company during the year ended December 31, 2024.

REMUNERATION OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in note 11 to the consolidated financial statements in this annual report.

During the year ended December 31, 2024, none of the Directors and the five highest paid individuals of the Group (i) received any emolument from the Group as an inducement to join or upon joining the Group; (ii) received any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the schemes.

The employees of the Group's subsidiaries are members of the state-managed retirement benefits schemes operated by government. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

Details of the retirement and employee benefits scheme of the Company are set out in notes 31 and 33 to the consolidated financial statements, respectively.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

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

Mr. Stewart John Hen ceased to be an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Strategy Committee of the Company, in November 2024.

Mr. Kenneth Walton Hitchner III was appointed as an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Strategy Committee of the Company, in November 2024.

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence during the year ended December 31, 2024, in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

NON-COMPETITION UNDERTAKING

As disclosed in the Prospectus, WuXi Biologics has entered into a deed of non-competition with the Company dated October 30, 2023 (the "**Deed of Non-Competition**") pursuant to which, WuXi Biologics shall not and shall procure its close associates (except any member of the Group) not to, directly or indirectly (whether in the capacity of principal or agent, whether for its own benefit or jointly with or on behalf of any person, firm or company), commence, engage in, participate in or acquire any business (other than the Group business) which competes or may compete directly or indirectly with the Group Core Business ("**Restricted Business**") and further undertaken that during the restricted period, WuXi Biologics shall and shall procured its associates (except any member of the Group) to offer and make referral to any new business investment or other business opportunity ("**New Business Opportunity**") relating to the Restricted Business to the Company first when such New Business Opportunity is identified or made available and inform the Group such New Business Opportunity in writing. Please refer to the Prospectus for details of the Deed of Non-Competition.

The Company has received the annual confirmation that WuXi Biologics has complied with the Deed of Non-Competition during the Reporting Period. No New Business Opportunity was informed by WuXi Biologics as at December 31, 2024.

The independent non-executive Directors have reviewed the implementation of the Deed of Non-Competition during the Reporting Period, according to the information and confirmation provided by or obtained from WuXi Biologics and are satisfied that WuXi Biologics has duly complied with the Non-competition Undertaking.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed in this annual report, as at December 31, 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there was no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or any of his/her connected entities had a material interest, whether directly or indirectly, subsisted during or at the end of the Reporting Period.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there was no contract of significance (whether for the provision of services to the Group or otherwise) in relation to the Group's business to which the Company, or any of its subsidiaries was a party and in which any Controlling Shareholder or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted during or at the end of the Reporting Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions for the year ended December 31, 2024 were set out in note 35 to the consolidated financial statements. Details of any related party transaction which constitute continuing connected transaction not exempted from annual reporting requirement under Chapter 14A of the Listing Rules are disclosed below.

CONTINUING CONNECTED TRANSACTIONS

The following transactions of the Group constitute the continuing connected transactions of the Company for the year ended December 31, 2024.

Connected Persons

The following parties with whom the Company has entered into transactions are regarded as its connected persons under the Listing Rules:

WuXi Biologics is one of the Company's Controlling Shareholders, directly holding approximately 50% of the total issued share capital of the Company as of December 31, 2024. Accordingly, WuXi Biologics is the Company's connected person for the purposes of connected transactions under Chapter 14A of the Listing Rules.

WuXi Biologics Co., Ltd is an indirectly wholly-owned subsidiary of WuXi Biologics, and WuXi Biologics Co., Ltd is the Company's connected person for the purposes of connected transactions under Chapter 14A of the Listing Rules.

WuXi AppTec is one of the Company's Controlling Shareholders, indirectly holding 98.23% equity interest of STA, which wholly owns STA Pharmaceutical, and STA Pharmaceutical directly holding approximately 30.33% of the total issued share capital of the Company as of December 31, 2024. Accordingly, WuXi AppTec is the Company's connected person for the purposes of connected transactions under Chapter 14A of the Listing Rules.

STA Changzhou is indirectly held as to 98.56% equity interest by WuXi AppTec, and therefore is a non-wholly owned subsidiary of WuXi AppTec. Accordingly, STA Changzhou is the Company's connected person for the purposes of connected transactions under Chapter 14A of the Listing Rules.

1. *Antibodies Master Services Agreement*

On November 3, 2023, the Company entered into the antibodies master services agreement with WuXi Biologics (the "**Antibodies Master Services Agreement**"), pursuant to which the Remaining WXB Group will provide certain development, manufacturing and quality testing services in relation to antibody intermediates (e.g., mAbs) for use in provision of the Group's CRDMO services. The term of the Antibodies Master Services Agreement commenced from November 17, 2023 and expire on December 31, 2025. For details, please refer to the Prospectus.

On October 25, 2024, as considered and approved at the extraordinary general meeting of the Company, the Company adopted the revision of annual caps in respect of the transactions under the Antibodies Master Services Agreement. Pursuant to which, the annual caps under the Antibodies Master Services Agreement for the two years ended December 31, 2024 and 2025 have been revised to RMB2,000 million and RMB2,000 million, respectively. Save for the aforesaid amendments, all other terms and conditions of the Antibodies Master Services Agreement remained unchanged. For details, please refer to the circular of the Company dated October 9, 2024 and the poll results announcement of the Company dated October 25, 2024.

For the two years ended December 31, 2024 and 2025, the total amounts payable by the Group to the Remaining WXB Group for transactions contemplated under the Antibodies Master Services Agreement are subject to the annual caps of RMB2,000.0 million and RMB2,000.0 million, respectively. The actual amount incurred during the Reporting Period was RMB1,649.9 million.

2. Raw Materials Procurement Services Agreement

On November 3, 2023, the Company entered into the raw materials procurement services agreement with WuXi Biologics (the "**Raw Material Procurement Services Agreement**"), pursuant to which the Group will procure certain ADC/conjugate-related raw materials (e.g., inner package material, ultrafiltration membrane package and joints and tubes) together with the ancillary logistics and warehousing services, material testing and quality control services from the Remaining WXB Group. The term of the Raw Material Procurement Services Agreement commenced from November 17, 2023 and expire on December 31, 2025. For details, please refer to the Prospectus.

On April 26, 2024, the Board has resolved to revise the original annual caps in respect of the transactions under the Raw Materials Procurement Services Agreement. Pursuant to which, the revised annual caps under the Raw Materials Procurement Services Agreement for the two years ended December 31, 2024 and 2025 have been revised to RMB80.0 million and RMB75.0 million, respectively. Save for the aforesaid amendments, all other terms and conditions of the Raw Materials Procurement Services Agreement remained unchanged. For details, please refer to the announcement of the Company dated April 26, 2024.

For the two years ended December 31, 2024 and 2025, the total transaction amounts payable by the Group for the raw materials and related services under the Raw Materials Procurement Services Agreement are subject to the annual caps of RMB80.0 million and RMB75.0 million, respectively. The actual amount incurred during the Reporting Period was RMB52.0 million.

3. Project Management Services Agreement

On November 3, 2023, the Company entered into the project management services framework agreement with WuXi Biologics (the "**Project Management Services Agreement**"), pursuant to which the Remaining WXB Group will provide certain project management services in relation to the preliminary planning, design and construction of new facilities (e.g., at Wuxi and Singapore) to the Group. The term of the Project Management Services Agreement commenced from November 17, 2023 and expire on December 31, 2025. For details, please refer to the Prospectus.

For the two years ended December 31, 2024 and 2025, the total amounts payable by the Group for the project management services to be provided under the Project Management Services Agreement are subject to the annual caps of RMB50.0 million and RMB55.0 million, respectively. The actual amount incurred during the Reporting Period was RMB48.3 million.

4. ***Overseas Technical Support Services Agreement***

On November 3, 2023, the Company entered into the overseas technical support services framework agreement with WuXi Biologics (the "**Overseas Technical Support Services Agreement**"), pursuant to which the CMC (chemistry, manufacturing and controls) professionals of the Remaining WXB Group will provide CMC services in relation to the life cycle of ADC in overseas jurisdictions (e.g., the United States and Europe) to the Group. The CMC services provided by the Remaining WXB Group are mainly related to overseas business development services (i.e., securing new sales orders from potential clients/partners) and customer support services (i.e., advising existing clients/partners when their projects encounter any particular difficulties and providing them technical information on such projects). The term of the Overseas Technical Support Services Agreement commenced from November 17, 2023 and expire on December 31, 2025. For details, please refer to the Prospectus.

For the two years ended December 31, 2024 and 2025, the total amounts payable by the Group for the overseas technical support services to be provided under the Overseas Technical Support Services Agreement are subject to the annual caps of RMB9.6 million and RMB4.8 million, respectively. The actual amount incurred during the Reporting Period was RMB6.7 million.

5. ***ADC Master Services Agreement***

On November 3, 2023, the Company entered into the ADC master services framework agreement with WuXi Biologics (the "**ADC Master Services Agreement**"), pursuant to which the Group will provide certain discovery, research and development and manufacturing services in relation to ADCs to the Remaining WXB Group pursuant to certain ADC CRDMO contracts entered into by the Remaining WXB Group with clients/partners prior to January 2023. The term of the ADC Master Services Agreement commenced from November 17, 2023 and expire on December 31, 2025. For details, please refer to the Prospectus.

For the two years ended December 31, 2024 and 2025, the total amounts payable by the Remaining WXB Group for the ADC CRDMO services under the ADC Master Services Agreement are subject to the annual caps of RMB96.0 million and RMB41.0 million, respectively. The actual amount incurred during the Reporting Period was RMB93.8 million.

6. General Services Agreement

On November 3, 2023, the Company entered into the general services framework agreement with WuXi Biologics (the "**General Services Agreement**"), pursuant to which the Remaining WXB Group will provide certain general services in relation to, among others, business development, public relations, human resources, information technology as well as other administrative and general supporting services, to the Company. The term of the General Services Agreement commenced from November 17, 2023 and expire on December 31, 2025. For details, please refer to the Prospectus.

On August 26, 2024, the Board has resolved to revise the original annual caps in respect of the transactions under the General Services Agreement. Pursuant to which, the revised annual caps under the General Services Agreement for the two years ended December 31, 2024 and 2025 have been revised to RMB20.0 million and RMB20.0 million, respectively. Save for the aforesaid amendments, all other terms and conditions of the General Services Agreement remained unchanged. For details, please refer to the announcement of the Company dated August 26, 2024.

For the two years ended December 31, 2024 and 2025, the total amounts payable by the Group for the general services are subject to the annual caps of RMB20.0 million and RMB20.0 million, respectively. The actual amount incurred during the Reporting Period was RMB16.7 million.

7. WXB Property Lease

On November 3, 2023, the Company entered into the property lease agreement with WuXi Biologics Co., Ltd. (the "**WXB Property Lease**"), pursuant to the WXB Property Lease, the Group agreed to lease a premise located at Plant No. 2, 11 Xinhui Ring Road, Wuxi with a total gross area of approximately 2,690.5 sq.m. to WuXi Biologics Co., Ltd. as an assembly line for biologics-related consumables. The term of WXB Property Lease commenced from November 17, 2023 and expire on December 31, 2025. For details, please refer to the Prospectus.

For the two years ended December 31, 2024 and 2025, the total rental amounts payable by WuXi Biologics Co., Ltd. to the Group under the WXB Property Lease are subject to the annual caps of RMB5.0 million and RMB5.0 million, respectively. The actual amount incurred during the Reporting Period was RMB0.9 million.

8. Payload-Linkers Master Services Agreement

On November 3, 2023, the Company entered into the payload-linkers master services framework agreement with WuXi AppTec (the "**Payload-Linkers Master Services Agreement**"), pursuant to which the WXAT Group will provide research and development and manufacturing services in relation to payload-linkers and supply the related intermediate products to the Group for use in its ADC CRDMO services. The term of the Payload-Linkers Master Services Agreement commenced from November 17, 2023 and expire on December 31, 2025. For details, please refer to the Prospectus.

For the two years ended December 31, 2024 and 2025, the total amounts payable by the Group to the WXAT Group under the Payload-Linkers Master Services Agreement are subject to the annual caps of RMB182.0 million and RMB168.0 million, respectively. The actual amount incurred during the Reporting Period was RMB142.6 million.

9. WXAT Property Lease

On November 3, 2023, the Company entered into the property lease with STA Changzhou (the "**WXAT Property Lease**"), pursuant to which the Company leases from STA Changzhou the premises with a total area of approximately 820 sq.m. located at No. 589 North Yulong Road, Xinbei District, Changzhou City, Jiangsu Province, the PRC, for laboratory and office use in relation to the payload-linkers development. STA Changzhou has also agreed to provide certain general supporting services (e.g., parking, security and cleaning services) in relation to the leased premises to the Company. The term of the WXAT Property Lease commenced from November 17, 2023 and expire on December 31, 2024. For details, please refer to the Prospectus.

For the year ended December 31, 2024, the total rentals and service fees payable by the Company to STA Changzhou under the WXAT Property Lease is subject to the annual cap of RMB4.0 million. The actual amount incurred during the Reporting Period was RMB2.3 million.

During the Reporting Period, pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that such transactions were:

(i) entered into in the ordinary and usual course of business of the Group;

(ii) conducted on terms no less favourable to the Group than terms available to or from independent third parties; and

(iii) conducted in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Deloitte Touche Tohmatsu, the auditor of the Company, has performed certain agreed-upon audit procedures for the above continuing connected transactions entered into by the Group during the year ended December 31, 2024 according to Rule 14A.56 to the Listing Rule and issued written confirmation letter thereof, which contained its results and conclusion.

Letter from the independent auditor confirmed with the Board that they have not been made aware anything that may enable them to believe the above continuing connected transactions:

(i) have not been approved by the Board;

(ii) have not followed the pricing policies of the Group in all material aspects, if they involve the goods or services provided by the Group;

(iii) were not conducted in accordance with the relevant agreements for such transactions in all material aspects; and

(iv) have an aggregate transaction amount exceeding the relevant proposed annual caps disclosed this annual report.

Save as disclosed above, the related party transactions set out in note 35 to the consolidated financial statements do not constitute the connected transactions or continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in relation to the relevant connected transactions.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

- The Company is dependent on its customers' spending on and demand for its services. A reduction in customer spending or demand and uncertainties of future advancements of ADCs and other bioconjugates beyond ADC could have a material adverse effect on its business, particularly given that its development is still at a preliminary stage;
- Competition may intensify as the industry grows and attracts more market entrants;
- The Group may face customer attrition as a result of fierce market competition;
- The Company may not be successful in developing new technologies and improving existing technologies to maintain its competitive position;
- The Company's growth strategies and business expansion may not be successful;
- If the Company fails to implement its expansion plan to enhance its manufacturing capabilities as planned, or if such plan fails to achieve expected benefits, the Company's business and prospects could be materially and adversely affected; and
- If the Company is unable to successfully expand or operate in new geographic markets, its growth, results of operations and financial condition could be adversely affected.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

For details of other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" in the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth. Details of the Group's environmental and social and governance policies and performance are discussed and disclosed in the "Environmental, Social and Governance Report" individually published by the Company on the websites of the Company and Stock Exchange at the same time as the publication of this annual report.

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

As at December 31, 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in Shares or underlying Shares of the Company

Name of Director and Chief Executive	Capacity/Nature of interest	Number of Shares held[1]	Approximate percentage of the Company's issued share capital[2]
Dr. Jincai Li	Beneficial owner[3]	32,645,840 (L)	2.72%
Mr. Jerry Jingwei Zhang	Beneficial owner[4]	3,408,504 (L)	0.28%
Mr. Xiaojie Xi	Beneficial owner[5]	10,136,744 (L)	0.84%
Dr. Zhisheng Chen	Beneficial owner	3,242 (L)	0.00%
	Founder of a discretionary trust[6]	415,636 (L)	0.03%

Notes:

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

(2) As at December 31, 2024, the number of issued Shares of the Company was 1,200,013,419 Shares.

(3) Interests in options and restricted Shares granted pursuant to the 2021 Pre-IPO Share Option Scheme, the 2023 Pre-IPO Share Option Scheme and the 2024 Share Scheme, respectively.

(4) Interests in options and restricted Shares granted pursuant to the 2023 Pre-IPO Share Option Scheme and the 2024 Share Scheme, respectively.

(5) Interests in options and restricted Shares granted pursuant to the 2023 Pre-IPO Share Option Scheme and the 2024 Share Scheme, respectively.

(6) Shares were held by Dr. Zhisheng Chen through a trust of which Dr. Zhisheng Chen is the settlor (founder) and his spouse and child are the beneficiaries.

Interest in Shares or underlying Shares of the associated corporations

Name of Director and Chief Executive	Name of associated corporation	Capacity/Nature of interest	Equity Interest in the Associated Corporation held[1]	Approximate percentage of the equity interest[9]
Dr. Jincai Li	WuXi Biologics (Cayman) Inc.[2]	Beneficial owner[3]	1,672,653 (L)	0.04%
Mr. Jerry Jingwei Zhang	WuXi Biologics (Cayman) Inc.[2]	Beneficial owner[4]	54,993 (L)	0.00%
Dr. Zhisheng Chen	WuXi Biologics (Cayman) Inc.[2]	Beneficial owner[5]	111,894,300 (L)	2.73%
		Founder of a discretionary trust[6]	10,706,254 (L)	0.26%
Dr. Weichang Zhou	WuXi Biologics (Cayman) Inc.[2]	Beneficial owner[7]	15,898,744 (L)	0.39%
Ms. Ming Shi	WuXi Biologics (Cayman) Inc.[2]	Interest of spouse[8]	3,000 (L)	0.00%
Mr. Kenneth Walton Hitchner III	WuXi Biologics (Cayman) Inc.[2]	Beneficial owner	203,205 (L)	0.00%

Notes:

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

(2) WuXi Biologics (Cayman) Inc. is one of the controlling shareholders of the Company, and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO. As at 31 December 2024, WuXi Biologics (Cayman) Inc. directly or indirectly held 611,350,000 Shares of the Company which accounted for approximately 50.95% of the total issued Shares of the Company.

(3) Interests in restricted shares granted pursuant to the restricted share award scheme adopted by WuXi Biologics (Cayman) Inc. on January 15, 2018 (the "**WXB Restricted Share Award Scheme**") and/or the share award scheme for global partner program adopted by WuXi Biologics (Cayman) Inc. on June 16, 2021 (the "**WXB Global Partner Program Share Scheme**").

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

(5) Interests in restricted shares granted pursuant to the WXB Restricted Share Award Scheme and/or the WXB Global Partner Program Share Scheme and the interests in options granted pursuant to the pre-IPO share option scheme adopted by WuXi Biologics (Cayman) Inc. on January 5, 2016, and amended on August 10, 2016 (the "**WXB Pre-IPO Share Option Scheme**").

(6) Shares were held by Dr. Zhisheng Chen through a trust of which Dr. Zhisheng Chen is the settlor (founder) and his spouse and child are the beneficiaries.

(7) Interests in restricted shares granted pursuant to the WXB Restricted Share Award Scheme and/or the WXB Global Partner Program Share Scheme and the interests in options granted pursuant to the WXB Pre-IPO Share Option Scheme.

(8) Ms. Ming Shi is deemed to be interested in the 3,000 shares in WuXi Biologics (Cayman) Inc. held by her husband, Mr. Weimin Jiang.

(9) The calculation is based on the total number of 4,105,937,505 shares of WuXi Biologics (Cayman) Inc. in issue as of December 31, 2024.

Save as disclosed above, as at December 31, 2024, to the best knowledge of the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at December 31, 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, had interests or short positions in 5% or more of the issued Shares which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interest in Shares or underlying Shares of the Company

Name of Shareholders	Capacity/Nature of interest	Number of Shares held[(1)]	Approximate percentage of the Company's issued share capital[(2)]
WuXi Biologics (Cayman) Inc.	Beneficial owner	611,350,500 (L)	50.95%
WuXi AppTec Co., Ltd.[(3)]	Interests of controlled corporations	364,000,000 (L)	30.33%
WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司)[(3)]	Interests of controlled corporations	364,000,000 (L)	30.33%
Shanghai SynTheAll Pharmaceutical Co., Ltd. (上海合全藥業股份有限公司)[(3)]	Interests of controlled corporations	364,000,000 (L)	30.33%
STA Pharmaceutical Hong Kong Investment Limited (合全藥業香港投資有限公司)[(3)]	Beneficial owner	364,000,000 (L)	30.33%

Notes:

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

(2) As at December 31, 2024, the number of issued Shares of the Company was 1,200,013,419 Shares.

(3) STA Pharmaceutical Hong Kong Investment Limited is directly interested in 364,000,000 shares of the Company.

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

As such, under the SFO, each of Shanghai SynTheAll Pharmaceutical Co., Ltd., WuXi AppTec (Shanghai) Co., Ltd. and WuXi AppTec Co., Ltd. is deemed to be interested in the 364,000,000 Shares held by STA Pharmaceutical Hong Kong Investment Limited (through its interest in a controlled corporation).

Save as disclosed above, as at December 31, 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in any Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the issued Shares which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

PRE-IPO SHARE OPTION SCHEMES

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

The purpose of the Pre-IPO Share Option Schemes are to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group so as to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Participants of the Pre-IPO Share Option Schemes include any full-time or part-time employee, executive, officer, service provider or director (including executive, non-executive or independent non-executive director) of the Company or any member of the Group or any associated company, to be determined at the sole discretion of the Board. No further option would be granted under the Pre-IPO Share Option Schemes on or after the Listing Date. The life of the Pre-IPO Share Option Schemes is 10 years from the date of adoption. The remaining life of the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme is approximately 6.6 years and 7.9 years respectively. As at the date of this annual report, there are no more securities available for grant under the Pre-IPO Share Option Schemes.

The maximum aggregate number of options which may be issued under the 2021 Pre-IPO Share Option Scheme shall not exceed 100,000,000 Shares, representing approximately 8.49% of the enlarged issued share capital of the Company immediately upon completion of the Global Offering (assuming that all options granted under the 2021 Pre-IPO Share Option Schemes are exercised, but without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option) have been conditionally granted by the Company under the 2021 Pre-IPO Share Option Schemes and approximately 8.32% of the issued Share as at the date of this report.

The maximum aggregate number of options which may be issued under the 2023 Pre-IPO Share Option Scheme shall not exceed 40,000,000 Shares, representing approximately 3.39% of the enlarged issued share capital of the Company immediately upon completion of the Global Offering (assuming that all options granted under the 2023 Pre-IPO Share Option Schemes are exercised, but without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option) have been conditionally granted by the Company under the 2023 Pre-IPO Share Option Schemes and approximately 3.33% of the issued Share as at the date of this report.

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

2021 Pre-IPO Share Option Scheme

Category of Participant	Date of Grant	Exercise Price	Outstanding as at January 1, 2024	Granted during the Reporting Period[1]	Exercised during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at December 31, 2024	Exercise Period[2]
Directors, chief executive or substantial shareholders of the listed issuer, or their respective associates									
Dr. Jincai Li	June 10, 2022	RMB1.658	32,160,000	-	-	-	-	32,160,000	10 years
Sub-total			32,160,000	-	-	-	-	32,160,000	
Substantial Shareholders and their associates					N/A				
Participants with options in excess of 1% individual limit					N/A				
Related entity participants or service providers with options granted and to be granted during the Reporting Period exceeding 0.1% individual limit					N/A				
Other employee participants (in aggregate)									
78 employees	April 1, 2022	RMB1.658	18,369,549	-	1,628,240	-	213,035	16,528,274	10 years
58 employees	August 18, 2022	RMB1.850	8,325,156	-	780,679	-	-	7,544,477	10 years
83 employees	January 6, 2023	RMB1.868	18,168,541	-	-	-	832,610	17,335,931	10 years
Sub-total			44,863,246	-	2,408,919	-	1,045,645	41,408,682	
Other related entity participants				N/A					
Other service providers				N/A					
Total			77,023,246	-	2,408,919	-	1,045,645	73,568,682	

Notes:

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

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

2023 Pre-IPO Share Option Scheme

Category of Participant	Date of Grant	Exercise Price	Outstanding as at January 1, 2024	Granted during the Reporting Period[1]	Exercised during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at December 31, 2024	Exercise Period[2]
Directors, chief executive or substantial shareholders of the listed issuer, or their respective associates									
Dr. Jincai Li	August 24, 2023	RMB6.900	295,840	–	–	–	–	295,840	10 years
Mr. Xiaojie Xi	July 6, 2023	RMB4.500	10,000,000	–	–	–	–	10,000,000	10 years
Mr. Jerry Jingwei Zhang	July 6, 2023	RMB4.500	3,254,016	–	–	–	–	3,254,016	10 years
Sub-total			13,549,856	–	–	–	–	13,549,856	
Substantial Shareholders and their associates					N/A				
Participants with options in excess of 1% individual limit					N/A				
Related entity participants or service providers with options granted and to be granted during the Reporting Period exceeding 0.1% individual limit					N/A				
Other employee participants (in aggregate)									
69 employees	July 6, 2023	RMB4.500	20,399,862	–	–	–	713,848	19,686,014	10 years
167 employees	August 24, 2023	RMB6.900	4,280,666	–	–	–	155,500	4,125,166	10 years
8 employees	October 30, 2023	RMB6.900	1,687,916	–	–	–	–	1,687,916	10 years
Sub-total			26,368,444	–	–	–	869,348	25,499,096	
Other related entity participants					N/A				
Other service providers					N/A				
Total			39,918,300	–	–	–	869,348	39,048,952	

Notes:

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

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

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

The options granted under the Pre-IPO Share Option Schemes shall be exercisable during a period from the vesting date of the option until the expiry of 10 years from the date of the grant of the option. Subject to the other terms of the Pre-IPO Share Option Schemes, save as determined otherwise by the Board at its sole discretion, the vesting schedule of the options under the Pre-IPO Share Option Schemes is as follows: (i) 20% of the options shall be vested on the date falling on the second anniversary of the date of grant; (ii) 20% of the options shall be vested on the date falling on the third anniversary of the date of grant; (iii) 20% of the options shall be vested on the date falling on the fourth anniversary of the date of grant; and (iv) 40% of the options shall be vested on the date falling on the fifth anniversary of the date of grant. As no shares may be issued in respect of options granted under the Pre-IPO Share Option Schemes during the Reporting Period, the number of shares that may be issued in respect of options granted under the Pre-IPO Share Option Schemes during the Reporting Period divided by the weighted average number of shares in issue for the Reporting Period is not applicable. The amount payable by each participant to the Company on acceptance of the offer is determined by the Board at the time of grant. Details of the terms and movement of the options granted during the Reporting Period and the impact of options granted under the Pre-IPO Share Option Schemes on the financial statements are set out in the Prospectus and under note 31 to the consolidated financial statements in this annual report.

2024 Share Scheme

The Company has adopted the 2024 Share Scheme on June 12, 2024. The purposes of the 2024 Share Scheme are to (i) recognize the contributions by the selected participants; (ii) encourage, motivate and retain the selected participants, whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (iii) provide additional incentive for the selected participants to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants to the Shareholders through ownership of Shares. Participants of the 2024 Share Scheme include employee participants, service providers and related entity participants. The criteria for determination of their eligibility are set out in the 2024 Share Scheme. The maximum number of shares which may be issued and allotted in respect of all awards to be granted under the 2024 Share Scheme and, if applicable, all options and awards to be granted under any other Share Scheme(s), shall not exceed 3.0% of the shares in issue (excluding any treasury shares) as at the adoption date (subject to such higher limit as may be approved by the Shareholders from time to time). The maximum number of shares which may be issued and allotted in respect of awards to be granted to service providers under the 2024 Share Scheme and, if applicable, all options and awards to be granted to service providers under any other Share Scheme(s), shall not exceed 0.3% of the shares in issue (excluding any treasury shares) as at the adoption date (subject to such higher limit as may be approved by the Shareholders from time to time). For the avoidance of doubt, the service provider sublimit is within and is subject to the scheme mandate limit. The maximum entitlement of each participant under the 2024 Share Scheme is 1% of the shares in issue. Vesting shall only occur upon satisfaction (or where applicable, wavier by the Board) of the conditions imposed by the Board as set forth in the notice of award. Participants are not required to pay for the acceptance of the restricted shares. For the purpose of determining the exercise price of each restricted share under the 2024 Share Scheme, it shall be not less than the highest of (i) the nominal value of a share; (ii) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; and (iii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date. Subject to earlier termination by the Board, the 2024 Share Scheme shall be valid and effective for a period of 10 years from the adoption date. The remaining life of the 2024 Share Scheme is approximately 9.5 years.

The maximum number of Shares which can be awarded under the 2024 Share Scheme is limited to 3% (i.e. 35,943,122 Shares) of the issued share capital of the Company as at June 12, 2024 (the date on which the proposed amendments to the 2024 Share Scheme were approved by Shareholders). The number of Shares available for grant under the 2024 Share Scheme was 31,442,640 as of December 31, 2024. As at December 31, 2024, the total number of Shares available for issue under the 2024 Share Scheme is 35,943,122 Shares (2023: nil), representing approximately 3.00% of the total issued share capital of the Company, and the total number of Shares available for issue to service providers under the 2024 Share Scheme is 3,594,312 Shares (2023: nil), representing approximately 0.30% of the total issued share capital of the Company. During the Reporting Period, the number of Shares that may be issued in respect of restricted shares granted under the 2024 Share Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is 0.40%. Pursuant to the 2024 Share Scheme, the Board shall select the eligible participant and determine the number of Shares to be awarded.

The table below shows details of the movements in the restricted shares granted under the 2024 Share Scheme during the Reporting Period which shall be satisfied by the issuance of new Shares.

Category of Participant	Date of Grant	Closing Price of the Shares immediately before the Date of Grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ Forfeited during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at December 31, 2024	Exercise Period[1]
Directors									
Dr. Jincai Li	July 12, 2024	HK$16.00	-	190,000	-	-	-	190,000	5 years
Mr. Xiaojie Xi	July 12, 2024	HK$16.00	-	136,744	-	-	-	136,744	5 years
Mr. Jerry Jingwei Zhang	July 12, 2024	HK$16.00	-	154,488	-	-	-	154,488	5 years
Sub-total			**-**	**481,232**	**-**	**-**	**-**	**481,232**	
Employees in aggregate									
208 employees	July 12, 2024	HK$16.00	-	4,015,716	-	150,837	-	3,864,879	5 years
4 employees	September 30, 2024	HK$22.90	-	290,000	-	-	-	290,000	5 years
Sub-total			**-**	**4,305,716**	**-**	**150,837**	**-**	**4,154,879**	
Total			**-**	**4,786,948**	**-**	**150,837**	**-**	**4,636,111**	

Notes:

(1) No restricted shares were vested during the Reporting Period. Hence, the weighted average closing price of the Shares immediately before the dates on which the restricted shares were vested is not applicable.

(2) For details of the fair value of the restricted shares at the date of grant and the accounting standard and policy adopted, please refer to note 31 to the consolidated financial statements of this annual report.

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

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

Details of the restricted shares granted under the 2024 Share Scheme during the Reporting Period are set out in the Company's announcements dated July 12, 2024 and September 30, 2024 and under note 31 to the consolidated financial statements in this annual report. For more details of the 2024 Share Scheme, please refer to the Company's circular dated June 12, 2024.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2024, the Group's sales to its five largest customers, on a "look-through" basis, accounted for 37.7%, as compared to 38.7% of the Group's total revenue for the year ended December 31, 2023, and the Group's sales to the single largest customer accounted for 15.5%, as compared to 13.7% of the Group's total revenue for the year ended December 31, 2023.

Major Suppliers

For the year ended December 31, 2024, the Group's five largest suppliers, on a "look-through" basis, accounted for 69.8%, as compared to 73.2% of the Group's total purchases for the year ended December 31, 2023. The Group's single largest supplier accounted for 46.0%, as compared to 51.8% of the Group's total purchases for the year ended December 31, 2023.

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

Relationship with Employees, Suppliers and Customers

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

MANAGEMENT CONTRACTS

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

DIRECTORS' PERMITTED INDEMNITY PROVISION

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

RESULTS AND DIVIDENDS

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

FINANCIAL SUMMARY

A summary of the results, and the assets and liabilities of the Group for the prior five financial years are set out on page 7 of this annual report. This summary does not constitute a part of the consolidated financial statements.

Directors' Report

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2024, and details of the Shares issued during the year ended December 31, 2024 are set out in note 30 to the consolidated financial statements

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out on page 110 in the consolidated statement of changes in equity and note 40 to the consolidated financial statements in this annual report.

Details of the Company's reserves available distribution to the Shareholders as at December 31, 2024 are set out in note 40 to the consolidated financial statements in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the consolidated financial statements in this annual report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

The net proceeds from the Global Offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$3,936.9 million and the unutilized net proceeds were kept at the bank accounts of the Group as at December 31, 2024.

Details on the applications of the net proceeds from the Global Offering were disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at December 31, 2024, there have been no material changes to the planned applications of the net proceeds. The following table sets out the planned applications of the net proceeds, net proceeds brought forward for the Reporting Period, actual usage up to and remaining amount as at December 31, 2024 as well as the expected timeline for utilization:

Intended use of net proceeds as stated in the Prospectus	Planned applications HK$ million	Amount utilized up to December 31, 2024 HK$ million	Net proceeds brought forward for the Reporting Period HK$ million	Remaining amount as at December 31, 2024 HK$ million	Expected timeline for utilization(Note)
Further expansion of the Group's service capability and capacity					
Construction of the Group's facilities at the Singapore site					
Establishment of the facilities at the Singapore site	1,299.2	1,036.3	1,299.2	262.9	By the end of 2026
Purchase manufacturing and R&D equipment and systems and recruit manufacturing, R&D and management personnel for the operation at the Singapore site	708.7	103.9	708.7	604.8	By the end of 2026
Expansion of the Group's production capacity in China					
Purchase manufacturing and R&D equipment and systems, such as bioreactors, steam sterilizers, capillary electrophoresis instrument and enzyme labeling apparatus, among others	354.3	–	354.3	354.3	By the end of 2026
Establishment, maintenance and improvement of the manufacturing plants at the Wuxi site, including building up a kilogram-scale payload-linker production line	275.5	–	275.5	275.5	By the end of 2026
Selectively pursue strategic alliances, investment and acquisition opportunities	905.5	–	905.5	905.5	By the end of 2026
Working capital and other general corporate purposes	393.7	393.7	393.7	–	N/A
Total	3,936.9	1,533.9	3,936.9	2,403.0	

Note:

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

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury Shares). As at December 31, 2024, the Company did not hold any treasury Shares.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreements were entered into by the Company or existed during the Reporting Period.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Wednesday, June 25, 2025. A notice convening the AGM is expected to be published and if applicable, dispatched to the Shareholders in due course in accordance with the requirements of the Listing Rules.

For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Friday, June 20, 2025 to Wednesday, June 25, 2025, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, June 19, 2025.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 74–101 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with relevant laws and regulations that have a significant impact on the business and operation of the Group for the year ended December 31, 2024. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

SUFFICIENCY OF PUBLIC FLOAT

The Company has applied for and the Stock Exchange has approved waiver from strict compliance with Rule 8.08(1) of the Listing Rules. Based on the information that is publicly available to the Company and to the best knowledge of the Board, the Company has maintained the required public float under the Listing Rules and the public float waiver granted by the Stock Exchange at any time during the period from the Listing Date to the date of this annual report.

TAX RELIEF AND EXEMPTION

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

PRE-EMPTIVE RIGHTS

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

DEBENTURE ISSUED

The Company did not issue any debenture during the Reporting Period.

CONVERTIBLE BONDS

As at the date of this annual report, the Company has not issued any convertible bonds.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group and the Company as at December 31, 2024 are set out in note 28 to the consolidated financial statements.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2024, the Company was not involved in any material litigation, arbitration or administrative proceedings. To the best knowledge of the Directors, there is no material litigation or claim which is pending or threatening against the Company.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Hao Zhou, Dr. Ulf Grawunder and Mr. Kenneth Walton Hitchner III. The chairman of the Audit Committee is Mr. Hao Zhou.

The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2024. The Audit Committee had, together with the management and external auditor of the Company, reviewed the accounting principles and practices adopted by the Group and discuss the matters in relation to financial reporting procedure, risk management system and internal control system of the group.

AUDITOR

The Shares were listed on the Stock Exchange on November 17, 2023, and the Company has no change in the auditors since the Listing Date.

Deloitte Touche Tohmatsu has appointed as auditor of the Company for the year ended December 31, 2024. Deloitte Touche Tohmatsu has audited the accompanying Financial Statements in the Annual Report which were prepared in accordance with the IFRSs.

Deloitte Touche Tohmatsu is subject to retirement and, being eligible, offers itself for re-appointment. A resolution for re-appointment of Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Dr. Jimmy (Jincai) LI
Executive Director and Chief Executive Officer

Hong Kong, March 24, 2025

Corporate Governance Report

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

CORPORATE GOVERNANCE CULTURE

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

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

— satisfactory and sustainable returns to Shareholders;

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

— that overall business risk is understood and managed appropriately;

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

— that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance.

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

The Company has adopted the principles and code provisions stated in the CG Code as the Company's corporate governance structure, with internal compliance policies in place which set its compliance requirements so as to ensure consistency with the principles and code provisions stated in the CG Code.

The Board is of the view that the Company has complied with the principles and all the applicable code provisions as set out in Part 2 of the CG Code during the Reporting Period. The Board will continue to review and enhance its corporate governance structure and practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Guidelines for Securities Transactions by Directors ("**Written Guidelines**") on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines during the Reporting Period.

In order to ensure strict compliance with the Listing Rules and enhance corporate governance measures, the Company will remind all Directors as to their respective obligations under the Listing Rules in all aspects, including but not limited to the restrictions in dealing with the Company's securities. No incident of non-compliance with the Guidelines for Securities Transactions by Employees (員工證券交易管理辦法) by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

BOARD OF DIRECTORS

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

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

Corporate Governance Report

Board Composition

During the year ended December 31, 2024 and up to the date of this Corporate Governance Report, the Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors as follows:

Executive Directors:

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

Non-executive Directors:

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

Independent non-executive Directors:

Dr. Ulf Grawunder
Mr. Stewart John Hen *(Resigned on November 21, 2024)*
Mr. Kenneth Walton Hitchner III *(Appointed on November 21, 2024)*
Mr. Hao Zhou

Mr. Kenneth Walton Hitchner III, who has been appointed as an independent non-executive Director during the Reporting Period, has obtained the legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on November 21, 2024, and he has confirmed he understood his obligations as a director of a listed issuer.

The biographies information of the Directors is set out in the section headed "Directors and Senior Management" on pages 40–43 of this annual report.

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

Board Meetings and Director's Attendance Records

The Company has adopted the practice of holding Board meetings regularly, at least four Board meetings a year, at approximately quarterly intervals and involving active participation, either in person or through electronic means of communication, of a majority of Directors. A notice will be sent to all the Directors at least 14 days before the convening of a regular Board meeting, so that all the Directors have the opportunity to attend regular meetings and discuss the matters on the agenda.

For other Board meetings and Board Committee meetings, the Company shall give reasonable notice thereof. Notices of meetings have included the agenda and accompanying relevant Board documents and shall be dispatched at least three days before the date of Board meetings or Board Committee meetings. The chairman ensures that the Directors have sufficient time to review relevant documents and be adequately prepared and briefed for attending the Board meetings or Board Committee meetings. When Directors or Board Committee members are unable to attend the meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings shall be kept by the Company Secretary with copies thereof circulated to all Directors for reference and record.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient details about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meetings are/will be sent to the Directors for their consideration within a reasonable time after the meeting is held. Minutes of the Board meetings are open for inspection by all Directors.

Code provision C.2.7 of the CG Code stipulates that the Chairman of the Board should at least annually hold meetings with independent non-executive Directors without the presence of other Directors and Code provision C.5.1 of the CG Code stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Arrangements have been made for compliance with the code provision and four meetings were held during the Reporting Period.

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

Names of Directors	Attendance
Executive Directors:	
Dr. Jincai Li	5/5
Mr. Jerry Jingwei Zhang	5/5
Mr. Xiaojie Xi	5/5
Non-executive Directors:	
Dr. Zhisheng Chen	5/5
Dr. Weichang Zhou	5/5
Ms. Ming Shi	5/5
Independent Non-executive Directors:	
Dr. Ulf Grawunder	5/5
Mr. Stewart John Hen *(resigned on November 21, 2024)*	5/5
Mr. Kenneth Walton Hitchner III *(appointed on November 21, 2024)*	N/A
Mr. Hao Zhou	5/5

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The positions of Chairman and Chief Executive Officer are held by Dr. Zhisheng Chen and Dr. Jincai Li, respectively. Both of them have extensive experience in the industry.

The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board as well as provides overall guidance on the business, strategy and corporate development of the Group. The Chief Executive Officer focused on formulating overall strategic plans, business development and daily operations of the Group.

Independent non-executive Directors

During the year ended December 31, 2024, the Board at all times met the requirements of the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors, among which at least one independent non-executive Director possesses appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with the requirements of Rule 3.10A of the Listing Rules relating to appointment of independent non-executive Directors, representing one-third of the members of the Board.

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

Board Independence Evaluation

The Company has established a Board Independent Evaluation Mechanism since 2023, which sets out the processes and procedures to ensure a strong independent element on the Board, so that the Board can obtain independent views and opinions which enable the Board to make independent judgments effectively and better protect the interests of the Shareholders.

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

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence.

The Board has reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism during the Reporting Period and considered it has been implemented effectively.

Appointment and Re-election of Directors

All of the Directors have confirmed that he/she (i) has obtained the legal advice referred to in Rule 3.09D of the Listing Rules, and (ii) understands his/her obligations as a director of a listed issuer under the Listing Rules.

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

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

The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy or as an addition to the Board shall be subject to election by shareholders at the next following general meeting of the Company.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

The Directors shall disclose to the Company details of other offices held by them.

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

Continuous Professional Development of Directors

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

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

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

Directors are encouraged to participate in continuous professional development seminars and programmes to develop and refresh their knowledge and skills. The Company has also engaged external legal advisers to provide training to Directors on updates of the Listing Rules as well as the latest changes in relevant rules and regulations.

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

Directors	Type of Training *Note*
Executive Directors:	
Dr. Jincai Li	C
Mr. Jerry Jingwei Zhang	C
Mr. Xiaojie Xi	C
Non-executive Directors:	
Dr. Zhisheng Chen	C
Dr. Weichang Zhou	C
Independent Non-executive Directors:	
Dr. Ulf Grawunder	C
Mr. Stewart John Hen *(resigned on November 21, 2024)*	C
Mr. Kenneth Walton Hitchner III *(appointed on November 21, 2024)*	C
Mr. Hao Zhou	C

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings

B: Giving talks in the seminars and/or meetings and/or forums

C: Attending training relevant to the Company's business conducted by lawyers

D: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

BOARD COMMITTEES

The Board has established five committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee, Strategy Committee, and Environmental, Social and Governance Committee for overseeing particular aspects of the Company's affairs.

All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the websites of the Company and the Stock Exchange and are available to shareholders upon request.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Dr. Ulf Grawunder, Mr. Kenneth Walton Hitchner III and Mr. Hao Zhou. Mr. Hao Zhou is the chairperson of the Audit Committee.

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

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

During the Reporting Period, the Audit Committee held two meetings to review and consider the audited consolidated financial results and report of the Group for the year ended December 31, 2023, the interim financial results and report of the Group for the six months ended June 30, 2024, and the effectiveness of the financial reporting, risk management, internal control systems and internal audit function, re-appointment of external auditor and non-assurance service approval and concurrence policy, connected transactions, the reported case and investigation progress in accordance with the Whistleblowing & Investigation Policy, and evaluate and assess the adequacy of the terms of reference of the Audit Committee.

The Audit Committee also met the external auditors twice during the Reporting Period without the presence of the executive Directors and the management.

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

Names of Members of the Audit Committee	Attendance
Dr. Ulf Grawunder	2/2
Mr. Stewart John Hen *(resigned on November 21, 2024)*	2/2
Mr. Kenneth Walton Hitchner III *(appointed on November 21, 2024)*	N/A
Mr. Hao Zhou	2/2

Remuneration Committee

The Remuneration Committee consists of two independent non-executive Directors and one non-executive Director, namely Dr. Ulf Grawunder, Mr. Kenneth Walton Hitchner III and Ms. Ming Shi. Mr. Ulf Grawunder is the chairperson of the Remuneration Committee.

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

During the Reporting Period, the Remuneration Committee held two meetings to review and make recommendation to the Board on the remuneration policy and structure of the Company, evaluate and assess the adequate of the terms of reference of the Remuneration Committee, the remuneration packages of the executive Directors and senior management, consider and make recommendation to the Board on key terms of the letter of appointment of the newly appointed independent non-executive Director and review the Pre-IPO Share Option Schemes and 2024 Share Scheme and other related matters as well as consider the grant of restricted shares under the 2024 Share Scheme.

The grant of restricted shares under the 2024 Share Scheme during Reporting Period did not have performance targets attached. In view that (i) the grant of restricted shares under the 2024 Share Scheme will give the grantees an opportunity to have a personal stake in the Company and will help motivate the grantees in optimizing their performance and efficiency; and (ii) the number of restricted shares granted is based on the work performance and potential of the grantees and no additional performance target is imposed before the restricted shares are vested to the grantees, and in line with the previous customary practice of the Company in terms of equity-based remuneration, the Remuneration Committee considered the grant of restricted shares without performance targets are in alignment with the purposes of the 2024 Share Scheme.

Pursuant to code provision in Part 2 of the CG Code, details of the remuneration of the senior management by bands for the year ended December 31, 2024 is set out below:

	Number of employees
HK$2,000,001 to HK$5,000,000	1
HK$5,000,001 to HK$10,000,000	2
HK$10,000,001 to HK$15,000,000	1
HK$15,000,001 to HK$20,000,000	1

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

Names of Members of the Remuneration Committee	Attendance
Dr. Ulf Grawunder	2/2
Mr. Stewart John Hen *(resigned on November 21, 2024)*	2/2
Mr. Kenneth Walton Hitchner III *(appointed on November 21, 2024)*	N/A
Ms. Ming Shi	2/2

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance, the prevailing market conditions and the performance of each executive Director. The remuneration for the executive Directors comprises basic salary and discretionary bonus. Executive Directors shall receive restricted shares to be granted under the Company's 2024 Share Scheme. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to the prevailing market conditions, their performance, time commitment and responsibilities with the Company. Individual Directors and senior management have not been involved in deciding their own remuneration.

The Remuneration Committee comprehensively reviewed the Group's compensation and share-based incentives policies, the background information on market data (including economic indicators, statistics and the compensation benchmarking), headcount and staff costs and established an attractive policy to ensure the Group is able to recruit and retain top talent. The Committee takes seriously its responsibility to ensure that the executive remuneration practices of the Group drive strong performance, are aligned with the strategy and sustainability of the Group and are appropriate in the context of the external regulatory environment and the expectations of stakeholders.

Nomination Committee

The Nomination Committee consists of one non-executive Director and two independent non-executive Directors, namely Dr. Zhisheng Chen, Dr. Ulf Grawunder and Mr. Hao Zhou. Dr. Zhisheng Chen is the chairperson of the Nomination Committee.

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

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

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

During the Reporting Period, the Nomination Committee held two meetings to review the structure, size and composition of the Board and its committees as well as the skills, knowledge and experiences of the Board members and made recommendations to the Board on the re-election of retiring Directors, to consider and recommend the Board on the election as new independent non-executive Director for replacement and evaluated the independence of independent non-executive Directors and reviewed the Board Diversity Policy and the Director nomination policy, as well as evaluate and assess the adequate of the terms of reference of the Nomination Committee.

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

Names of Members of the Nomination Committee	Attendance
Dr. Zhisheng Chen	2/2
Dr. Ulf Grawunder	2/2
Mr. Hao Zhou	2/2

Board Diversity Policy

The Board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board and is available on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

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

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

As disclosed in the Prospectus, the Company will continue to implement measures and steps to promote and enhance gender diversity at all levels of the Company. The Company will select potential Board candidates based on merit and his/her potential contribution to the Board while taking into account the Company's board diversity policy and other factors, including but not limited to, his/her integration into the Company's management mindset and business model and any specific requirements from time to time.

In addition, the Company has set a measurable objective that targets to achieve a gender diversity in the composition of the Board by having female representation of 20% of the members of the Board within three years from the Listing Date. To ensure gender diversity of the Board in the long run, the Group will take opportunities to increase the proportion of female members of the Board, identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such females who possess qualities to become the Board Members, which will be reviewed by the Nomination Committee periodically in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

At present, the Board comprises 8 males and 1 female, the Directors have a balanced mix of knowledge and skills including knowledge and experiences in the areas of business management, biotechnology, corporate finance, finance, investment and accounting. They obtained degrees in various areas including chemistry and bio-engineering, biochemical science, business administration, international finance and accounting. In addition, the Directors range from 49 years old to 65 years old with experience from different industries and sectors. The Nomination Committee and the Board are of the view that the composition of the Board is consistent with the Board Diversity Policy and effectively implemented.

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

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

Gender Diversity

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

	Female	Male
Board	11.2%	88.8%
Senior Management	36.8%	63.2%
Other employees	53.6%	46.4%
Overall workforce	53.3%	46.7%

The Nomination Committee and the Board are of the view that the current gender diversity is satisfactory.

The Board will continue, taking into account the business needs of the Company and changes from time to time that may affect the Company's business plans, to ensure gender diversity when recruiting staff at senior level, so that the qualified female senior management and potential successors may join the Board in due course to ensure gender diversity of the Board. The Company plans to offer all-rounded trainings to female employees who it considers to have the suitable experience, skills and knowledge of the Group's operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development and will continue to focus on training talent in different gender and providing long-term development opportunities for different gender.

Director Nomination Policy

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

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

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

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

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

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

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

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

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

a) Diversity required for the operation of the Company;

b) Commitment for responsibilities of the Board in respect of available time and relevant interest;

c) Skills, qualification and experiences;

d) Independence from the Company and its subsidiaries;

e) Reputation for integrity;

f) Potential contributions that the individual(s) can bring to the Board; and

g) Plan(s) in place for the orderly succession of the Board.

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

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

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

Strategy committee

The Strategy Committee consists of one executive Director, two non-executive Directors and two independent non-executive Directors, namely Dr. Jincai Li, Dr. Zhisheng Chen, Dr. Weichang Zhou, Dr. Ulf Grawunder and Mr. Kenneth Walton Hitchner III. Dr. Jincai Li is the chairperson of the Strategy Committee.

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

The Strategy Committee is also responsible of assisting the full Board, in conjunction with management, in addressing the Company's overall mission, vision and strategic direction. Areas of focus included (i) providing to the Board and management, as applicable, input and recommendations with respect to key strategic initiatives and major research and development programs and partnerships; (ii) assisting management in establishing a strategic planning process; (iii) identifying and addressing organizational challenges; and (iv) evaluating strategic alternatives.

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee ("**ESG Committee**") consists of two executive Directors and two non-executive Directors, namely Dr. Jincai Li, Mr. Jerry Jingwei Zhang, Dr. Weichang Zhou and Dr. Ming Shi. Dr. Jincai Li is the chairperson of the Environmental, Social and Governance Committee.

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

- guiding and formulating the Group's ESG vision, objectives, strategies and structure to ensure that they are in line with the needs of the Group and comply with applicable laws, regulations, regulatory requirements and international standards;
- monitoring the development and implementation of the Group's ESG vision, strategies, policies and governance structure;
- guiding and reviewing the identification and ranking of important ESG issues and assessing ESG targets of the Group on an annual basis;
- reviewing the key ESG trends and related risks and opportunities, and assessing the adequacy and effectiveness of the Group's ESG strategies, policies, action plans, and governance structure accordingly on a regular basis;
- monitoring the channels and means of communication with the Group's stakeholders and ensuring that the relevant policies are in place to effectively promote the relationship between the Group and its stakeholders and protect the Group's reputation; and
- reviewing the Company's ESG report and other ESG related disclosures and making recommendations and reporting on ESG progresses to the Board, so as to promote the continuous improvement of the ESG performance of the Group.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

- The Company has formed a compliance office, which is responsible for oversees the overall internal control, corporate governance and legal compliance matters of the Group.

- The compliance office is responsible for formulating and revising internal control policies, measures and procedures to ensure that the Company maintain sound and effective internal controls and compliance with applicable laws and regulations. It also monitors the implementation of the Company's internal control policies, measures and procedures, and conducts regular compliance audits.

- The Company has adopted various measures and procedures for each aspect of the business operation, such as project management, quality assurance, protection of intellectual property, environmental protection and occupational health and safety. Employees are provided with periodic training about these measures and procedures. The Company also constantly monitored the implementation of those measures and procedures.

- The Company has adopted comprehensive internal control measures for anti-corruption and anti-bribery by (i) providing regular anti-corruption and anti-bribery compliance training for senior management and employees, including daily compliance team meeting, annual compliance training and other ad hoc compliance training sessions, to enhance their knowledge and compliance with applicable law and regulations; (ii) monitoring books, records and accounts with respect to supplier management, tendering and bidding process management and financial payment management to identify any false, misleading or undisclosed entries; (iii) establishing whistle-blowing mechanisms and encouraging all employees, suppliers, customers and other third parties to report suspicious activities and violations of the policies.

- The compliance office has established a system for whistleblowing and handling complaints against the Directors, senior management, employees, customers and other business partners, as well as a mechanism for making independent and fair investigations on reported complaints and taking appropriate actions. The compliance office has also established an online platform through which the employees and those who deal with the Company can report their complaints and concerns in confidence and anonymity, with the Audit Committee and compliance office about possible improprieties in any matters related to the Company. In addition, the Audit Committee and compliance office will evaluate the effectiveness of and potential loopholes in the Company's internal control system based on complaints received to improve its internal control policies, measures and procedures accordingly.

During the year ended December 31, 2024, the Company held one anti-corruption training and briefing to all employees. There were no non-compliance cases in relation to bribery and corruption.

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

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 102–106 of this annual report.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the Company's external auditors of the Group in respect of audit services and non-audit services for the year ended December 31, 2024 amounted to approximately RMB3.6 million and RMB0.3 million , respectively.

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

Service Category	Fees Paid/Payable RMB'000
Audit services	
Auditor of the Company	2,800
Auditor of subsidiaries of the Company	771
Non-audit services(Note)	283
Total	3,854

Note: The non-audit services mainly include internal control and tax services.

COMPANY SECRETARY

Mr. Xiaojie Xi is the company secretary of the Company, who is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

The biographies information of the of Mr. Xiaojie Xi is set out in the section headed "Directors and Senior Management" of this annual report.

Mr. Xiaojie Xi has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours relevant professional trainings during the year, to update their skills and knowledge.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices related matters.

SHAREHOLDERS' RIGHTS

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

Convening of an Extraordinary General Meeting

Pursuant to article 17 of the Articles of Association of the Company, extraordinary general meetings shall also be convened on the written requisition of one or more members, deposited at the principal office of the Company in Hong Kong, specifying the objects of the meeting and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionist(s), provided that such requisitionist(s) held as at the date of deposit of the requisition not less than 10% of voting rights, on a one vote per share basis, of the issued Shares which as at that date carries the right of voting at general meetings of the Company.

If the Directors do not within 21 days from the date of the deposit of the Members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionist(s), or any of them representing more than one-half of the total voting rights of all of the requisitionist(s), may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21-days period.

Putting Forward Proposals at General Meetings

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

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: No.520 North Fute Road, Pudong New District, Shanghai, 200131, China (For the attention of the board secretary office)
Email: wuxixdc.ir@wuxibiologics.com

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

Names of Directors	Attendance
Executive Directors:	
Dr. Jincai Li	1/2
Mr. Jerry Jingwei Zhang	2/2
Mr. Xiaojie Xi	2/2
Non-executive Directors:	
Dr. Zhisheng Chen	1/2
Dr. Weichang Zhou	1/2
Ms. Ming Shi	2/2
Independent Non-executive Directors:	
Dr. Ulf Grawunder	2/2
Mr. Stewart John Hen *(resigned on November 21, 2024)*	0/2
Mr. Kenneth Walton Hitchner III *(appointed on November 21, 2024)*	N/A
Mr. Hao Zhou	1/2

The independent non-executive Directors have attended general meetings of the Company to gain and develop a balanced understanding of the view of the Shareholders.

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

Policies relating to Shareholders

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

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

(a) Means of Communication

Shareholders' Enquires

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

Shareholders and the investment community may at any time contact either the Company's Investor Relations Department or the Company Secretary to enquire about the information published by the Company.

Corporate Communication

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

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

Shareholders are encouraged to provide, among other things, in particular, their email addresses to the Company through Computershare Hong Kong Investor Services Limited in order to ensure the receipt of the information published by the Company in a timely manner.

Relevant Websites

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

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

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

Shareholders' General Meetings

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

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

The process of the Company's general meeting shall be monitored and reviewed on a regular basis, and, if necessary, changes be made to ensure that Shareholders' needs are best served.

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

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

Investment Market Communications

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

(b) *Shareholder Privacy*

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

DIVIDEND POLICY

The Company has adopted a policy on payment of dividends which aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration and payment of dividends pursuant to code provision F.1.1 of the CG Code that has become effective from October 30, 2023.

The Board has adopted a dividend policy in which the Company may declare dividends in any currency in general meeting but no dividends shall exceed the amount recommended by the Board, subject to the Cayman Islands Companies Act and the Company's Articles of Association. According to the Company's dividend policy, the dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. Any declaration of dividend is subject to the absolute discretion of the Board, and the amounts of dividends will depend upon, among others, the earnings, cash flow, financial conditions, capital requirements, statutory fund reserve requirements of the Group, and any other conditions that the Board may deem relevant.

In addition, the future dividend payments to the Shareholders will also depend upon the availability of dividends received from the PRC subsidiaries. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles. PRC laws also require PRC enterprises to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. In addition, the dividends paid by the PRC subsidiaries are also subject to the withholding tax imposed by the PRC laws.

Based on the financial results for the Reporting Period and the current cash flow and working capital projections, the Board believes that it will not be advisable to make a distribution for the Reporting Period, given considerable requirements of capital expenditure for business expansion. The Company will continue to periodically re-evaluate the dividend policy in light of the financial position and the prevailing economic climate and decide whether it would be in the interest of the Company and its shareholders to make any distribution.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period, the Company has not made any amendments to its Memorandum and Articles of Association.

An up-to-date version of the Company's Memorandum and Articles of Association is also available on the websites of the Company and of the Stock Exchange.

Independent Auditor's Report

Deloitte. 德勤

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

Opinion

We have audited the consolidated financial statements of WuXi XDC Cayman Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 107 to 208, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for contract research, development and manufacturing organization ("CRDMO") contracts under fee-for-service ("FFS") basis	
As disclosed in Note 5 to the consolidated financial statements, for the year ended December 31, 2024, revenue of the Group in total was RMB4,052 million, of which RMB3,809 million was derived from CRDMO contracts under FFS basis, representing 94% of total revenue. The management of the Group recognized revenue when control of the services or goods underlying the performance obligation as stipulated in the contracts is transferred to customers. Given that revenue from CRDMO contracts under FFS constitutes the largest proportion of total revenue, any misstatement in the recognition of such revenue could have a material impact on the consolidated financial statements. The risk of inappropriate revenue recognition may arise from (i) the performance obligation is not satisfied, and (ii) revenue is recognized in accounting period that does not coincide with the timing of the transfer of control of goods and services to customers. We determined the assertions of occurrence and cut-off of revenue recognition for CRDMO contracts under FFS basis to be a key audit matter.	Our procedures to address the risk of inappropriate revenue recognition included the following: • Understanding the key controls related to occurrence and cut-off assertions of revenue recognition for CRDMO contracts under FFS basis and evaluating the design, implementation and operating effectiveness of these controls; • Inquiring the Group's management and examining the contract terms under FFS basis, on a sampling basis, to evaluate the appropriateness of the identification of performance obligation and the timing of revenue recognition determined by the management in accordance with IFRS 15 *Revenue from Contracts with Customers*; • Selecting samples from recorded revenue transactions for CRDMO contracts under FFS basis and examining evidence supporting the transfer of control of services or goods; • Testing, on a sampling basis, revenue recognized for CRDMO contracts under FFS basis occurring before and after year-end and tracing the sample to evidence supporting the transfer of control of goods or services to determine that the revenue is recognized in the correct accounting period.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 24, 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	**4,052,320**	2,123,839
Cost of sales		**(2,812,474)**	(1,564,281)
Gross profit		**1,239,846**	559,558
Other income	6	**229,897**	92,305
Other gains and losses	7	**80,383**	(43,871)
Impairment losses under expected credit loss model, net of reversal	9	**(6,853)**	21,993
Selling and marketing expenses		**(56,079)**	(15,220)
Administrative expenses		**(164,239)**	(123,966)
Research and development expenses		**(99,959)**	(76,867)
Listing expenses		**–**	(53,578)
Finance costs	8	**(3,205)**	(742)
Profit before tax	9	**1,219,791**	359,612
Income tax expense	10	**(150,169)**	(76,074)
Profit for the year		**1,069,622**	283,538
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on hedging instruments designated in cash flow hedges, net of income tax		**–**	1,146
Exchange differences arising on translation of a foreign operation		**7,624**	1,125
Other comprehensive income for the year		**7,624**	2,271
Total comprehensive income for the year		**1,077,246**	285,809
		RMB	RMB
Earnings per share	12		
Basic		**0.89**	0.28
Diluted		**0.83**	0.26

Consolidated Statement of Financial Position

As at December 31, 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Assets			
Property, plant and equipment	14	**2,724,526**	1,246,234
Investment property	15	**12,006**	12,409
Right-of-use assets	16	**17,271**	2,145
Goodwill	17	**215,193**	215,193
Intangible assets	19	**44,744**	52,946
Deferred tax assets	18	**8,742**	6,267
Other long-term deposits		**154**	147
		3,022,636	1,535,341
Current Assets			
Inventories	21	**118,699**	46,804
Trade and other receivables	23	**1,800,467**	956,412
Contract assets	24	**78,653**	31,051
Contract costs	22	**130,369**	113,730
Financial assets at fair value through profit or loss ("FVTPL")	20	**433,511**	–
Pledged bank deposits	25	**–**	4,400
Time deposits	25	**1,614,647**	–
Bank balances and cash	25	**1,925,149**	4,047,583
		6,101,495	5,199,980
Current Liabilities			
Trade and other payables	26	**1,408,876**	915,386
Borrowings	28	**478,000**	–
Contract liabilities	27	**504,250**	328,322
Income tax payable		**72,091**	34,455
Lease liabilities	29	**3,275**	1,247
		2,466,492	1,279,410
Net Current Assets		**3,635,003**	3,920,570
Total Assets less Current Liabilities		**6,657,639**	5,455,911

	NOTES	2024 RMB'000	2023 RMB'000
Non-current Liabilities			
Lease liabilities	29	**15,150**	1,595
Deferred income		**3,000**	–
		18,150	1,595
Net Assets		**6,639,489**	5,454,316
Capital and Reserves			
Share capital	30	**391**	390
Reserves		**6,639,098**	5,453,926
Total Equity		**6,639,489**	5,454,316

The consolidated financial statements on pages 107 to 208 were approved and authorized for issue by the Board of Directors on March 24, 2025 and are signed on its behalf by:

Jincai Li
DIRECTOR

Xiaojie Xi
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Share capital RMB'000	Share premium RMB'000	Group reorganization reserve RMB'000 *(note i)*	Other reserve RMB'000 *(note ii)*	Statutory reserve RMB'000 *(note iii)*	Equity-settled share-based compensation reserve RMB'000 *(note iv)*	Hedging reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At January 1, 2023	319	1,285,143	(53,747)	40,394	12,867	27,750	(1,146)	-	169,199	1,480,779
Profit for the year	-	-	-	-	-	-	-	-	283,538	283,538
Other comprehensive Income ("OCI") for the year										
— Exchange differences arising from translation of a foreign operation	-	-	-	-	-	-	-	1,125	-	1,125
— Fair value adjustments on cash flow hedges	-	-	-	-	-	-	1,757	-	-	1,757
— Recycling from hedging reserve to profits or loss	-	-	-	-	-	-	(611)	-	-	(611)
Total comprehensive income for the year	-	-	-	-	-	-	1,146	1,125	283,538	285,809
Transfer to statutory reserve	-	-	-	-	34,431	-	-	-	(34,431)	-
Recognition of equity-settled share-based compensation	-	-	-	3,192	-	79,344	-	-	-	82,536
Shares issued pursuant to the initial public offering ("IPO") *(Note 31)*	71	3,740,885	-	-	-	-	-	-	-	3,740,956
Transaction costs attributable to issue of new shares *(Note 31)*	-	(135,764)	-	-	-	-	-	-	-	(135,764)
At December 31, 2023	**390**	**4,890,264**	**(53,747)**	**43,586**	**47,298**	**107,094**	**-**	**1,125**	**418,306**	**5,454,316**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,069,622**	**1,069,622**
OCI for the year										
— Exchange differences arising from translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,624**	**-**	**7,624**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,624**	**1,069,622**	**1,077,246**
Transfer to statutory reserve	**-**	**-**	**-**	**-**	**54,958**	**-**	**-**	**-**	**(54,958)**	**-**
Recognition of equity-settled share-based compensation	**-**	**-**	**-**	**8,096**	**-**	**95,718**	**-**	**-**	**-**	**103,814**
Exercise of pre-IPO share options	**1**	**6,491**	**-**	**-**	**-**	**(2,379)**	**-**	**-**	**-**	**4,113**
At December 31, 2024	**391**	**4,896,755**	**(53,747)**	**51,682**	**102,256**	**200,433**	**-**	**8,749**	**1,432,970**	**6,639,489**

Notes:

i. Group reorganization reserve represents the capital contribution in WuXi XDC Co., Ltd. ("XDC Wuxi") by the then shareholders before the transfer of XDC Wuxi to the Group, net of consideration paid to the then shareholders; and the administrative service cost borne on behalf of XDC Wuxi by fellow subsidiaries prior to the completion of the group reorganization to rationalize the current group structure.

ii. The amount represents the equity-settled share-based compensation in respect of share options for shares and restricted share of WuXi Biologics (Cayman) Inc. ("Biologics Cayman"), the ultimate holding company of the Company, granted by Biologics Cayman to certain directors and employees of the Group for their service rendered to the Group as set out in Note 31.

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

iv. The amount represents the equity-settled share-based compensation in respect of share option and restricted share of the Company granted by the Group to certain directors and employees of the Group for their services rendered to the Group as set out in Note 31.

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Profit before tax	1,219,791	359,612
Adjustments for:		
Finance costs	3,205	742
Interest income from banks	(185,186)	(47,363)
Depreciation of property, plant and equipment	100,988	46,412
Depreciation of investment property	403	403
Depreciation of right-of-use assets	791	4,731
Amortization of intangible assets	8,206	7,967
Impairment losses, net of reversal		
— trade and other receivables	6,555	(22,471)
— contract assets	298	478
Write down of inventories, net of reversal	12,947	1,232
Write down of contract costs, net of reversal	8,002	1,559
Net foreign exchange (gains) losses	(43,841)	51,997
Loss on disposal of property, plant and equipment	606	405
Share-based compensation expense	104,383	75,153
Gain on fair value changes of structured deposits	(4,238)	(5,543)
Operating cash flows before movements in working capital	1,232,910	475,314
(Increase) decrease in inventories	(84,842)	14,898
Increase in trade and other receivables	(831,739)	(428,102)
Increase in other long-term deposits	(7)	(4,547)
Increase in contract assets	(47,900)	(14,220)
Increase in contract costs	(25,436)	(22,592)
Increase in trade and other payables	413,317	183,276
Increase in contract liabilities	175,928	176,872
Cash generated from operations	832,231	380,899
Income taxes paid	(115,008)	(48,054)
NET CASH FROM OPERATING ACTIVITIES	717,223	332,845

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Receipt of interest from banks	**160,066**	47,363
Proceeds on disposal of property, plant and equipment	**1,120**	10,808
Purchases of property, plant and equipment	**(1,505,176)**	(529,360)
Purchases of intangible assets	**–**	(10,000)
Research and other grants received	**3,000**	–
Settlement of consideration payable for acquisition of antibody drug conjugates business unit as part of group reorganization	**–**	(15,587)
Withdrawal of pledged bank deposits	**4,400**	–
Placement of time deposits	**(1,569,106)**	–
Placement of financial assets at FVTPL	**(1,250,043)**	(1,068,843)
Withdrawal of financial assets at FVTPL	**825,284**	1,474,386
NET CASH USED IN INVESTING ACTIVITIES	**(3,330,455)**	(91,233)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	**528,000**	–
Repayment of bank borrowings	**(50,000)**	–
Loans from related parties	**–**	28,626
Repayments of loans from related parties	**–**	(99,770)
Repayments of lease liabilities	**(1,625)**	(4,794)
Interest paid	**(2,546)**	(315)
Net proceeds from issue of shares	**–**	3,603,962
Payment of transaction costs attributable to issue of shares	**(2,106)**	(5,605)
Proceeds from exercise of pre-IPO share options	**3,637**	–
NET CASH FROM FINANCING ACTIVITIES	**475,360**	3,522,104
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(2,137,872)**	3,763,716
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,047,583**	334,972
Effect of foreign exchange rate changes	**15,438**	(51,105)
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash	**1,925,149**	4,047,583

1. GENERAL INFORMATION

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

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

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

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

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

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements (Continued)

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

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

3.1 Basis of preparation of consolidated financial statements

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

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

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

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

Goodwill

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

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

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

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

3.2 Material accounting policy information (Continued)

Investments in subsidiaries

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 5, 22, 24 and 27.

Leases

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets

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

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

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

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

Borrowing costs

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

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

3.2 Material accounting policy information (Continued)

Research and other grants

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

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

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

Employee benefits

Retirement benefit costs

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

Short-term employee benefits

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

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

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

3.2 Material accounting policy information (Continued)

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

Equity instruments granted by the ultimate holding company to employees of the Group

The grant by the ultimate holding company of equity instruments under its employee stock incentive plan to the employees of the Group (including directors of the Company) is treated as equity-settled share-based payments in the consolidated financial statements. An expense for the grant date fair value of the equity instruments under the employee stock incentive plan is recognized over the vesting period of the instruments, with a corresponding increase in equity. The increase in equity is treated as a deemed capital contribution into the Group and is included in other reserve.

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

3.2 Material accounting policy information (Continued)

Share-based payments (Continued)

Restricted share award payment transactions

For shares of the Group granted under Restricted Share Award Scheme ("Restricted Shares", as defined in Note 31), the fair value of the employee services received is determined by reference to the fair value of the Restricted Shares granted at the grant date without taking into consideration all non-market vesting conditions and is expensed on a straight-line basis over the vesting period based on the Group's estimate of equity instrument, that will eventually vest, with a corresponding increase in equity (equity-settled share-based compensation reserve). At the end of each reporting period, the Group revises its estimates of the number of Restricted Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled share-based compensation reserve.

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

For shares granted by the ultimate holding company under WXB Restricted Share Award Scheme and WXB Global Partner Program Share Scheme ("WXB Restricted Shares", as defined in Note 31), the fair value of the employee services received is determined by reference to the fair value of the WXB Restricted Shares granted at the grant date without taking into consideration all non-market vesting conditions and is expensed on a straight-line basis over the vesting period based on the Group's estimate of equity instrument, that will eventually vest, with a corresponding increase in equity (other reserve). At the end of each reporting period, the Group revises its estimates of the number of WXB Restricted Shares that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserve.

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

3.2 Material accounting policy information (Continued)

Share-based payments (Continued)

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

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

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

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

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

Taxation

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

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

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

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Property, plant and equipment

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

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

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

3.2 Material accounting policy information (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

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

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

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Internally-generated intangible assets — research and development expenditure

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

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Cash and cash equivalents

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

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

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

Inventories

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

Financial instruments

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets at FVTPL

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

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

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

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

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

The Group always recognizes lifetime ECL for trade receivable and contract assets.

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

(ii) Definition of default

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write-off policy

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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

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

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

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

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

Foreign exchange gains and losses

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

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gains/(losses); and

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item as part of the fair value gain/(loss) of financial assets.

Derecognition of financial assets

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

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

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortized cost

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'Other gains and losses' line item in profit or loss as part of net foreign exchange gain/(loss) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Allowances of ECL for trade receivables and contract assets

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Note 32(c).

As at December 31, 2024, the carrying amount of trade receivables is RMB1,573,271,000 (2023: RMB822,208,000) net of loss allowances of RMB36,823,000 (2023: RMB31,211,000).

As at December 31, 2024, the carrying amount of contract assets is RMB78,653,000 (2023: RMB31,051,000) net of loss allowances of RMB927,000 (2023: RMB629,000).

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

Key sources of estimation uncertainty (Continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the value in use. The value in use calculation requires the Group to estimate key factors such as revenue growth rate, long-term growth rate underlying the future cash flows expected to arise from the cash-generating unit and an appropriate discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at December 31, 2024, the carrying amount of goodwill is RMB215,193,000 (2023: RMB215,193,000). Details of the recoverable amount calculation are disclosed in Note 17.

Impairment of contract costs

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

As at December 31, 2024, the carrying amounts of contract costs is RMB130,369,000 (2023: RMB113,730,000) (net of write-down of RMB9,561,000 (2023: RMB1,559,000)).

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

Key sources of estimation uncertainty (Continued)

Allowance for inventories

The Group reviews the carrying amount of inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and realizable value. The Group estimates the net realizable value, based on current market situation and historical experience on similar inventories. Any change in the assumption would increase or decrease the amount of inventories allowance or the related reversal. The change in allowance would affect the Group's loss for the year.

As at December 31, 2024, the carrying amounts of inventories is RMB118,699,000 (2023: RMB46,804,000) (net of write-down of RMB14,662,000 (2023: RMB1,715,000)).

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

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

	2024 RMB'000	2023 RMB'000
Type of services and timing of revenue recognition		
CRDMO services		
A point in time	**3,765,953**	2,020,053
Over time	**286,367**	103,786
Total	**4,052,320**	2,123,839

The Group provides services in the discovery and development of antibody drug conjugates ("ADCs") and other bioconjugates. Revenue generated from CRDMO services is derived from the transfer of services and/or goods through contracts under FFS basis and full-time-equivalent ("FTE") basis. During the year ended December 31, 2024, revenue from CRDMO contracts under FFS basis and FTE basis was RMB3,808,640,000 and RMB243,680,000 (December 31, 2023: RMB2,033,077,000 and RMB90,762,000), respectively.

5. REVENUE AND SEGMENT INFORMATION (Continued)

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

CRDMO services

FFS basis

The Group primarily earns revenue by providing CRDMO services to its customers through contracts under FFS basis, the contract duration of which generally ranges from few months to years.

Majority of contracts under FFS basis entered by the Group contain multiple deliverable units, which are generally in the form of technical laboratory reports, samples and/or products for commercial manufacturing. The Group recognizes revenue of contractual elements at the point upon acceptance of the deliverable units by the customers. The contracts include payment schedules which require stage payments over the service period once certain specified milestones are reached. The Group's performance does not create an asset with alternative future use since the Group cannot redirect the asset for use on another customer, and at the same time the Group has a present right to payment from the customers for services performed only upon acceptance of the deliverable units, therefore, the directors of the Company have concluded that the performance obligation of such contracts is satisfied at a point in time and revenue is recognized at a point in time.

In addition, usually there is a performance obligation embedded in the contracts such as provision of project management service for which the directors of the Company have assessed that the customers simultaneously receive and consume benefit provided by the Group's performances. As such, the directors of the Company concluded that the performance obligation of project management service is satisfied over time and the associated revenue is recognized over the service period using input method.

FTE basis

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

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

The aggregate amount of the transaction price allocated to performance obligations that are unfulfilled (or partially unfulfilled) was RMB7,048 million as at December 31, 2024 (2023: RMB4,078 million). The management of the Group expects the majority of the transaction price allocated to the unfulfilled contracts as of each reporting date during the reporting period will be recognized as revenue within five years from the reporting date.

(iv) Segment information

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 as set out in Note 3. Accordingly, the Group has only one single operating and reportable segment and no further analysis of this single segment is presented.

Geographical information

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

	2024 **RMB'000**	2023 RMB'000
Revenue		
— the PRC	**1,132,683**	849,071
— North America	**1,982,966**	726,106
— Europe	**610,214**	459,839
— Rest of the world	**326,457**	88,823
	4,052,320	2,123,839

As at December 31, 2024, other than financial instruments and deferred tax assets, the Group had non-current assets of RMB1,043,373,000 (2023: RMB84,637,000) located in Singapore. The remaining non-current assets of RMB1,970,367,000 (2023: RMB1,444,290,000) are located in the PRC.

5. REVENUE AND SEGMENT INFORMATION (Continued)

(iv) Segment information (Continued)

Information about major customers

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

	2024 RMB'000	2023 RMB'000
Customer A	621,699	289,750
Customer B *(note)*	433,377	N/A
Customer C *(note)*	N/A	226,459

Note: N/A: not disclosed as amount less than 10% of total revenue.

6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Interest income from banks *(note i)*	185,186	47,363
Research and other grants *(note ii)*	35,819	36,405
Sales of materials to related parties	7,974	5,625
Rental and other related income *(note iii)*	918	2,912
	229,897	92,305

Notes:

(i) Interest income included interest derived from bank balances, short-term bank deposits and time deposits, further details are disclosed in Note 25.

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

(iii) In respect of the rental income, there are direct operating expenses incurred for investment property that generated rental income amounting to RMB403,000 for the year ended December 31, 2024 (2023: RMB2,051,000).

7. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Net foreign exchange gains (losses)	74,868	(49,724)
Fair value gain on structured deposits	4,238	5,543
Others	1,277	310
	80,383	(43,871)

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest expense on:		
— Bank borrowings	2,619	–
— Lease liabilities	586	315
— Loans from related parties	–	427
	3,205	742

9. PROFIT BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Depreciation for property, plant and equipment	100,766	52,452
Depreciation for investment property	403	403
Depreciation of right-of-use assets	2,082	4,731
Amortization of intangible assets	8,202	7,702
	111,453	65,288
Staff cost (including directors' emoluments):		
— Salaries and other benefits	501,002	260,514
— Retirement benefits scheme contributions	50,543	28,916
— Share-based compensation expenses	103,814	82,536
	655,359	371,966
Less: Capitalized in contract costs and property, plant and equipment	(102,586)	(67,364)
	664,226	369,890
Impairment losses recognized (reversed), under expected credit loss model, net of reversal		
— Trade receivables	6,703	(20,444)
— Contract assets	298	478
— Receivables for purchase of raw materials on behalf of customers	(148)	(2,027)
	6,853	(21,993)
Auditors' remuneration		
— Auditor of the Company and reporting accountants related to the Company's IPO	2,800	11,505
— Auditor of subsidiaries of the Company	771	760
Write-down of inventories (included in cost of sales)	14,068	1,602
Reversals of write-down of inventories (included in cost of sales)	(1,121)	(370)
Write-down of contract costs (included in cost of sales)	9,493	3,323
Reversals of contract costs write-down (included in cost of sales)	(1,491)	(1,764)
Loss on disposal of property, plant and equipment	606	405
Contract costs recognized as an expense	2,812,474	1,564,281
Cost of inventories recognized as an expense	405,988	162,890

10. INCOME TAX EXPENSES

	2024 RMB'000	2023 RMB'000
Current tax		
— the PRC Enterprise Income Tax ("EIT")	**133,129**	63,254
— Hong Kong profits tax	**26,555**	10,945
— Singapore profits tax	**1,492**	–
Over provision in prior years	**(8,532)**	(3,195)
	152,644	71,004
Deferred tax *(Note 18)*		
— Current year	**(2,475)**	5,070
Total income tax expenses	**150,169**	76,074

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% for both years. During the current period, all of the subsidiaries (2023: one subsidiary) of the Group operating in the PRC are accredited as "Technologically Advanced Service Enterprise" or "High and New Technology Enterprise" at the rate of 15%.

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

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

10. INCOME TAX EXPENSES (Continued)

	2024 RMB'000	2023 RMB'000
Profit before tax	**1,219,791**	359,612
Tax charge at the EIT rate of 25%	**304,948**	89,903
Tax effect of income that is exempt from taxation	**(59,914)**	(2,105)
Tax effect of expenses not deductible for tax purpose *(note)*	**30,397**	38,111
Over provision in respect of prior years	**(8,532)**	(3,195)
Effect of super deduction on research and development expenses	**(15,948)**	(14,298)
Tax at concessionary rate	**(86,521)**	(27,936)
Decrease in opening deferred tax assets resulting from a decrease in applicable tax rates	**377**	–
Effect of different tax rate of operating entities in other jurisdiction	**(14,638)**	(4,406)
Income tax expenses	**150,169**	76,074

Note: The effect of expenses not deductible for tax purpose include mainly the effect of share-based compensation expenses, and tax losses not recognized and not eligible to be carried forward in 2024 and 2023.

The Group is operating in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's consolidated annual revenue is expected to be less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

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

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

For the year ended December 31, 2024

	Director's fee RMB'000	Salaries and other benefits RMB'000	Performance-based bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive director and chief executive officer:						
Dr. Jincai Li *(note i)*	-	2,252	1,820	-	9,226	13,298
Executive director and chief operating officer:						
Mr. Jerry Jingwei Zhang *(note ii)*	-	1,423	775	-	3,355	5,553
Executive director and chief financial officer:						
Mr. Xiaojie Xi *(note iii)*	-	2,907	1,453	17	9,617	13,994
Non-executive directors:						
Dr. Zhisheng Chen *(note iv)*	-	-	-	-	-	-
Dr. Weichang Zhou *(note iv)*	-	-	-	-	-	-
Ms. Ming Shi *(note v)*	-	-	-	-	-	-
Independent non-executive directors:						
Dr. Ulf Grawunder *(note vi)*	1,095	-	-	-	-	1,095
Mr. Stewart John Hen *(note vi and vii)*	972	-	-	-	-	972
Mr. Hao Zhou *(note vi)*	1,095	-	-	-	-	1,095
Mr. Kenneth Walton Hitchner III *(note viii)*	123	-	-	-	-	123
	3,285	6,582	4,048	17	22,198	36,130

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

For the year ended December 31, 2023

	Director's fee RMB'000	Salaries and other benefits RMB'000	Performance-based bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive director and chief executive officer:						
Dr. Jincai Li *(note i)*	–	2,070	828	–	10,661	13,559
Executive director and chief operating officer:						
Mr. Jerry Jingwei Zhang *(note ii)*	–	1,389	552	–	1,675	3,616
Executive director and chief financial officer:						
Mr. Xiaojie Xi *(note iii)*	–	1,816	733	22	4,548	7,119
Non-executive directors:						
Dr. Zhisheng Chen *(note iv)*	–	–	–	–	–	–
Dr. Weichang Zhou *(note iv)*	–	–	–	–	–	–
Ms. Ming Shi *(note v)*	–	–	–	–	–	–
Independent non-executive directors:						
Dr. Ulf Grawunder *(note vi)*	136	–	–	–	–	136
Mr. Stewart John Hen *(note vi and vii)*	136	–	–	–	–	136
Mr. Hao Zhou *(note vi)*	136	–	–	–	–	136
Directors:						
Dr. Minzhang Chen *(note ix)*	–	–	–	–	–	–
Dr. Steve Qing Yang *(note ix)*	–	–	–	–	–	–
	408	5,275	2,113	22	16,884	24,702

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Notes:

(i) Dr. Jincai Li was re-designated from director to executive director with effect from June 30, 2023.

(ii) Mr. Jerry Jingwei Zhang was appointed as executive director and chief operating officer with effect from June 30, 2023.

(iii) Mr. Xiaojie Xi was appointed as executive director and chief financial officer with effect from June 30, 2023.

(iv) Dr. Zhisheng Chen and Dr. Weichang Zhou were re-designated from directors to non-executive directors with effect from June 30, 2023.

(v) Ms. Ming Shi was appointed as non-executive director with effect from June 30, 2023.

(vi) Dr. Ulf Grawunder, Mr. Stewart John Hen and Mr. Hao Zhou were appointed as independent non-executive directors with effect from November 17, 2023.

(vii) Mr. Stewart John Hen was resigned on November 21, 2024.

(viii) Mr. Kenneth Walton Hitchner III was appointed as independent non-executive director with effect from November 21, 2024.

(ix) Dr. Minzhang Chen and Dr. Steve Qing Yang were resigned on June 30, 2023.

Five highest paid individuals' emoluments

The five highest paid employees of the Group included three (2023: three) directors of the Company whose emoluments are set out above. The emoluments of the remaining two (2023: two) individuals for the years ended December 31, 2024 and 2023, were as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**5,180**	3,380
Performance-based bonus	**2,124**	952
Share-based compensation expense	**6,307**	4,094
	13,611	8,426

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

Five highest paid individuals' emoluments (Continued)

During the years ended December 31, 2024, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) (2023: nil) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the years ended December 31, 2024 and 2023.

The emoluments of the five highest paid individuals were within the following bands:

	2024	2023
HKD3,500,001 to HKD4,000,000	**–**	1
HKD4,000,001 to HKD4,500,000	**–**	1
HKD5,000,001 to HKD5,500,000	**–**	1
HKD5,500,001 to HKD6,000,000	**2**	–
HKD7,500,001 to HKD8,000,000	**–**	1
HKD8,500,001 to HKD9,000,000	**1**	–
HKD14,000,001 to HKD14,500,000	**1**	–
HKD14,500,001 to HKD15,000,000	**–**	1
HKD15,000,001 to HKD15,500,000	**1**	–
	5	5

12. EARNINGS PER SHARE

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

	2024 RMB'000	2023 RMB'000
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	**1,069,622**	283,538

Number of shares

	2024	2023
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,198,444,240**	1,022,997,484
Effect of dilutive potential ordinary shares:		
Share options	**89,790,995**	54,975,454
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,288,235,235**	1,077,972,938

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Land and buildings RMB'000	Leasehold and other improvements RMB'000	Construction in progress ("CIP") RMB'000	Total RMB'000
COST						
As at January 1, 2023	179,083	24,147	100,946	138,981	428,200	871,357
Additions	7,248	514	–	–	504,327	512,089
Transfer	215,907	15,867	142,791	153,494	(528,059)	–
Disposals	(13,708)	(378)	–	(68)	–	(14,154)
Exchange alignment	–	–	–	–	(765)	(765)
As at December 31, 2023	388,530	40,150	243,737	292,407	403,703	1,368,527
Additions	11,254	365	–	–	1,581,948	1,593,567
Transfer	380,137	17,049	141	157,684	(555,011)	–
Disposals	(6,896)	(223)	–	–	–	(7,119)
Exchange alignment	–	–	–	–	(10,873)	(10,873)
As at December 31, 2024	773,025	57,341	243,878	450,091	1,419,767	2,944,102
DEPRECIATION						
As at January 1, 2023	(39,386)	(5,808)	(8,279)	(19,309)	–	(72,782)
Provided for the year	(27,491)	(4,606)	(7,504)	(12,851)	–	(52,452)
Eliminated on disposals	2,675	198	–	68	–	2,941
As at December 31, 2023	(64,202)	(10,216)	(15,783)	(32,092)	–	(122,293)
Provided for the year	(63,307)	(7,367)	(9,067)	(21,025)	–	(100,766)
Eliminated on disposals	3,443	40	–	–	–	3,483
As at December 31, 2024	(124,066)	(17,543)	(24,850)	(53,117)	–	(219,576)
CARRYING VALUES						
As at December 31, 2023	324,328	29,934	227,954	260,315	403,703	1,246,234
As at December 31, 2024	648,959	39,798	219,028	396,974	1,419,767	2,724,526

Except for CIP, the above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account of the residual value, as follows:

Machinery	9%–23% per annum
Furniture, fixtures and equipment	9%–23% per annum
Land and buildings	3% per annum
Leasehold and other improvements	5%–20% per annum

15. INVESTMENT PROPERTY

The Group leases out an assembly center under operating lease with rentals payable annually. The lease runs for an initial period of 2 to 4 years with unilateral rights to extend the lease beyond initial period held by lessee only. The lease contract contains market review clauses in the event the lessee exercises the option to extend.

The lease contract does not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Leased property RMB'000
COST	
As at December 31, 2023 and 2024	**13,383**
DEPRECIATION	
As at January 1, 2023	(571)
Charge for the year	(403)
As at December 31, 2023	**(974)**
Charge for the year	**(403)**
As at December 31, 2024	**(1,377)**
CARRYING VALUES	
As at December 31, 2023	12,409
As at December 31, 2024	**12,006**

The fair value of the Group's investment property at December 31, 2024 was RMB12,087,000 (2023: RMB12,742,000). The fair value has been arrived at based on a valuation carried out by PricewaterhouseCoopers Consultants (Shenzhen) Limited, Shanghai Branch with registered address of 42/F New Bund Center, 588 Dongyu Road, Pudong New Area, Shanghai 200126, PRC, an independent valuer not connected with the Group.

15. INVESTMENT PROPERTY (Continued)

The fair value was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighborhood. The discount rate is determined by reference to the yields derived from analyzing the sales transactions of similar commercial properties and adjusted to taking into account the market expectation from property investors to reflect factors specific to the Group's investment property. There has been no change from the valuation technique used for both years.

In estimating the fair value of the property, the highest and best use of the property is its current use.

Details of the Group's investment property and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2024 **RMB'000**	2023 RMB'000
Carrying amount		
Assembly center	**12,006**	12,409

	2024 **RMB'000**	2023 RMB'000
Fair value at Level 2 hierarchy		
Assembly center	**12,087**	12,742

The above investment property is depreciated on a straight-line basis over 31 years.

16. RIGHT-OF-USE ASSETS

The Group as lessee

	Leased property RMB'000
As at December 31, 2024	
Carrying amount	**17,271**
As at December 31, 2023	
Carrying amount	2,145
For the year ended December 31, 2024	
Depreciation charge	**2,082**
For the year ended December 31, 2023	
Depreciation charge	4,731

	2024 RMB'000	2023 RMB'000
Expenses relating to short-term leases	**12,008**	5,280
Total cash outflow for leases	**14,219**	10,389
Additions to right-of-use assets	**17,208**	1,596

For both current and prior years, the Group leases various offices and laboratories for its operations. Lease contracts are entered into for a fixed term of 3 to 10 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for equipment, offices, laboratories and staff dormitories. As at December 31, 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses are disclosed above.

16. RIGHT-OF-USE ASSETS (Continued)

Restrictions or covenants on leases

As at December 31, 2024, lease liabilities of RMB18,425,000 (2023: RMB2,842,000) are recognized with related right-of-use assets of RMB17,271,000 (2023: RMB2,145,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The Group is restricted from assigning and subleasing the leased assets outside the Group.

17. GOODWILL

As at December 31, 2024 and 2023, goodwill amounting to RMB215,193,000 was arising from acquisition of the payload and linker business (the "Payload and Linker Business") in previous years.

	Acquisition of Payload and Linker Business RMB'000
COST AND CARRYING VALUES	
As at December 31, 2023 and 2024	215,193

For the purposes of impairment testing, the acquired Payload and Linker Business is allocated as an individual cash-generating unit (the "Payload and Linker Unit"). The recoverable amount of the Payload and Linker Unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 17% (2023: 17%). Pre-tax discount rate applied reflects the current market assessments of the time value of money and the risks specific to the Payload and Linker Unit. The expected annual revenue growth rates up to the financial year of 2029 range from 10% to 40% (2023: 10% to 45%), such estimation is based on the Payload and Linker Unit's past performance and management's expectation for the market development. The cash flows beyond the 5-year period are extrapolated using a steady 2.0% long-term growth rate (2023: 2.0%).

As the recoverable amount is significantly above the carrying amount of the Payload and Linker Business, the management of the Group believes that any reasonably possible change in any of these assumptions would not result in impairment.

18. DEFERRED TAX ASSETS

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is a summary of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	8,742	6,267

The following are the major deferred tax assets and liabilities recognized and movements thereon before offsetting during the reporting periods:

	Deferred income RMB'000	Allowance on inventories and credit losses RMB'000	Lease liability under IFRS 16 RMB'000	Right-of-use assets under IFRS 16 RMB'000	Derivative financial instruments RMB'000	Accrued expenses RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2023	–	10,233	1,155	(997)	203	946	–	11,540
(Charged) credited to profit or loss	–	(4,578)	(614)	563	–	(441)	–	(5,070)
Charged to OCI	–	–	–	–	(203)	–	–	(203)
As at December 31, 2023	-	5,655	541	(434)	-	505	-	6,267
(Charged) credited to profit or loss	450	2,488	2,223	(2,157)	-	371	(900)	2,475
As at December 31, 2024	450	8,143	2,764	(2,591)	-	876	(900)	8,742

As at December 31, 2024 and 2023, the Group does not have any unused tax losses available to offset against future profits and accordingly does not recognize any deferred tax asset.

19. INTANGIBLE ASSETS

	Technology RMB'000	License RMB'000 *(Note i)*	Customer relationship RMB'000 *(Note ii)*	Total RMB'000
COST				
As at January 1, 2023	5,438	–	58,400	63,838
Addition	–	10,000	–	10,000
As at December 31, 2023 and 2024	**5,438**	**10,000**	**58,400**	**73,838**
AMORTIZATION				
As at January 1, 2023	(5,438)	–	(7,752)	(13,190)
Charge for the year	–	(1,500)	(6,202)	(7,702)
As at December 31, 2023	(5,438)	(1,500)	(13,954)	(20,892)
Charge for the year	–	(2,000)	(6,202)	(8,202)
As at December 31, 2024	**(5,438)**	**(3,500)**	**(20,156)**	**(29,094)**
CARRYING VALUES				
As at December 31, 2023	–	8,500	44,446	52,946
As at December 31, 2024	**–**	**6,500**	**38,244**	**44,744**

Notes:

(i) License fee paid is amortized on a straight-line basis over its estimated useful life of 5 years which represents the average duration of contracts benefit from the license estimated by the management of the Group.

(ii) Customer relationship was recognized as a result of the acquisition of Payload and Linker Business in 2021. The amount represented the intellectual property and existing customer relationships which have finite useful life and are amortized on a straight-line basis over their estimated useful lives of 9 years, which was estimated by the management of the Group as at the acquisition date based on the expected duration of business relationships with customers of Payload and Linker Business with reference to the historical attrition pattern.

20. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Current asset		
Structured deposits *(note)*	433,511	–

Note: During the year ended December 31, 2024 and 2023, the Group entered into contracts of structured deposits with a bank with maturity term within 12 months. The returns of the structured deposits are determined by reference to the performance of the underlying instruments in the currency market, as such, they are recognized as financial assets at FVTPL. The weighted average return rate is 6.4% (2023: 9.4%) per annum.

Details of the fair value measurement of the financial assets at FVTPL are set out in Note 32(d).

Financial assets at FVTPL that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2024 RMB'000	2023 RMB'000
United States dollar ("US$")	433,511	–

21. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw material and consumables	118,699	46,804

Raw materials and consumables are net of a write-down of approximately RMB14,662,000 for the year ended December 31, 2024 (2023: RMB1,715,000).

22. CONTRACT COSTS

	2024 RMB'000	2023 RMB'000
Costs to fulfill contracts	**130,369**	113,730

Contract costs are net of a write-down of approximately RMB9,561,000 for the year ended December 31, 2024 (2023: RMB1,559,000).

23. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables from contracts with customers		
— Related parties	**46,594**	85,991
Less: allowance for credit losses	**(474)**	(266)
— Third parties	**1,563,500**	767,428
Less: allowance for credit losses	**(36,349)**	(30,945)
	1,573,271	822,208
Receivables for purchase of raw materials on behalf of customers	**–**	13,601
Less: allowance for credit losses	**–**	(148)
	–	13,453
Advances to suppliers		
— Related parties	**–**	82
— Third parties	**2,387**	1,433
Other receivables		
— Related parties	**16,073**	1,864
— Third parties	**17,717**	6,334
Prepayments		
— Third parties	**1,860**	122
Tax recoverable	**189,159**	110,916
Total trade and other receivables	**1,800,467**	956,412

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB453,271,000.

23. TRADE AND OTHER RECEIVABLES (Continued)

Details of the trade and other receivables due from related parties are set out in Note 35(b).

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

	2024 RMB'000	2023 RMB'000
Not past due	1,123,852	424,828
Overdue:		
— Within 90 days	298,515	214,296
— 91 days to 1 year	123,691	172,261
— Over 1 year	27,213	10,823
	1,573,271	822,208

As at December 31, 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB449,419,000 (2023: RMB397,380,000), which are past due as at the reporting date. Out of the past due balances, RMB150,904,000 (2023: RMB183,084,000) has been past due 90 days or more and is not considered as credit impaired as the management of the Group believed that the amounts will be settled by the customers based on customers' committed promise and historical settlement pattern. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables, other receivables and receivables for purchase of raw materials on behalf of customers are set out in Note 32(c).

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

	2024 RMB'000	2023 RMB'000
US$	1,097,172	551,061
Singapore Dollar ("SGD")	461	–
Euro ("EUR")	437	485
Hong Kong Dollar ("HKD")	166	–

24. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Contract assets		
— Related parties	7,250	7,685
Less: allowance for credit losses	(211)	(229)
— Third parties	72,330	23,995
Less: allowance for credit losses	(716)	(400)
	78,653	31,051

Contract assets that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2024 RMB'000	2023 RMB'000
US$	8,400	3,327

As at January 1, 2023, contract assets amounted to RMB17,309,000 (net of allowance for credit losses of RMB151,000).

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional upon the Group's future performance in achieving specified milestones as stipulated in the contract. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms in CRDMO contracts under FFS basis impact the amount of contract assets recognized. These contracts include payment schedules which require stage payments over the service period once certain specified milestones are reached and control of goods are transferred to customers.

The Group classifies these contract assets as current because the Group expects to realize these contract assets in their normal operating cycle.

Details of the impairment assessment of contract assets are set out in Note 32(c).

25. 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 are carried interests at market rates which ranged from 0% to 4.50% per annum for the year ended December 31, 2024 (2023: 0% to 5.68%).

Time deposits as at December 31, 2024 is carried fixed interest rate which ranged from 5.30% to 5.76% per annum and have original maturity over three months but less than one year (2023: nil).

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

	2024 **RMB'000**	2023 RMB'000
US$	**3,158,934**	395,448
HKD	**4,231**	3,582,422
EUR	**1,177**	10,579
SGD	**982**	3

26. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables		
— Related parties	919,443	580,333
— Third parties	100,582	40,118
	1,020,025	620,451
Other payables and accruals		
— Related parties	107,506	97,447
— Third parties	34,738	23,121
Payable for purchase of property, plant and equipment		
— Related parties	3,327	1,507
— Third parties	136,582	97,961
Salary and bonus payables	102,018	56,624
Accrued listing expenses and share issue cost	–	15,513
Other taxes payable	4,680	2,762
Trade and other payables	1,408,876	915,386

Details of the trade and other payables due to related parties are set out in Note 35(b).

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

	2024 RMB'000	2023 RMB'000
Within 90 days	998,994	596,519
91 days to 1 year	20,503	22,910
1 to 2 years	441	867
Over 2 years	87	155
	1,020,025	620,451

26. TRADE AND OTHER PAYABLES (Continued)

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

	2024 RMB'000	2023 RMB'000
US$	**797,547**	47,030
SGD	**1,472**	–
EUR	**740**	1,869
Great Britain Pound ("GBP")	**236**	–
Swiss Franc ("CHF")	**–**	20

27. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Current		
Contract liabilities		
— Third parties	**504,250**	328,322

As at January 1, 2023, contract liabilities amounted to RMB151,450,000.

Revenue of RMB275,000,000 was recognized during the year ended December 31, 2024 (2023: RMB136,369,000) that were included in the contract liabilities at the beginning of the relevant reporting periods.

Typical payment terms in CRDMO contracts under FFS basis impact the amount of contract liabilities recognized. The Group normally requires certain customers to pay 30% to 50% of total contract value as down payment for project start-up cost which is part of its credit risk management policies. The advance payment schemes result in contract liabilities which represent the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

28. BORROWINGS

	2024 RMB'000	2023 RMB'000
Unsecured bank loans	478,000	–
The carrying amounts of the above borrowings are repayable:		
Within one year	478,000	–

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

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

	2024 RMB'000	2023 RMB'000
Fixed-rate borrowings	458,000	–
Variable-rate borrowing	20,000	–
	478,000	–

The Group's variable-rate borrowing carries interest at 1-year Loan Prime Rate ("LPR") minus 0.70%.

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

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	1.36% to 2.50%	–
Variable-rate borrowing	2.40%	–

All the Group's borrowings are denominated at RMB.

29. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	**3,275**	1,247
Within a period of more than one year but not exceeding two years	**3,396**	594
Within a period of more than two years but not exceeding five years	**5,616**	1,001
Within a period of more than five years	**6,138**	–
	18,425	2,842
Less: amounts due within one year shown under current liabilities	**(3,275)**	(1,247)
Amounts shown under non-current liabilities	**15,150**	1,595

For the year ended December 31, 2024, the weighted average incremental borrowing rate applied to lease liabilities is 3.77% (2023: 4.90%).

30. SHARE CAPITAL OF THE COMPANY

AUTHORIZED:

	Number of shares	Par value US$	Authorized share capital US$
As at January 1, 2023,	1,000,000,000	0.00005	50,000
Creation of new shares *(note i)*	9,000,000,000	0.00005	450,000
As at December 31, 2023 and December 31, 2024	**10,000,000,000**	**0.00005**	**500,000**

30. SHARE CAPITAL OF THE COMPANY (Continued)

ISSUED AND FULLY PAID:

	Number of shares	Par value	Share capital		Share premium
		US$	US$	RMB'000 equivalent	RMB'000 equivalent
As at January 1, 2023	1,000,000,000	0.00005	50,000	319	1,285,143
Shares issued pursuant to the IPO *(note ii)*	197,604,500	0.00005	9,880	71	3,605,121
As at December 31, 2023	1,197,604,500	0.00005	59,880	390	4,890,264
Exercise of pre-IPO share options	2,408,919	0.00005	120	1	6,491
As at December 31, 2024	**1,200,013,419**	**0.00005**	**60,000**	**391**	**4,896,755**

Notes:

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

ii. On November 17, 2023, 178,446,000 ordinary shares were issued at an offer price of HKD20.60 per share pursuant to the IPO; and on December 8, 2023, 19,158,500 shares in respect of the over-allotment option are fully exercised. Gross proceeds from the issuance of these shares and the exercise of over-allotment option amounted to approximately HKD4,071 million (equivalent to approximately RMB3,741 million). After netting of share issuance cost of approximately RMB136 million, approximately RMB71,000 and RMB3,605 million are credited to the share capital and share premium of the Company, respectively.

31. SHARE-BASED COMPENSATION

Equity instruments granted by Biologics Cayman to employees of the Group

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

(a) WXB Restricted Share Award Scheme

On January 15, 2018, Biologics Cayman adopted the WXB Restricted Share Award Scheme for the primary purpose of (i) recognizing the contributions by certain employees of the Group of Biologics Cayman and directors of Biologics Cayman (the "Selected Participants under WXB Restricted Share Award Scheme"); (ii) encouraging, motivate and retain the Selected Participants under WXB Restricted Share Award Scheme, whose contributions are beneficial to the continual operation, development and long-term growth of the Group of Biologics Cayman; and (iii) providing additional incentive for the Selected Participants under WXB Restricted Share Award Scheme to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group of Biologics Cayman and aligning the interests of the Selected Participants under WXB Restricted Share Award Scheme to the shareholders of Biologics Cayman through ownership of shares. The total number of the restricted shares underlying all grants made pursuant to the WXB Restricted Share Award Scheme (the "WXB Restricted Shares") shall not exceed three percent of the issued share capital of Biologics Cayman as at the adoption date (i.e. 34,953,032 shares before the effect of the Share Subdivision).

During the year ended December 31, 2022, certain employees of Biologics Cayman were offered, and agreed to join the 2021 Pre-IPO Share Option Scheme. Upon participating in the 2021 Pre-IPO Share Option Scheme, share options under the 2021 Pre-IPO Share Option Scheme were granted to the employees while the outstanding WXB Restricted Shares granted under the WXB Restricted Shares Award Scheme held by the respective employees were cancelled in the same time accordingly. The directors of Biologics Cayman considered that most of the cancelled WXB Restricted Shares under the WXB Restricted Share Award Scheme were replaced by the share options granted under the 2021 Pre-IPO Share Option Scheme, which was accounted for as a modification of the original equity instruments with no incremental fair value granted, therefore, such outstanding WXB 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 WXB 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.

31. SHARE-BASED COMPENSATION (Continued)

Equity instruments granted by Biologics Cayman to employees of the Group (Continued)

(a) WXB Restricted Share Award Scheme (Continued)

The Group recognized an expense of approximately RMB7,500,000 for the year ended December 31, 2024 (2023: RMB2,801,000) in relation to the WXB Restricted Shares granted by Biologics Cayman under the WXB Restricted Share Award Scheme.

(b) WXB Global Partner Program Share Scheme

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

The Group recognized an expense of approximately RMB596,000 for the year ended December 31, 2024 (2023: RMB391,000) in relation to the WXB Restricted Shares granted by Biologics Cayman under the WXB Global Partner Program Share Scheme.

31. SHARE-BASED COMPENSATION (Continued)

Equity instruments granted by the Company to employees of the Group

(a) 2021 Pre-IPO Share Option Scheme

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

The option granted under the 2021 Pre-IPO 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 2021 Pre-IPO Share Option Scheme" and each batch on which any portion of options granted shall be vested is hereinafter referred to as a "Batch under 2021 Pre-IPO Share Option Scheme"):

Batch under 2021 Pre-IPO Share Option Scheme	Vesting Date of 2021 Pre-IPO Share Option Scheme
Twenty percent (20%) of the shares subject to an option so granted	Second (2nd) anniversary of the grant date for a Company's share option
Twenty percent (20%) of the shares subject to an option so granted	Third (3rd) anniversary of the grant date for a Company's share option
Twenty percent (20%) of the shares subject to an option so granted	Fourth (4th) anniversary of the grant date for a Company's share option
Forty percent (40%) of the shares subject to an option so granted	Fifth (5th) anniversary of the grant date for a Company's share option

31. SHARE-BASED COMPENSATION (Continued)

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

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

Set out below are details of the movements of the outstanding share options granted under the 2021 Pre-IPO Share Option Scheme:

Batch	Outstanding as at January 1, 2024	Granted	Exercised	Forfeited	Outstanding as at December 31, 2024
Employee					
April 1, 2022	18,369,549	-	1,628,240	213,035	16,528,274
August 18, 2022	8,325,156	-	780,679	-	7,544,477
January 6, 2023	18,168,541	-	-	832,610	17,335,931
Director					
June 10, 2022	32,160,000	-	-	-	32,160,000
	77,023,246	-	2,408,919	1,045,645	73,568,682
Exercisable at the end of the period	-				9,319,415
Weighted average exercise price (RMB)	1.7283	-	1.7202	1.8252	1.7272

31. SHARE-BASED COMPENSATION (Continued)

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

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

Batch	Outstanding as at January 1, 2023	Granted	Exercised	Forfeited	Outstanding as at December 31, 2023
Employee					
April 1, 2022	18,369,549	–	–	–	18,369,549
August 18, 2022	8,602,256	–	–	277,100	8,325,156
January 6, 2023	–	18,517,841	–	349,300	18,168,541
Director					
June 10, 2022	32,160,000	–	–	–	32,160,000
	59,131,805	18,517,841	–	626,400	77,023,246
Exercisable at the end of the period	–				–
Weighted average exercise price (RMB)	1.6859	1.8680	–	1.8600	1.7283

The Group recognized total expense of approximately RMB31,518,000 for the year ended December 31, 2024 (2023: RMB51,370,000) in relation to options granted by the Company under the 2021 Pre-IPO Share Option Scheme.

31. SHARE-BASED COMPENSATION (Continued)

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

(b) 2023 Pre-IPO Share Option Scheme

On March 22, 2023, the Company adopted the 2023 Pre-IPO Share Option Scheme for the purpose of the 2023 Pre-IPO Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group so as to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants for the 2023 Pre-IPO Share Option Scheme include any full-time or part-time employee, executive, officer or director (including executive, non-executive or independent non-executive director) of the Company or any member of the Group or any associated company, to be determined at the sole discretion of the Board. The maximum number of our Shares which may be issued upon exercise of all options to be granted under the 2023 Pre-IPO Share Option Scheme and other share option schemes of the Company shall not in aggregate exceed 4% of the total number of our Shares in issue as at the adoption date of the 2023 Pre-IPO Share Option Scheme (the "2023 Scheme Mandate Limit"). Options lapsed in accordance with the terms of the 2023 Pre-IPO Share Option Scheme will not be counted for the purpose of calculating the 2023 Scheme Mandate Limit.

The option granted under the 2023 Pre-IPO 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 2023 Pre-IPO Share Option Scheme" and each batch on which any portion of options granted shall be vested is hereinafter referred to as a "Batch under 2023 Pre-IPO Share Option Scheme"):

Batch under 2023 Pre-IPO Share Option Scheme	Vesting Date of 2023 Pre-IPO Share Option Scheme
Twenty percent (20%) of the shares subject to an option so granted	Second (2nd) anniversary of the grant date for a Company's share option
Twenty percent (20%) of the shares subject to an option so granted	Third (3rd) anniversary of the grant date for a Company's share option
Twenty percent (20%) of the shares subject to an option so granted	Fourth (4th) anniversary of the grant date for a Company's share option
Forty percent (40%) of the shares subject to an option so granted	Fifth (5th) anniversary of the grant date for a Company's share option

31. SHARE-BASED COMPENSATION (Continued)

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

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

Set out below are details of the movements of the outstanding share options granted under the 2023 Pre-IPO Share Option Scheme:

Batch	Outstanding as at January 1, 2024	Granted	Exercised	Forfeited	Outstanding as at December 31, 2024
Employee					
July 6, 2023	20,399,862	–	–	713,848	19,686,014
August 24, 2023	4,280,666	–	–	155,500	4,125,166
October 30, 2023	1,687,916	–	–	–	1,687,916
Director					
July 6, 2023	13,254,016	–	–	–	13,254,016
August 24, 2023	295,840	–	–	–	295,840
	39,918,300	–	–	869,348	39,048,952
Exercisable at the end of the period	–				–
Weighted average exercise price (RMB)	4.8766	–	–	4.9293	4.8755

31. SHARE-BASED COMPENSATION (Continued)

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

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

Batch	Outstanding as at January 1, 2023	Granted	Exercised	Forfeited	Outstanding as at December 31, 2023
Employee					
July 6, 2023	–	21,565,553	–	1,165,691	20,399,862
August 24, 2023	–	4,367,241	–	86,575	4,280,666
October 30, 2023	–	1,687,916	–	–	1,687,916
Director					
July 6, 2023	–	13,254,016	–	–	13,254,016
August 24,2023	–	295,840	–	–	295,840
	–	41,170,566	–	1,252,266	39,918,300
Exercisable at the end of the period	–				–
Weighted average exercise price (RMB)	–	4.8702	–	4.6659	4.8766

The Group recognized total expense of approximately RMB50,115,000 for the year ended December 31, 2024 (2023: RMB27,974,000) in relation to options granted by the Company under the 2023 Pre-IPO Share Option Scheme.

31. SHARE-BASED COMPENSATION (Continued)

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

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

The estimated fair value of the share options at the date of grant were approximately RMB20,602,000, RMB34,331,000, RMB8,984,000, RMB17,330,000, RMB105,326,000, RMB10,766,000 and RMB28,567,000 for the April 1, 2022, June 10, 2022, August 18, 2022, January 6, 2023, July 6, 2023, August 24, 2023 and October 30, 2023 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	August 18, 2022	January 6, 2023	July 6, 2023	August 24, 2023	October 30, 2023
Equity value per share (RMB)	1.658	1.658	1.845	1.865	5.516	5.516	16.704
Exercise price (RMB)	1.658	1.658	1.850	1.868	4.500	6.900	6.900
Expected volatility	47.6%	47.9%	47.9%	43.6%	41.3%	41.2%	41.1%
Expected life (years)	10	10	10	10	10	10	10
Risk-free interest rate	2.81%	2.81%	2.78%	2.89%	2.69%	2.55%	2.72%
Forfeiture rate	3.70%	–	3.70%	3.70%	8.00%	8.00%	8.00%

The risk-free interest rate was based on market yield rate of China government bonds with the term corresponding to the contractual life of the options. Expected volatility was determined by using the historical volatility of the comparable companies. Changes in variables and assumptions may result in changes in the fair values of the share options.

The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

31. SHARE-BASED COMPENSATION (Continued)

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

(c) Restricted Share Award Scheme

On June 12, 2024, the Company adopted the Restricted Share Award Scheme for the primary purpose of (i) recognize the contributions by certain grantees (the "Selected Participants"); (ii) encourage, motivate and retain the Selected Participants, whose contributions are beneficial to the continual operation, development and growth of the Group; and (iii) provide additional incentive for the Selected Participants to achieve performance goals, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Selected Participants to the Shareholders through ownership of the shares of the group. The total number of the restricted shares underlying all grants made pursuant to the Restricted Share Award Scheme (the "Restricted Shares") shall not exceed three percent of the issued share capital of the Company as at the adoption date.

The Company will issue and allot to trustee new shares under the general mandate granted by the shareholders of the Company from time to time. The new shares so issued will be held on trust until the end of each vesting period and will be transferred to the Selected Participants under Restricted Share Award Scheme upon satisfaction of the relevant original vesting conditions. The fair value of the restricted shares awarded was determined based on the market value of the Company's shares at the grant date. The closing price of the Group's shares immediately before July 12, 2024 and September 30, 2024, the dates of grant, was HKD16.18 and HKD23.35 respectively.

31. SHARE-BASED COMPENSATION (Continued)

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

(c) Restricted Share Award Scheme (Continued)

The restricted shares granted under the Restricted Share Award Scheme can only be vested in the following manners (each date on which any portion of Restricted Shares granted shall be vested is hereinafter referred to as a "Vesting Date of Restricted Shares Award Scheme" and each batch on which any portion of Restricted Shares 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 Company's Restricted Shares
Twenty percent (20%) of the Restricted Shares so granted	Third (3rd) anniversary of the grant date for a Company's Restricted Shares
Twenty percent (20%) of the Restricted Shares so granted	Fourth (4th) anniversary of the grant date for a Company's Restricted Shares
Forty percent (40%) of the Restricted Shares so granted	Fifth (5th) anniversary of the grant date for a Company's Restricted Shares

31. SHARE-BASED COMPENSATION (Continued)

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

(c) Restricted Share Award Scheme (Continued)

Set out below are details of the movements of the restricted shares granted under the Restricted Share Award Scheme during the year ended December 31, 2024:

Batch	Outstanding as at January 1, 2024	Granted	Exercised	Forfeited	Outstanding as at December 31, 2024
Employee					
July 12, 2024	-	4,015,716	-	150,837	3,864,879
September 30, 2024	-	290,000	-	-	290,000
Director					
July 12, 2024	-	481,232	-	-	481,232
	-	4,786,948	-	150,837	4,636,111
Weighted average fair value per share (RMB)	-	15.4098	-	14.7787	15.4303

The Group recognized total expense of approximately RMB14,085,000 for the year ended December 31, 2024 in relation to restricted shares granted by the Company under the Restricted Share Award Scheme.

32. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes borrowings and lease liabilities disclosed in Notes 28 and 29 respectively, net of cash and cash equivalents, and equity attributable to the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the issue of new shares and bank borrowing, if necessary.

32. FINANCIAL INSTRUMENTS (Continued)

b. Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortized cost	**5,147,011**	4,895,989
Financial assets at FVTPL	**433,511**	–
Financial liabilities		
Financial liabilities at amortized cost	**1,749,141**	819,151

c. Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, financial assets at FVTPL, other long-term deposits, bank balances, time deposits, pledged bank deposits, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to currency risk. There had been no change in the Group's exposure to this risk or the manner in which it managed and measured the risks during the year ended December 31, 2024.

Currency risk

Certain of the Group's bank balances and cash, time deposits, trade and other receivables, contract assets, financial assets at FVTPL and trade and other payables are denominated in currencies other than the functional currency of the relevant group entities exposed to foreign currency risk. The carrying amounts of relevant group entities' foreign currency denominated monetary assets and liabilities other than their functional currency are disclosed in the respective notes.

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets (trade and other receivables, contract assets, bank balances and cash, time deposits and financial assets at FVTPL) and liabilities (trade and other payables) at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Assets		
US$	4,698,017	949,836
HKD	4,397	3,582,422
EUR	1,614	11,064
SGD	1,443	3
Liabilities		
US$	797,547	47,030
SGD	1,472	–
EUR	740	1,869
GBP	236	–
CHF	–	20

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against US$ and HKD, the foreign currencies with which the Group may have a material exposure. No sensitivity analysis has been disclosed for the EUR, SGD, GBP and CHF denominated assets/liabilities as the impact on profit is immaterial. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A negative number below indicates a decrease in post-tax profit where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact an post-tax profit and the amounts below would be positive.

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis (Continued)

	2024 RMB'000	2023 RMB'000
Impact on profit or loss:		
US$	**(171,125)**	(35,363)
HKD	**(193)**	(140,326)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank balances and time deposits, fixed-rate borrowings and lease liabilities (see Notes 25, 28 and 29 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and LPR arising from the Group's bank borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Total interest income from financial assets that are measured at amortized cost is RMB185,186,000 (2023: RMB47,363,000).

The sensitivity analyses below have been determined based on the exposure to interest rates for its variable-rate borrowing. The analysis is prepared assuming the variable-rate borrowing outstanding at the end of the reporting period was outstanding for the whole year. 50 basis points (2023: 50 basis points) increase or decrease are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would have decreased/increased approximately by RMB88,000 (2023: nil). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowing.

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, contract assets, other long-term deposits, financial assets at FVTPL, bank balances, and time deposits. At the end of each reporting period, the Group's maximum exposure to credit risk which causes a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of the financial position.

In order to minimize credit risk, the Group has developed and maintained the Group's credit risk grading to categorize exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and reviewed at the end of the reporting period to ensure the adequate impairment losses are made for irrecoverable amount.

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Credit risk and impairment assessment (Continued)

The Group's current credit risk grading framework comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date in full	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	Amount is > 60 weighted average overdue days and there has been a significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	Amount is > 180 weighted average overdue days or there is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment:

	Internal credit rating	12-month or lifetime ECL	2024 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
Financial assets at amortized cost				
Trade receivables *(note ii)*	Low risk	Lifetime ECL (collective assessment)	**1,121,751**	600,734
	Doubtful	Lifetime ECL (collective assessment)	**457,952**	224,265
	Doubtful	Lifetime ECL (individual assessment)	**–**	7,155
	Loss	Lifetime ECL (collective assessment)	**30,391**	21,265
Contract assets *(note ii)*	Low risk	Lifetime ECL (collective assessment)	**19,228**	15,665
	Doubtful	Lifetime ECL (collective assessment)	**60,088**	16,015
	Loss	Lifetime ECL (collective assessment)	**264**	–
Receivables for purchase of raw materials on behalf of customers	Low risk	12-month ECL	**–**	12,526
	Doubtful	Lifetime ECL (not credit-impaired)	**–**	1,075
Other receivables *(note iii)*	Low risk	12-month ECL	**33,790**	8,198
Pledged bank deposits *(note i)*	Low risk	12-month ECL	**–**	4,400
Time deposits *(note i)*	Low risk	12-month ECL	**1,614,647**	–
Bank balances *(note i)*	Low risk	12-month ECL	**1,925,149**	4,047,583
Other long-term deposits *(note iii)*	Low risk	12-month ECL	**154**	147

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Credit risk and impairment assessment (Continued)

Notes:

(i) The Group performed impairment assessment on pledged bank deposits, time deposits and bank balances concluded that the associated credit risk is limited because the counterparties are banks with high credit rating and good reputation.

(ii) For trade receivables and contract assets, the Group determines the ECL on these items by categorizing its customers into three types: grade A customers, grade B customers and grade C customers. Except for the customers which are assessed individually, the Group determines the ECL based on the financial quality of debtors and their historical credit loss experience according to the past due status adjusted, as appropriate, to reflect current conditions and estimates of future economic conditions. While for the customers which are assessed individually, the Group determines the ECL based on their historical credit loss experience according to the past due status adjusted to, as appropriate, to reflect current conditions including but not limited to subsequent collection rate and repayment plan.

(iii) For other receivables and other long-term deposits, the directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended December 31, 2024 and 2023, the Group assessed the ECL for other receivables and other long-term deposits, no loss allowance was recognized.

Trade receivables and contract assets

The Group performs impairment assessment under ECL model on trade receivables and contract assets credited-impaired with latest repayment in subsequent period and repayment schedule individually. In estimating ECL on remaining trade receivables and contract assets, the Group groups the debtors based on shared credit risk characteristics of the debtors. Subsequently, the Group determines the internal credit rating and provision rates for each group. The provision rates are based on the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort.

As at December 31, 2024, the Group provided RMB36,823,000 (2023: RMB25,123,000) impairment allowance for trade receivables, based on collective assessment.

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Trade receivables and contract assets (Continued)

As at December 31, 2024, the Group provided RMB927,000 (2023: RMB629,000) impairment allowance for contract assets, based on collective assessment.

As of December 31, 2024, no impairment allowance was individually assessed for trade receivables (2023: RMB6,088,000 on a gross carrying amount of RMB7,155,000).

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on collective basis within lifetime ECL as at December 31, 2024 within lifetime ECL:

Gross carrying amount	2024			2023		
Internal credit rating	Average loss rate	Trade receivables RMB'000	Contract assets RMB'000	Average loss rate	Trade receivables RMB'000	Contract assets RMB'000
Grade A: Low risk and watch list	0.09%	1,121,751	19,228	0.11%	600,734	15,665
Grade B: Doubtful	1.18%	457,952	60,088	1.58%	224,265	16,015
Grade C: Loss	100%	30,391	264	100%	21,265	–
		1,610,094	79,580		846,264	31,680

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management of the Group to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Trade receivables and contract assets (Continued)

The following table shows the movement in lifetime ECL that has been recognized for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at December 31, 2022	(43,157)	(8,884)	(52,041)
Changes due to financial instruments recognized as at January 1, 2023			
— Transfer to credit-impaired	5,754	(5,754)	–
— Impairment losses recognized	(769)	(4,832)	(5,601)
— Impairment losses reversed	33,740	4,140	37,880
New financial assets originated or purchased	(6,143)	(5,935)	(12,078)
As at December 31, 2023	**(10,575)**	**(21,265)**	**(31,840)**
Changes due to financial instruments recognized as at January 1, 2024			
— Transfer to credit-impaired	**6,836**	**(6,836)**	**–**
— Impairment losses recognized	**(490)**	**(4,425)**	**(4,915)**
— Impairment losses reversed	**3,708**	**14,054**	**17,762**
— Write-offs	**–**	**1,091**	**1,091**
New financial assets originated or purchased	**(6,574)**	**(13,274)**	**(19,848)**
As at December 31, 2024	**(7,095)**	**(30,655)**	**(37,750)**

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Trade receivables and contract assets (Continued)

The following table shows the reconciliation of loss allowances that have been recognized and reversed for receivables for purchase of raw materials on behalf of customers.

	12-month ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Total RMB'000
As at January 1, 2023	(1)	(2,174)	(2,175)
— Impairment losses reversed	–	2,162	2,162
— Transfer to lifetime ECL	60	(60)	–
New financial assets originated or purchased	(135)	–	(135)
As at December 31, 2023	**(76)**	**(72)**	**(148)**
— Impairment losses reversed	**76**	**72**	**148**
As at December 31, 2024	**–**	**–**	**–**

For the purposes of impairment assessment, other financial assets including other receivables, other long-term deposits, pledged bank deposits, term deposits and bank balances are considered to have low credit risk. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL for these financial assets at amortized cost, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other financial assets at amortized cost occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The directors of the Company considered that the 12-month ECL allowance is insignificant at the end of each reporting period.

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest is floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate %	On demand or less than one year RMB'000	One to five years RMB'000	More than 5 years RMB'000	Total un-discounted cash flows RMB'000	Total carrying amounts RMB'000
2024						
Trade and other payables	N/A	1,271,141	-	-	1,271,141	1,271,141
Borrowings						
— fixed rate	2.16%	462,189	-	-	462,189	458,000
— variable rate	2.40%	20,435	-	-	20,435	20,000
Total financial liabilities		1,753,765	-	-	1,753,765	1,749,141
Lease liabilities	3.77	3,287	11,371	6,670	21,328	18,425
		1,757,052	11,371	6,670	1,775,093	1,767,566

32. FINANCIAL INSTRUMENTS (Continued)

c. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Liquidity risk (Continued)

	Weighted average interest rate %	On demand or less than one year RMB'000	One to five years RMB'000	More than 5 years RMB'000	Total un-discounted cash flows RMB'000	Total carrying amounts RMB'000
2023						
Trade and other payables	N/A	819,151	–	–	819,151	819,151
Total financial liabilities		819,151	–	–	819,151	819,151
Lease liabilities	4.90	1,285	1,899	–	3,184	2,842
		820,436	1,899	–	822,335	821,993

d. Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company have set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available.

32. FINANCIAL INSTRUMENTS (Continued)

d. Fair value measurements of financial instruments (Continued)

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

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	December 31, 2024	December 31, 2023		
Financial assets at FVTPL	**Structured deposits: RMB433,511,000**	Structured deposits: nil	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair value.

The fair values of these financial assets and financial liabilities at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

33. RETIREMENT BENEFIT PLANS

The employees of the Group's subsidiaries are members of the state-managed retirement benefits schemes operated by government. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total cost charged to profit or loss in respect of the above-mentioned schemes amounted to approximately RMB50,543,000 for the year ended December 31, 2024 (2023: RMB28,916,000).

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both the cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000	Lease liabilities RMB'000	Accrued share issue cost RMB'000	Loans from related parties RMB'000	Total RMB'000
As at January 1, 2023	–	6,040	–	71,144	77,184
Net financing cash flows	–	(5,109)	(5,605)	(71,144)	(81,858)
Issue of shares	–	–	7,711	–	7,711
Non-cash changes					
Interest expenses	–	315	–	–	315
New lease extended	–	1,596	–	–	1,596
As at December 31, 2023	**–**	**2,842**	**2,106**	**–**	**4,948**
Net financing cash flows	**475,381**	**(2,211)**	**(2,106)**	**–**	**471,064**
Non-cash changes					
Interest expenses	**2,619**	**586**	**–**	**–**	**3,205**
New lease entered	**–**	**17,208**	**–**	**–**	**17,208**
As at December 31, 2024	**478,000**	**18,425**	**–**	**–**	**496,425**

35. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

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

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

In addition to the balances disclosed in Notes 23, 24, 26 and 27, the Group had the following significant transactions and balances with related parties:

(a) Related party transactions

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

	2024 RMB'000	2023 RMB'000
WuXi Biologics group	93,763	217,738
WuXi AppTec group	7,131	10,008
	100,894	227,746

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

	2024 RMB'000	2023 RMB'000
WuXi Biologics group	7,974	5,625

35. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Related party transactions (Continued)

Sales of property, plant and equipment to related parties

	2024 RMB'000	2023 RMB'000
WuXi AppTec group	1,907	–
WuXi Biologics group	738	806
	2,645	806

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

	2024 RMB'000	2023 RMB'000
WuXi Biologics group	918	2,912

Antibodies master services received (included in cost of sales)

	2024 RMB'000	2023 RMB'000
WuXi Biologics group	1,649,914	908,792
WuXi AppTec group	106,120	133,299
	1,756,034	1,042,091

35. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Related party transactions (Continued)

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

	2024 RMB'000	2023 RMB'000
WuXi Biologics group	**77,845**	56,907
WuXi AppTec group	**11,982**	2,549
Duoning group	**149**	61
	89,976	59,517

Purchase of materials (included in cost of sales)

	2024 RMB'000	2023 RMB'000
WuXi Biologics group	**52,035**	41,377
WuXi AppTec group	**24,532**	20,745
Duoning group	**22,018**	3,579
	98,585	65,701

Purchase of property, plant and equipment

	2024 RMB'000	2023 RMB'000
Duoning group	**8,566**	3,932
WuXi Biologics group	**5,609**	4,787
Renze	**–**	2,487
	14,175	11,206

35. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Related party transactions (Continued)

Interest expense on loans from related parties

	2024 RMB'000	2023 RMB'000
WuXi Biologics group	–	427

Interest expense on lease liabilities

	2024 RMB'000	2023 RMB'000
WuXi AppTec group	–	105

Expense relating to short-term leases

	2024 RMB'000	2023 RMB'000
WuXi AppTec group	2,298	97

35. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Related party balances

As at December 31, 2024 and 2023, the Group had balances with related parties as follows:

	2024 RMB'000	2023 RMB'000
Amounts due from related parties — Trade related		
Included in trade receivables:		
WuXi Biologics group	**42,814**	82,523
WuXi AppTec group	**3,780**	3,468
	46,594	85,991
Included in other receivables:		
WuXi Biologics group	**14,163**	1,864
Less: allowance for credit losses	**(474)**	(266)
	60,283	87,589
Included in advances to suppliers:		
WuXi AppTec group	**–**	82
	60,283	87,671

	2024 RMB'000	2023 RMB'000
Amounts due from related parties — Non-trade related		
Included in other receivables:		
WuXi AppTec group	**1,910**	–

35. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Related party balances (Continued)

	2024 RMB'000	2023 RMB'000
Contract assets — Trade related		
WuXi AppTec group	**7,250**	7,685
Less: allowance for credit losses	**(211)**	(229)
	7,039	7,456

	2024 RMB'000	2023 RMB'000
Amounts due to related parties — Trade related		
Included in trade payables:		
WuXi Biologics group	**846,191**	511,418
WuXi AppTec group	**66,532**	68,182
Duoning group	**6,720**	733
	919,443	580,333
Included in other payables:		
WuXi Biologics group	**104,709**	96,939
WuXi AppTec group	**2,797**	508
	1,026,949	677,780

35. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Related party balances (Continued)

	2024 RMB'000	2023 RMB'000
Amounts due to related parties		
— Non-trade related		
Included in payable for purchase of property, plant and equipment:		
Duoning group	**3,327**	1,507

All the above balances with related parties are unsecured, interest free and repayable on demand.

(c) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the year was as follows:

	2024 RMB'000	2023 RMB'000
Director's fee	**3,285**	408
Salaries and other benefits	**11,762**	5,275
Performance-based bonus	**6,172**	2,113
Retirement benefits scheme contributions	**17**	22
Share-based compensation	**28,505**	16,884
	49,741	24,702

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

36. CAPITAL COMMITMENTS

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

	2024 RMB'000	2023 RMB'000
Contracted but not provided for		
— Property, plant and equipment	654,154	159,266

37. OPERATING LEASE ARRANGEMENTS

The Group as lessor

As at December 31, 2024, the Group's investment property with carrying amounts of RMB12,006,000 (2023: RMB12,409,000) were held for rental purposes.

Undiscounted lease payments receivable on leases are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	988	988
In the second year	–	988

38. DETAILS OF SUBSIDIARIES

The Company

The direct and indirect interests in the following subsidiaries held by the Company during the years ended December 31, 2024 and 2023, and as of the date of issuance of the consolidated financial statements are as follows:

Names of subsidiaries	Place of incorporation/ operation, date of incorporation	Authorized share/ registered capital	Paid up capital	Attributable equity interests held by the Company as at		Principal activities
				2024	2023	
WuXi XDC Hong Kong Limited *(note ii)*	Hong Kong June 7, 2021	HKD1	–	100%	100%	International sales contracting service
無錫藥明合聯生物技術有限公司 (曾用名:無錫藥明偶聯生物技術有限公司) (XDC Wuxi)# *(note ii)*	The PRC March 13, 2018	US$300,000,000	US$220,000,000	100%	100%	Biologics discovery, development and manufacturing service
上海藥明合聯生物技術有限公司 (曾用名:上海藥明全聯生物技術有限公司) (XDC Shanghai)# *(note i)*	The PRC March 31, 2021	RMB30,000,000	RMB30,000,000	100%	100%	Biologics discovery, development and manufacturing service
常州藥明合聯生物技術有限公司 (WuXi XDC (Changzhou) Co., Ltd. ("XDC Changzhou"))# *(note i)*	The PRC July 2, 2021	RMB300,000,000	RMB300,000,000	100%	100%	Biologics discovery, development and manufacturing service
WuXi XDC Singapore Private Limited ("XDC SG")# *(note ii)*	Singapore November 16, 2022	US$156,000,000	US$156,000,000	100%	100%	Biologics manufacturing service
XDC ConjuTech Limited ("XDC BVI")# *(note ii)*	British Virgin Islands May 8, 2024	US$162,000,000	US$162,000,000	100%	N/A	Investment holding
XDC ConjuTech USA LLC ("XDC USA")# *(note ii)*	The United States May 22, 2024	US$5,000,000	US$5,000,000	100%	N/A	Development, production and distribution of biotechnological products

English name is for identification purpose only.

38. DETAILS OF SUBSIDIARIES (Continued)

The Company (Continued)

Notes:

(i) This Company is a wholly-domestic owned enterprise.

(ii) This Company is a wholly-foreign owned enterprise.

None of the subsidiaries had issued any debt securities at the end of the period.

39. FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current Asset		
Investments in subsidiaries	2,809,119	1,413,374
Current Assets		
Other receivables	921	–
Amounts due from subsidiaries	91,525	–
Financial assets at FVTPL	145,171	–
Time deposits	1,467,428	–
Bank balances and cash	754,045	3,582,929
	2,459,090	3,582,929
Current Liabilities		
Other payables	10,644	43,588
Net Current Assets	2,448,446	3,539,341
Total Assets less Current Liabilities	5,257,565	4,952,715
Capital and Reserves		
Share capital	391	390
Reserves	5,257,174	4,952,325
	5,257,565	4,952,715

40. RESERVES MOVEMENT OF THE COMPANY

The movement of the reserves of the Company are as follows:

	Share premium RMB'000	Equity-settled share-based compensation reserve RMB'000	Retained earnings (Accumulated losses) RMB'000	Total reserves RMB'000
As at January 1, 2023	1,285,143	27,750	19,597	1,332,490
Total comprehensive expense for the year	–	–	(64,630)	(64,630)
Shares issued pursuant to the IPO	3,740,885	–	–	3,740,885
Transaction costs attributable to issue of new shares	(135,764)	–	–	(135,764)
Recognition of equity-settled share-based compensation	–	79,344	–	79,344
As at December 31, 2023	**4,890,264**	**107,094**	**(45,033)**	**4,952,325**
Total comprehensive income for the year	**–**	**–**	**205,019**	**205,019**
Recognition of equity-settled share-based compensation	**–**	**95,718**	**–**	**95,718**
Exercise of pre-IPO share options	**6,491**	**(2,379)**	**–**	**4,112**
As at December 31, 2024	**4,896,755**	**200,433**	**159,986**	**5,257,174**

41. INVESTMENTS IN SUBSIDIARIES

	2024 RMB'000	2023 RMB'000
Unlisted shares, at cost	2,606,570	1,306,543
Deemed capital contributions to *(note i)*:		
XDC Wuxi	137,265	72,307
XDC Changzhou	2,854	1,941
XDC Shanghai	62,430	32,583
	2,809,119	1,413,374

Note:

i. The amounts represent the equity-settled share-based compensation in respect of the respective share options and restricted shares granted by the Company to certain employees of the specified subsidiaries for employees' services rendered to the respective subsidiaries under the Company's Pre-IPO Share Option Scheme and Restricted Share Award Scheme as disclosed in Note 31. Since the subsidiaries have no obligation to reimburse such expense, the amounts are treated as deemed capital contribution by the Company to the subsidiaries and included in the Company's cost of investments in subsidiaries.

Definitions

"2021 Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on November 23, 2021
"2023 Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on March 22, 2023
"2024 Share Scheme"	the share scheme adopted by the Company on June 12, 2024
"AGM"	the annual general meeting of the Company
"antibody drug conjugate(s)" or "ADC(s)"	an emerging class of highly potent biopharmaceutical drugs designed as a targeted therapy combining the specific targeting capabilities of monoclonal antibodies with the cancer-killing ability of cytotoxic drugs for the treatment of cancer
"Articles of Association"	the second amended and restated articles of association, conditionally approved and adopted by the Company on October 30, 2023 effective on the Listing Date, and as amended from time to time
"Audit Committee"	the audit committee of the Board
"BLA"	Biologics license application, a request for permission to introduce, or deliver for introduction, a biologic product for commercialization in a specific jurisdiction
"Board"	the board of Directors
"CAGR"	compound annual growth rate
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"cGMP"	current good manufacturing practice, regulations enforced by the FDA on pharmaceutical and biotech firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity
"Chairman"	the chairman of the Board
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan

Definitions

"Company" or "WuXi XDC"	WuXi XDC Cayman Inc. (藥明合聯生物技術有限公司)*, an exempted company incorporated under the laws of the Cayman Islands with limited liability
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to WuXi Biologics, WuXi AppTec, WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司), STA and STA Pharmaceutical, or any one of them
"CRDMO"	Contract Research, Development and Manufacturing Organization
"DAR"	drug-to-antibody ratio, refers to the average number of drug molecules that are attached to each antibody molecule
"Director(s)"	the director(s) of the Company
"DNA"	deoxyribonucleic acid
"drug product" or "DP"	a dosage form that contains an active drug ingredient
"drug substance" or "DS"	an active ingredient that is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease or to affect the structure or any function of the human body, but does not include intermediates used in the synthesis of such ingredient
"EMA"	European Medicines Agency
"ESG"	Environmental, Social and Governance
"EU"	a politico-economic union of 27 member states that are located primarily in Europe
"EUR"	Euro, the official currency of 20 out of 27 member States of the European Union
"FDA"	the U.S. Food and Drug Administration
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
"Global Offering"	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)

Definitions

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

Definitions

"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局) from 2013 to 2018 and the State Food and Drug Administration (國家食品藥品監督管理局) from 2003 to 2013
"payload"	the component that elicits the desired therapeutic response, which is attached to the antibody by a linker and is released at the desired target
"payload-linker"	payload, linker and/or payload-linker, which combines both the payload and the linker, as the context requires. Conjugation, which typically refers to the combination of the antibody intermediate and payload-linker and is one of the most important steps in generating bioconjugates, is a separate step from combining the payload and linker molecules
"Payload & Linker Business"	the payload & linker business, which includes the customer resources, personnel and assets relating to such business, acquired by the Group from STA Pharmaceutical
"PCC"	preclinical candidate
"Pre-IPO Share Option Schemes"	collectively, the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme
"Prospectus"	the prospectus issued by the Company dated November 7, 2023
"Remaining WXB Group"	WuXi Biologics and its subsidiaries, excluding the Group
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of the PRC
"Reporting Period"	the one-year period from January 1, 2024 to December 31, 2024
"R&D"	research and development
"SFO"	the Securities and Futures Ordinance Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time

Definitions

"Share(s)"	ordinary shares in the share capital of the Company with a par value of US$0.00005 each
"Shareholder(s)"	holder(s) of Share(s)
"STA"	Shanghai SynTheAll Pharmaceutical Co., Ltd.* (上海合全藥業股份有限公司), a limited liability company established in the PRC on January 23, 2003
"STA Changzhou"	Changzhou SynTheAll Pharmaceutical Co., Ltd.* (常州合全藥業有限公司), a limited liability company established in the PRC on September 29, 2013, a non-wholly owned subsidiary of WuXi AppTec
"STA Pharmaceutical"	STA Pharmaceutical Hong Kong Investment Limited* (合全藥業香港投資有限公司), a limited liability company incorporated in Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S."	The United States of America
"U.S. dollar(s)" or "US$" or "USD"	United States dollar(s), the lawful currency of the United States of America
"Written Guidelines"	the Guidelines for Securities Transactions by Employees
"WuXi AppTec"	WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), a joint stock company with limited liability incorporated in the PRC, with its A shares being listed on the Shanghai Stock Exchange (SSE stock code: 603259) and its H shares being listed on the Main Board of the Stock Exchange (HKEx stock code: 2359)
"WuXi Biologics"	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司)*, an exempted company incorporated with limited liability in the Cayman Islands, with its shares being listed on the Main Board of the Stock Exchange (HKEx stock code: 2269)
"WXAT Group"	Wuxi AppTec together with its subsidiaries
"WXB Group"	WuXi Biologics together with its subsidiaries

Definitions

"XDC(s)"	bioconjugates extending beyond ADC first through conjugation of various payloads other than chemical drugs with antibodies, and then further through conjugation of various carriers (other than antibodies) with various payloads
"%"	per cent

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

* *For identification purposes only*