



無錫藥明康德新藥開發股份有限公司
WuXi AppTec Co., Ltd.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 2359

INTERIM REPORT
2023

**For identification purpose only*

CONTENTS

Corporate Information	2
Financial Highlights	5
Management Discussion and Analysis	6
Statutory Disclosures	44
Report on Review of Condensed Consolidated Financial Statements	84
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	85
Condensed Consolidated Statement of Financial Position	87
Condensed Consolidated Statement of Changes In Equity	89
Condensed Consolidated Statement of Cash Flows	91
Notes to the Condensed Consolidated Financial Statements	93
Definitions	148

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Ge Li (李革)
(Chairman and Chief Executive Officer)
Dr. Minzhang Chen (陳民章)
(Co-chief Executive Office)
Mr. Edward Hu (胡正國)
(Vice Chairman and Global Chief Investment Officer)
Dr. Steve Qing Yang (楊青)
(Co-chief Executive Officer)
Mr. Zhaohui Zhang (張朝暉)

Non-executive Directors

Mr. Xiaomeng Tong (童小蒙)
Dr. Yibing Wu (吳亦兵)

Independent Non-executive Directors

Ms. Christine Shaohua Lu-Wong (盧韶華)
Dr. Wei Yu (俞衛)
Dr. Xin Zhang (張新)
Ms. Zhiling Zhan (詹智玲)
Mr. Dai Feng (馮岱)

JOINT COMPANY SECRETARIES

Mr. Yuanzhou Zhang (張遠舟)
Ms. Yuet Fan Cheung (張月芬)

AUTHORISED REPRESENTATIVES

Mr. Edward Hu (胡正國)
Mr. Yuanzhou Zhang (張遠舟)

STRATEGY COMMITTEE

Dr. Ge Li (李革) *(Chairperson)*
Mr. Edward Hu (胡正國)
Mr. Xiaomeng Tong (童小蒙)
Dr. Yibing Wu (吳亦兵)
Dr. Wei Yu (俞衛)

AUDIT COMMITTEE

Ms. Christine Shaohua Lu-Wong (盧韶華)
(Chairperson)
Dr. Wei Yu (俞衛)
Dr. Xin Zhang (張新)

REMUNERATION AND APPRAISAL COMMITTEE

Ms. Zhiling Zhan (詹智玲) *(Chairperson)*
Dr. Xin Zhang (張新)
Mr. Dai Feng (馮岱)

NOMINATION COMMITTEE

Mr. Dai Feng (馮岱) *(Chairperson)*
Dr. Ge Li (李革)
Ms. Zhiling Zhan (詹智玲)

AUDITOR

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HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Tricor Investor Services Limited
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16 Harcourt Road
Hong Kong

STOCK CODE

A Share: 603259
H Share: 02359

COMPANY'S WEBSITE

www.wuxiapptec.com.cn

Financial Highlights

	Six months ended June 30,		Change
	2023 <i>RMB million</i> (except for percentages)	2022 <i>RMB million</i> (except for percentages)	
Operating results			
Revenue	18,871.3	17,756.3	6.3%
Gross profit	7,555.7	6,426.8	17.6%
<i>Gross profit margin</i>	40.0%	36.2%	
Net profit attributable to the owners of the Company	5,313.1	4,635.7	14.6%
<i>Margin of net profit attributable to the owners of the Company</i>	28.2%	26.1%	
Adjusted Non-IFRS net profit attributable to the owners of the Company	5,094.7	4,300.7	18.5%
<i>Margin of adjusted Non-IFRS net profit attributable to the owners of the Company</i>	27.0%	24.2%	
Earnings per share (RMB)			
— Basic	1.81	1.59	13.8%
— Diluted	1.79	1.48	20.9%
Adjusted Non-IFRS earnings per share (RMB)			
— Basic	1.73	1.47	17.7%
— Diluted	1.73	1.46	18.5%
	June 30, 2023 <i>RMB million</i> (except for percentages)	December 31, 2022 <i>RMB million</i> (except for percentages)	Change
Financial position			
Total assets	69,319.1	64,690.3	7.2%
Equity attributable to the owners of the Company	49,825.3	46,590.0	6.9%
Total liabilities	19,120.4	17,763.7	7.6%
Bank balances and cash	9,585.0	7,983.9	20.1%
Gearing ratio	27.6%	27.5%	

Management Discussion and Analysis

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP FOR THE REPORTING PERIOD

A. Analysis on Principal Operations

For the Reporting Period, the Company realized revenue of RMB18,871.3 million, representing a YoY growth of 6.3%. During the Reporting Period, we realized net profit attributable to the owners of the Company of RMB5,313.1 million, representing a YoY growth of 14.6%.

Always adhering to the highest international quality control standards, we have maintained outstanding service records and comprehensive protection system for intellectual property rights since our establishment and gained high recognition and reputation in the global pharmaceutical research and development industry. The service data developed by us have a high degree of recognition and credibility in the industry. We continued to optimize our cross-platform synergies to better serve our customers worldwide, strengthen our unique competitive advantage as a fully integrated Contract Research, Development and Manufacturing Organization (CRDMO) and Contract Testing, Development and Manufacturing Organization (CTDMO) platform, and provide one stop services for our customers from discovery to development and manufacturing.

The Company provided services to customers in over 30 countries and regions through its 32 operating bases and subsidiaries worldwide. As an industry innovation enabler, we grow together with our customers. In the first half of 2023, we added over 600 new customers, and in total we served more than 6,000 active customers over the past 12 months. Backlog grew 25% YoY excluding COVID-19 commercial projects. During the Reporting Period, revenue from US-based customers was RMB12.37 billion, excluding COVID-19 commercial projects, revenue grew 42% YoY; revenue from Europe-based customers grew 19% to RMB2.22 billion; revenue from China-based customers grew 6% to RMB3.23 billion; and revenue from other regions grew 6% to RMB1.04 billion. We have built a large and growing customer base with very strong customer stickiness. During the Reporting Period, nearly 99% of total revenue was generated from existing customers, reaching RMB18.65 billion, which grew 30% YoY excluding COVID-19 commercial projects. At the same time, our new customers have provided us with broader opportunities to continuously follow new technologies and new modalities, in addition to their revenue contribution of RMB0.22 billion. We continued to execute our "long-tail" strategy and increase our support to large biopharmaceutical companies. During the Reporting Period, revenue from the top 20 global pharmaceutical companies was RMB7.14 billion, which grew strongly by 47% YoY excluding COVID-19 commercial projects. Revenue generated from all other customers maintained growth momentum and grew by 20% YoY to RMB11.73 billion. Our unique positioning across the pharmaceutical development value chain drove our "follow-the-customer" and "follow-the-molecule" strategies and enhanced synergies across our business segments. During the Reporting Period, customers using services from multiple business units contributed RMB17.33 billion in revenue, growing by 37% YoY excluding COVID-19 commercial projects, accounting for an increased proportion of the Company's revenue at 92%.

Revenue

During the Reporting Period, we achieved synergy across various regions by leveraging our advantages in global presence and full industrial chain coverage, and seized new business opportunities to serve our customers continuously.

Detailed breakdown of our revenue by operating segments is as follows:

Operating Segments	Six months ended June 30,		Revenue Change
	2023 Revenue RMB million	2022 Revenue RMB million	
WuXi Chemistry	13,467.2	12,974.1	3.8%
WuXi Testing	3,091.0	2,605.0	18.7%
WuXi Biology	1,232.6	1,090.7	13.0%
WuXi ATU	713.6	615.4	16.0%
WuXi DDSU	342.0	455.1	(24.9)%
Others	24.8	16.0	55.6%
Total	18,871.3	17,756.3	6.3%

Note: The discrepancies between the total and sums of amounts in the table above are due to rounding.

(1) WuXi Chemistry

Revenue from WuXi Chemistry grew 3.8% YoY to RMB13.47 billion, excluding COVID-19 commercial projects, revenue grew strongly by 36.1%. Drug discovery services (“R”) continued to generate downstream opportunities. In the past 12 months, we successfully synthesized and delivered more than 420,000 new compounds to customers, which grew 20% YoY. Through our chemistry drug discovery services, we enabled our customers to accelerate their research while generating opportunities for our downstream business units. In the past 12 months, 120 molecules have transitioned from R to D&M, representing a YoY growth of 21%. Through our “follow-the-customer” and “follow-the-molecule” strategies, we established trusted partnerships with our global customers, supporting the sustainable growth of our CRDMO business. We continued executing our “long-tail” strategy. Demand from “long-tail” customers in discovery services of small molecule and new modalities continued to grow, with the number of new customers growing 17% YoY. Development and manufacturing (D&M) services delivered strong growth. During the Reporting Period, D&M services revenue grew 2.1% YoY to RMB9.67 billion. Excluding COVID-19 commercial projects, D&M services revenue grew strongly by 54.5%. During the Reporting Period, we added 583 molecules to our D&M pipeline. To date, our D&M pipeline consists of 2,819 molecules, including 56 commercial projects, 59 in phase III, 301 in phase II and 2,403 in phase I and pre-clinical stages, among which, 8 commercial and phase III projects were added in the first half of 2023. Specifically, TIDES business (mainly oligo and peptides) continued to expand. During the Reporting Period, TIDES revenue grew 37.9% YoY to RMB1.33 billion. As of June 30, 2023, backlog of TIDES grew strongly by 188% YoY. We expect revenue growth from TIDES business to exceed 70% in the full year of 2023. The number of TIDES D&M customers increased 25% YoY to 121, and the number of TIDES molecules increased 46% YoY to 207.

(2) WuXi Testing

Revenue from WuXi Testing grew 18.7% YoY to RMB3.09 billion. Revenue from lab testing services grew 18.8% YoY to RMB2.25 billion. The Company provides a full range of laboratory testing services for our customers, including drug metabolism and pharmacokinetics (DMPK), toxicology, and bioanalysis for drug development testing, as well as medical device testing. We provide customers with high-quality services, realize “one report for global submission,” and enable customers to save time, reduce costs and increase efficiency. Revenue from drug safety evaluation services grew 24% YoY. We maintained our industry leadership position in Asia Pacific for drug safety evaluation services that meet global regulatory requirements. During the Reporting Period, new lab testing facilities in Qidong and Suzhou began operations as scheduled, ensuring the business growth to accelerate in the second half of 2023. Moreover, we continued to enhance capabilities related to new modalities, with comprehensive coverage such as target protein degradation, nucleic acids, conjugates, and cell and gene therapies (CGT), etc. Revenue from clinical CRO & SMO (Site Management Organization) grew 18.3% YoY to RMB0.85 billion. SMO revenue grew by 34.3%, maintaining a leadership position in China. In the first half of 2023, SMO supported 25 new drug approvals for customers. In the first half of 2023, clinical CRO enabled our customers to obtain 8 IND approvals and submit 3 NDA filings.

(3) WuXi Biology

Revenue from WuXi Biology grew 13.0% YoY to RMB1.23 billion. The Company has one of the largest discovery biology enabling platforms, with approximately 3,000 experienced scientists (across 9 campuses in China, the U.S. and Germany), to provide a full range of biological services and solutions to customers. The Company focused on improving capabilities related to new modalities. The number of customers and projects served by our nucleic acid platform continued to increase. Cumulatively, we have provided services to over 110 customers, and have successfully delivered over 700 projects since 2021. During the Reporting Period, WuXi Biology revenue from new modalities grew strongly by 51% YoY, contributing 25.4% of WuXi Biology revenue. The comprehensive early discovery screening platform integrates multi-technologies (HTS, DEL, ASMS, FBDD, CADD etc.) and analysis capabilities of multi-dimensional databases, which can provide extensive and in-depth services to clients. Meanwhile, the Company has a global leading DNA Encoded Library (DEL) serving more than 1,600 customers with over 90 billion compounds, 6,000 unique proprietary scaffolds and 35,000 building blocks, and in addition, multiple special function libraries for targeting RNA, covalent compounds, bifunctional molecules, and cyclic peptides, etc. In the first half of 2023, it continued to generate downstream opportunities and contributed more than 20% of the new customers to the Company.

(4) *WuXi ATU*

Revenue from WuXi ATU grew 16.0% YoY to RMB0.71 billion. By the end of June 2023, backlog grew 28.8% YoY. The Company focused on improving our CTDMO integrated enabling platform and strengthening capabilities and capacities. We provided development, testing and manufacturing services to 69 projects, including 7 Phase III projects (2 projects in BLA review stage, and 2 projects in BLA preparation stage), 10 Phase II projects and 52 preclinical and Phase I projects. In the first half of 2023, we supported a customer to complete the BLA filing for a Tumor Infiltrating Lymphocyte (TIL) product with the FDA, which is expected to be the world's first innovative TIL-based therapy. In addition, we supported a customer to file BLA for Lenti-viral Vector (LVV) used in a CAR-T product, and became the first CGT CDMO in China to pass Center for Food and Drug Inspection of NMPA (CFDI) LVV on-site inspection. We expect that our customers will obtain approval for their products in the second half of 2023. Moreover, we completed the technology transfer for the manufacturing of a blockbuster commercial CAR-T product, which is expected to start commercial manufacturing after FDA approval in the second half of 2024. In June 2023, we signed an LVV manufacturing contract with a large pharmaceutical customer used in a commercial CAR-T product, which is expected to start manufacturing in the first half of 2024.

(5) *WuXi DDSU*

Revenue from WuXi DDSU declined 24.9% YoY to RMB0.34 billion. In the first half of 2023, 2 new drugs developed for our customers have obtained National Medical Products Administration (NMPA) approvals, including one for COVID-19 infection treatment and the other for tumor treatment. We have received the first royalty income in the second quarter of 2023, which is a breakthrough for DDSU. Royalty income is estimated to grow with more than 50% CAGR over the next 10 years as more and more products are commercialized by customers. During the Reporting Period, we supported customers to file INDs for 12 drug candidates and obtained 11 Clinical Trial Approvals (CTAs). Cumulatively, we have submitted 184 new chemical entity IND filings with NMPA and obtained 155 CTAs for customers, among which, 2 projects have obtained NDA approvals, 2 projects are in the NDA review stage, 5 projects are in Phase III, 30 projects are in Phase II, and 70 projects are in Phase I, covering multiple therapeutic areas. Currently, we support 17 projects for customers in new modalities that include Peptide/Peptide-Drug-Conjugation (PDC), protein degraders and oligo. Several of these projects have filed IND, and multiple projects are expected to file IND in 2023.

The Company's unique CRDMO and CTDMO business models can effectively meet the growing demands from customers worldwide and continue to drive solid growth for the Company. In 2023, we aim to deliver a 5–7% revenue growth.

Management Discussion and Analysis

The abovementioned operating performance forecast for the full year of 2023 is made based on the current order backlog of the Company. In addition, such operating performance forecast is subject to various prerequisites, including the stable development of the global pharmaceutical industry, the stability of the international trade environment and regulatory environment of the countries where the main operations of the Company are located. Further, such operating performance forecast does not constitute a profit forecast by the management of the Company for the full year of 2023 nor a substantive undertaking by the Company to investors. Its realization is subject to various factors including but not limited to changes in internal and external environment, where greater uncertainty exists.

Gross Profit

	Six months ended June 30,				
	2023		2022		Gross Profit Change
	Gross Profit RMB million	Gross Profit Margin	Gross Profit RMB million	Gross Profit Margin	
WuXi Chemistry	5,906.6	43.9%	5,072.4	39.1%	16.4%
WuXi Testing	1,118.6	36.2%	871.2	33.4%	28.4%
WuXi Biology	483.0	39.2%	416.6	38.2%	15.9%
WuXi ATU	(57.9)	(8.1)%	(57.7)	(9.4)%	0.2%
WuXi DDSU	95.9	28.0%	116.2	25.5%	(17.4)%
Gross profit of core business	7,546.3	40.0%	6,418.6	36.2%	17.6%
Gross profit of other business	9.4	37.8%	8.2	51.4%	14.6%
Comprehensive gross profit	7,555.7	40.0%	6,426.8	36.2%	17.6%

Note: The discrepancies between the total and sums of amounts in the table above are due to rounding.

For the six months ended June 30, 2023, the Company realized RMB7,555.7 million in gross profit, representing a YoY growth of 17.6%. Gross profit margin was 40.0%, representing an increase of 3.8 percentage points as compared with the same period of 2022.

(1) *WuXi Chemistry*

During the Reporting Period, the gross profit was RMB5,906.6 million and the gross profit margin increased by 4.8 percentage points as compared with the same period of 2022, mainly due to favorable mix and efficiency improvement besides foreign exchange impact.

(2) *WuXi Testing*

During the Reporting Period, the gross profit was RMB1,118.6 million and the gross profit margin increased by 2.8 percentage points as compared with the same period of 2022, mainly due to full recovery of clinical business and efficiency improvement besides foreign exchange impact.

(3) *WuXi Biology*

During the Reporting Period, the gross profit was RMB483.0 million and the gross profit margin increased by 1.0 percentage point as compared with the same period of 2022, mainly due to foreign exchange impact.

(4) *WuXi ATU*

During the Reporting Period, the gross loss was RMB57.9 million and the gross profit margin increased by 1.3 percentage points as compared with the same period of 2022, mainly due to positive impact from favorable mix.

(5) *WuXi DDSU*

During the Reporting Period, the gross profit was RMB95.9 million and the gross profit margin increased by 2.5 percentage points as compared with the same period of 2022, mainly due to positive impact from favorable mix.

Other Income

Other income increased from RMB240.5 million for the six months ended June 30, 2022 to RMB439.8 million for the six months ended June 30, 2023, representing a YoY growth of 82.8%. The increase in other income was primarily due to: (1) increase in interest income of RMB127.8 million; (2) increase in R&D grants of RMB64.8 million; and (3) increase in dividend income arising from financial assets at FVTPL of RMB6.7 million.

Impairment losses under expected credit losses (“ECL”) model, net of reversal

Impairment losses under ECL model, net of reversal increased from RMB58.8 million for the six months ended June 30, 2022 to RMB101.7 million for the six months ended June 30, 2023, representing a YoY growth of 73.1%. The increase was primarily due to the increasing trade receivables driven by growing revenue.

Impairment losses recognized on non-financial assets

Impairment losses recognized on non-financial assets was RMB42.9 million for the six months ended June 30, 2023, mainly due to impairment of leasehold improvements.

Finance Costs

Finance costs increased from RMB67.6 million for the six months ended June 30, 2022 to RMB101.1 million for the six months ended June 30, 2023, representing a YoY growth of 49.5%, primarily due to the increase in: (1) interest expense on borrowings of RMB43.4 million, offset by the decrease in (2) effective interest expense on Convertible Bonds of RMB7.3 million along with their early redemption and conversion.

Profit for the Period

Profit for the Reporting Period increased from RMB4,675.7 million for the six months ended June 30, 2022 to RMB5,356.9 million for the six months ended June 30, 2023, representing a YoY increase of 14.6%. Net profit margin increased from 26.3% to 28.4% primarily due to continued solid growth of revenue and efficiency improvement during the Reporting Period.

Cash Flows

	Six months ended June 30,		Change
	2023	2022	
	RMB million	RMB million	
Net cash from operating activities	5,340.7	3,767.9	41.7%
Net cash used in investing activities	(1,307.8)	(3,770.1)	(65.3)%
Net cash used in financing activities	(2,612.8)	(1,137.6)	129.7%
Free Cash Flow	2,925.7	(650.8)	N/A

For the six months ended June 30, 2023, net cash flows from operating activities of the Company amounted to RMB5,340.7 million, representing a growth of 41.7% as compared with the six months ended June 30, 2022. The increase was primarily due to steady growth of revenue collection and continuous improvement on working capital management.

For the six months ended June 30, 2023, net cash flows used in investing activities of the Company amounted to RMB1,307.8 million, representing a decrease of 65.3% as compared with the six months ended June 30, 2022. The decrease was primarily due to the decrease in capital expenditures caused by timing difference on construction projects settlement.

For the six months ended June 30, 2023, net cash flows used in financing activities of the Company amounted to RMB2,612.8 million, representing a growth of 129.7% as compared with the six months ended June 30, 2022. The increase was mainly due to increase in cash dividend payments during the Reporting Period.

Indebtedness

As at June 30, 2023, total liabilities of the Company amounted to RMB19,120.4 million (December 31, 2022: RMB17,763.7 million), the composition of which was 37.1% being trade and other payables, 23.1% being borrowings, 16.7% being contract liabilities and 23.1% being other items.

(1) Borrowings (current and non-current)

As at June 30, 2023, the Company had aggregated RMB borrowings of RMB4,422.1 million, with fixed interest rate.

(2) Charges on Assets

As at June 30, 2023, the Company pledged bank deposits with an amount of RMB1.6 million, which decreased by 10.6% from RMB1.8 million as at December 31, 2022. The balance mainly represented collateral for letters of guarantee for the purchase of raw materials and plant and equipment by the Group.

(3) Contingent Liabilities

As at June 30, 2023, the Company has no significant contingent liabilities.

(4) Gearing Ratio

As at June 30, 2023, the gearing ratio, calculated as total liabilities over total assets, was 27.6%, as compared with 27.5% as at December 31, 2022. The Company keeps a stable and healthy gearing ratio during the periods.

Treasury Policies

Currently, the Group follows a set of treasury policies to manage its capital resources, foreign exchange and cash flows and prevent related risks. The Group applied its cash flows generated from operations, bank loans and proceeds from the issuance of bonds and new shares to satisfy its operational and investment needs.

Certain entities in the Group have sales and purchases in foreign currencies, which expose the Group to foreign exchange risks. In addition, certain entities in the Group also have receivables and payables which are denominated in currencies other than their respective functional currencies. The Group is mainly exposed to the foreign currency of the USD. During the Reporting Period, the Group used derivative contracts to hedge against part of our exposure to foreign exchange risks.

B. Non-IFRS Measure

To supplement our condensed consolidated financial statements which are presented in accordance with the IFRS, we use adjusted EBITDA and adjusted non-IFRS net profit attributable to the owners of the Company as additional financial measures. EBITDA represents net profit before interest expenses, income tax expenses and depreciation and amortization, while adjusted EBITDA further excludes certain expenses and gains or losses as set out in the table below. We define adjusted non-IFRS net profit attributable to the owners of the Company as profit/(loss) for the period before certain expenses and depreciation and amortization as set out in the table below. Adjusted EBITDA and adjusted non-IFRS net profit attributable to the owners of the Company are not an alternative to (i) profit before income tax or profit for the period (as determined in accordance with the IFRS) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs, or (iii) any other measures of performance or liquidity.

The Company believes that the adjusted EBITDA and adjusted non-IFRS net profit attributable to the owners of the Company are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted non-IFRS 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 business. Such adjusted EBITDA and adjusted non-IFRS net profit attributable to the owners of the Company, as the management of the Group believes, is widely accepted and adopted in the industry in which the Group is operating in. However, the presentation of the adjusted EBITDA and adjusted non-IFRS net profit attributable to the owners of the Company are not intended to be (and should not be) considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. Shareholders and potential investors should not view the adjusted non-IFRS measures on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results reported or forecasted by other companies.

Adjusted EBITDA

	Six months ended June 30,	
	2023	2022
	RMB million	RMB million
	(except for	(except for
	percentages)	percentages)
Profit before tax	6,395.2	5,540.9
Add:		
Interest expense	100.7	66.5
Depreciation and amortization	1,211.2	875.8
EBITDA	7,707.1	6,483.1
<i>EBITDA margin</i>	40.8%	36.5%
Add:		
Share-based compensation expenses	391.1	430.9
Issuance expenses of Convertible Bonds	0.4	1.1
Fair value gain from derivative component of Convertible Bonds	(40.2)	(274.5)
Foreign exchange related gains	(398.5)	(206.6)
Non-financial assets impairment	42.9	—
Realized and unrealized gains from venture capital investments	(237.0)	(355.1)
Realized and unrealized share of gains from joint ventures	(7.7)	(1.4)
Adjusted EBITDA	7,458.1	6,077.5
<i>Adjusted EBITDA margin</i>	39.5%	34.2%

Note: The discrepancies between the total and sums of amounts in the table above are due to rounding.

Adjusted Non-IFRS Net Profit Attributable to the Owners of the Company

	Six months ended June 30,	
	2023	2022
	RMB million	<i>RMB million</i>
Net profit attributable to the owners of the Company	5,313.1	4,635.7
Add:		
Share-based compensation expenses	324.4	360.0
Issuance expenses of Convertible Bonds	0.3	0.9
Fair value gain from derivative component of Convertible Bonds	(40.2)	(274.5)
Foreign exchange related gains	(336.5)	(158.5)
Amortization of acquired intangible assets from merge and acquisition	28.5	28.7
Non-financial assets impairment	42.9	—
Non-IFRS net profit attributable to the owners of the Company	5,332.5	4,592.2
Add:		
Realized and unrealized gains from venture capital investments	(230.2)	(290.1)
Realized and unrealized share of gains from joint ventures	(7.7)	(1.4)
Adjusted non-IFRS net profit attributable to the owners of the Company	5,094.7	4,300.7

Note: The discrepancies between the total and sums of amounts in the table above are due to rounding.

C. Assets and Liabilities Analysis
In RMB million

Items	Amount as at June 30, 2023	Percentage of the amount to the total assets as at June 30, 2023 (%)	Amount as at December 31, 2022	Percentage of the amount to the total assets as at December 31, 2022 (%)	Ratio of change for the amount as at June 30, 2023 as compared with the amount as at December 31, 2022 (%)	Reasons
Assets						
Other non-current assets	102.3	0.1	1,054.9	1.6	(90.3)	Primarily due to the reclassification of certificates of deposits due in one year to current assets.
Amounts due from related parties	59.8	0.1	123.0	0.2	(51.4)	Primarily due to collection of receivables from related parties.
Income tax recoverable	5.4	0.0	16.0	0.0	(66.1)	Primarily due to decrease of prepayment of income tax.
Financial assets at FVTPL (Current)	81.6	0.1	2.0	0.0	3,980.4	Primarily due to investment in structured deposits during the Reporting Period.
Derivative financial instruments	—	—	135.6	0.2	(100.0)	Primarily due to the settlement and fair value change of forward foreign exchange contracts.
Liabilities						
Derivative financial instruments	1,026.9	1.5	115.4	0.2	789.5	Primarily due to the fair value change of forward foreign exchange contracts.
Income tax payables	819.1	1.2	517.8	0.8	58.2	Primarily due to the increase of assessable income of subsidiaries during the Reporting Period.
Borrowings (non-current)	397.9	0.6	279.1	0.4	42.6	Primarily due to the increased borrowings for daily operations and capital expenditure.
Convertible bonds-debt component	—	—	502.0	0.8	(100.0)	Primarily due to completion of early redemption of Convertible Bonds.
Convertible bonds-embedded derivative component	—	—	147.9	0.2	(100.0)	Primarily due to completion of early redemption of Convertible Bonds.

D. Analysis on Investments

Investment on wealth management product

The Group adopted a prudent financial management approach towards its treasury policy and maintained a healthy financial position throughout the Reporting Period. To better utilize surplus cash generated from operating and financing activities, we have engaged in treasury management activities by investing in wealth management products issued by financial institutions of the PRC. All the short-term investments should have a proper tenor to match funding needs generated from operating and investing activities, with a view to strike a balance among principal guaranteed, liquidity and yield.

As at June 30, 2023, the balance of current-financial assets at FVTPL amounted to RMB81.6 million which was invested in structured deposits.

Investment in companies

As part of our efforts to foster the ecosystem, the Company has established joint ventures and made selective investments in a wide variety of companies within the healthcare ecosystem. We primarily focus our investments in: (1) targets that fit into and support our existing value chain, (2) cutting edge technologies that we believe will advance the healthcare industry, (3) strategic long-term investments, and (4) venture capital funds, all of which would allow us to further access a wider variety of participants in the healthcare ecosystem while maintaining our position at the forefront of science.

During the Reporting Period, addition in other equities aside from joint ventures and associates amounted to a total of RMB191.8 million. Our investments of financial assets at FVTPL mainly include three categories, the movements of which during the Reporting Period are listed below:

In RMB million

	Listed companies	Fund investments	Non-listed companies	Total
Opening Balance	979.7	1,135.5	6,839.2	8,954.3
Transfer from non-listed companies	58.6	—	(58.6)	—
Addition	—	109.2	82.6	191.8
Fair value change during the Reporting Period	142.3	(12.4)	(178.0)	(48.1)
Disposal of shares	(107.2)	—	(63.9)	(171.1)
Dividends	—	(6.9)	—	(6.9)
Others	6.9	—	—	6.9
Foreign exchange effects	39.2	31.7	169.9	240.7
Ending Balance	1,119.4	1,257.1	6,791.3	9,167.8

Note: The discrepancies between the total and sums of amounts in the table above are due to rounding.

The following are some of our major investments in non-listed companies across several different areas in the healthcare industry as at June 30, 2023.

iKang Healthcare Group (“iKang”)

iKang is a leading chain of medical examination and health management group in China, providing medical services including medical examination, disease detection, dental services, private doctors, workplace medical care, vaccination and anti-aging. As at June 30, 2023, the fair value of equity interests held by our Group in iKang amounted to RMB482.0 million (representing 0.7% of our total assets).

iKang was formerly listed on the National Association of Securities Dealers Automated Quotations (“**NASDAQ**”) Stock Exchange and subsequently privatized in January 2019. As at June 30, 2023, iKang operated 157 medical examination centers and 9 independent dental centers in 59 cities. iKang also cooperated with over 800 medical institutions in over 200 cities in China to provide one-stop countrywide medical examination and health management services.

Jiangsu Hanbon Science and Technology Co., Ltd. (“Hanbon”)

Hanbon is a cutting-edge enterprise specializing in chromatography products, primarily offering advanced chromatographic and purification equipment, consumables, and services for pharmaceutical and life science companies. As at June 30, 2023, the fair value of the equity interests held by our Group in Hanbon amounted to RMB289.8 million (representing 0.4% of our total assets).

Focusing on the chromatographic and purification sector, Hanbon has established a comprehensive product portfolio through continuous research, development, and investment. Hanbon has introduced products such as production-scale small molecule liquid chromatography systems and large molecule chromatography systems, as well as specialized chromatographic equipment like simulated moving bed chromatography systems and supercritical fluid chromatography systems. In addition, Hanbon has developed high-quality purification equipment and application solutions tailored to the drug manufacturing process, including automatic ultrafiltration systems, continuous flow chromatography systems, automatic online liquid dispensing systems, and nucleic acid synthesis systems.

Boomray Pharmaceuticals Co., Ltd. (“Boomray”)

Boomray is a company dedicated to the discovery and clinical development of radionuclide targeted drugs. The company primarily focuses on precision tumor diagnosis and treatment. As at June 30, 2023, the fair value of equity interests held by the Group in Boomray amounted to RMB170.3 million (representing 0.2% of our total assets).

Boomray strives to develop a new generation of radionuclide drug conjugates (RDC). There are various potential FIC/BIC modalities in the pipeline, including diagnosis and therapeutic products for head and neck tumors, brain tumors, pancreatic cancer, rectal cancer, prostate cancer and other different indications. The clinical trial application (IND) of Boomray’s first PET-CT tracer, BR-02, for brain tumors has been accepted by CDE, and the first tumor therapeutic drug, BR-11, will start IIT clinical trial in the third quarter of 2023. In addition, Boomray is also developing new technology platforms, including dual target (TCR) technology platform and tumor enrich (TE) technology platform, in order to address the problems of low tumor uptake in certain targets and short biological half life of small molecule ligands.

Significant Investment Held

As at June 30, 2023, the Group did not hold significant investments with a value of 5% or more of the Company’s total assets and none of the above mentioned investment constituted such significant investment to our Group. As at the date of this interim report, the Group does not have any plan for material investments or purchase of capital assets.

E. Core Competence Analysis

We believe that the below strengths have enabled us to succeed and stand out from our competitors:

(1) Leading global pharmaceutical R&D services platform with integrated end-to-end capabilities

We are one of the few open service platforms for new drug R&D in the industry that has service capabilities covering the entire new drug R&D industry chain, and we are expected to fully benefit from the rapid development of the global new drug R&D outsourcing services market. Our integrated end-to-end new drug R&D service platform can meet diversified customers’ demands in terms of technologies and coverage of services. We closely monitor the progress of new drug R&D projects, and continue to expand the scope of our services from “follow the project” to “follow the molecule” during the development of a particular project. At the early stage of new drug R&D, we enable our customers with our expertise and win their trusts, and gain high reputation in the industry. During the Reporting Period, we fully leveraged our global footprint and full industrial chain coverage to develop global synergy. We assisted our customers in pushing forward their new drug R&D and gained wide recognitions from them. Going forward, we will continue to enhance our capacity and expand our scale globally in order to enable pharmaceutical innovations worldwide more effectively.

(2) *Enabling innovation through leading advantages in the industry based on latest scientific and technological discoveries*

We are committed to leveraging the latest scientific and technological discoveries to enable medical innovation in an effort to assist our customers in transforming new drug ideas into reality. With our leading service capability and scale in the industry, we are enabled to anticipate technological development and emerging R&D trend of the industry in the future and seize new development opportunities. In the past few years, with the continuous breakthroughs of new technologies, new mechanisms and new molecular types, the medical industry at home and abroad has developed rapidly. Looking forward, we will continue to increase our investment in the service capabilities of new molecular types, such as PROTAC, oligonucleotide, peptide, conjugate, cell and gene therapies, to capture new business opportunities and enable global medical innovation.

Moreover, we put efforts in exploring technologies such as medical big data and laboratory automation for application in R&D of new drugs as early as possible to improve our operational efficiency and help our customers increase their R&D efficiency, while minimizing the entry barrier of pharmaceutical R&D. Leveraging our deep insights into industrial trends and emerging technologies, we enable our customers to understand and study the latest scientific and technological discoveries and convert them into potential products.

(3) *Strengthening our platform through enhancing our capacities and expanding the scale by leveraging our knowledge of the industry and customer needs*

We have accumulated extensive industry experience after 20 years of rapid growth. We provide services to leading global pharmaceutical companies, and establish deep partnerships with them. Throughout the cooperation, we keep abreast of the latest industry trends and accumulate experience in meeting customer needs. Through continuous strengthening of capabilities and expansion of capacities, as well as strategic mergers and acquisitions to enhance our business services, we provide customers with more premium and comprehensive services.

The Company continues to advance its design and construction of facilities, and enhance its capabilities and capacities globally. During the Reporting Period, the Company newly built 55,000 square meters of lab testing facilities. In addition, the Company's subsidiary, Shanghai SynTheAll Pharmaceutical Co., Ltd. ("**STA Pharmaceutical**"), announced the commissioning of two 2,000-liter peptide solid-phase synthesis reactors and large-scale continuous flow purification equipment at its Changzhou site, further enhancing the capabilities and capacities of the WuXi TIDES platform. As an essential component of STA Pharmaceutical, WuXi TIDES is an end-to-end CRDMO platform that provides one-stop services for oligonucleotides, peptides, and related chemically conjugated drugs, covering drug discovery, CMC research, and production. With the launch of the two 2,000-liter peptide solid-phase synthesis reactors, the total volume of WuXi TIDES peptide solid-phase synthesis reactors has exceeded 10,000 liters.

(4) Strong, loyal and expanding customer base and continuing growth of our network within the healthcare ecosystem

We have a strong, diverse and loyal customer base, covering all of the top 20 pharmaceutical companies worldwide. During the Reporting Period, the top 20 global pharmaceutical companies accounted for approximately 38% of the Company's overall revenue. As our service offerings and platform capabilities continue to expand, the number of new and existing customers grows further. Our enabling platform helps lower the entry barrier for new drug R&D, improve R&D efficiency, and support partners in achieving success, attracting more participants to join the new drug R&D industry. Throughout this process, the Company continuously drives the development of new knowledge and technologies, improves R&D efficiency, reduces R&D costs, and strengthens the platform's innovative enabling capabilities, forming a virtuous cycle ecosystem.

During the Reporting Period, the Company held four forum events, including the WuXi Global Forum, WuXi BOLD Series Forum, and WuXi Innovation Day in Singapore. In total, over 70 top industry KOLs were invited to focus on the industry's future major challenges and opportunities, explore global innovation cooperation, and share the latest breakthroughs in the industry. The forums had nearly 10,000 registered attendees. During the Reporting Period, the Company also launched the "WuXi On Air" online activities, completing 29 live broadcasts involving 13 series, covering introductions to all five major business segments of the Company, reaching over 20 countries and regions, as well as 34 provincial administrative regions in China, with a total viewer count exceeding 100,000.

(5) Experienced management team with vision and ambition

We have an excellent management team with global vision and industrial strategic insight. Our management team led by Dr. Ge Li is extensively experienced in the pharmaceutical industry, with strong execution ability, many years of investment and management experience in the pharmaceutical industry and international vision. It is also reputable in the area of life science both in the U.S. and China. Our experienced and visionary management team enables the Company to have a unique and sharp understanding of the global economic cycle and the overall development trend of the pharmaceutical industry. Under the leadership of the management, we are able to deeply understand market and industry development trends, policy changes and their impacts on customer needs, quickly adjust our business model, improve decision-making speed and flexibility to match customer needs, driving the rapid development of all segments and becoming a leader in the global healthcare ecosystem.

F. Other Events

(1) **Unlocking and trading of the Restricted A Shares granted under the 2018 A Share Incentive Plan and/or the 2019 A Share Incentive Plan**

2018 A Share Incentive Plan

On April 24, 2023, the Board resolved to approve the resolutions in relation to the fulfilment of the conditions for the unlocking of the Restricted A Shares granted under 2018 Reserved Grant for the third unlocking period. As a result, a total of 11 incentive participants have satisfied the conditions for unlocking the Restricted A Shares granted under the 2018 Reserved Grant for the third unlocking period and a total of 131,328 Restricted A Shares were unlocked, representing approximately 0.005% of the then total number of issued A Shares of the Company and approximately 0.004% of the then total issued share capital of the Company, respectively. The listing of and trading in the aforementioned Restricted A Shares to be unlocked commenced on May 8, 2023. Please refer to the relevant announcement of the Company dated April 24, 2023 for further details.

2019 A Share Incentive Plan

On March 1, 2023, the Board resolved to approve the resolution in relation to the fulfilment of the conditions for the unlocking of the Restricted A Shares granted under the special grant of the 2019 A Share Incentive Plan ("**2019 Special Grant**") for the third unlocking period. As a result, 1 incentive participant has satisfied the conditions for unlocking the Restricted A Shares granted under the 2019 Special Grant for the third unlocking period and a total of 41,812 Restricted A Shares were unlocked, representing approximately 0.002% of the then total number of issued A Shares of the Company and approximately 0.001% of the then total issued share capital of the Company, respectively. The listing of and trading in the aforementioned Restricted A Shares to be unlocked commenced on March 7, 2023. Please refer to the relevant announcement of the Company dated March 1, 2023 for further details.

On March 20, 2023, the Board resolved to approve the resolution in relation to the fulfilment of the conditions for the unlocking of the Restricted A Shares granted under the 2019 Reserved Grant for the second unlocking period. As a result, a total of 12 incentive participants have satisfied the conditions for unlocking the Restricted A Shares granted under the 2019 Reserved Grant for the second unlocking period and a total of 101,376 Restricted A Shares were unlocked, representing approximately 0.004% of the then total number of issued A Shares of the Company and approximately 0.003% of the then total issued share capital of the Company, respectively. The listing of and trading in the aforementioned Restricted A Shares to be unlocked commenced on March 24, 2023. Please refer to the relevant announcement of the Company dated March 20, 2023 for further details.

On June 27, 2023, the Board resolved to approve the resolutions in relation to the fulfillment of the conditions for the unlocking of the Restricted A Shares granted under the 2019 Adjusted Initial Grant for the third unlocking period. As a result, a total of 1,682 incentive participants have satisfied the conditions for unlocking the Restricted A Shares granted under the 2019 Adjusted Initial Grant for the third unlocking period and a total of 5,402,050 Restricted A Shares were unlocked, representing approximately 0.211% of the then total number of issued A Shares of the Company and approximately 0.182% of the then total issued share capital of the Company, respectively. The listing of and trading in the aforementioned Restricted A Shares to be unlocked commenced on July 3, 2023. Please refer to the relevant announcement of the Company dated June 27, 2023 for further details.

(2) Exercise of Share Options granted under the 2019 Adjusted Initial Grant for the second and third vesting periods

Following the fulfillment of the exercise conditions for the second vesting period of the Share Options granted under the 2019 Adjusted Initial Grant, the second vesting period of the Share Options granted under the 2019 Adjusted Initial Grant were from June 16, 2022 to May 25, 2023. The number of Share Options which became vested to the 334 incentive participants during the second vesting period were 1,905,840 units at the exercise price of RMB38.62 per unit. Please refer to the relevant announcement of the Company dated June 10, 2022 for further details.

Following the fulfillment of the exercise conditions for the third vesting period of the Share Options granted under the 2019 Adjusted Initial Grant, the third vesting period of the Share Options granted under the 2019 Adjusted Initial Grant shall be from June 27, 2023 to May 25, 2024. The number of Share Options which became vested to the 311 incentive participants during the third vesting period were 1,690,933 units at the exercise price of RMB38.62 per unit. Please refer to the relevant announcement of the Company dated June 19, 2023 for further details.

As at June 30, 2023, 333 incentive participants have exercised an aggregate 1,904,555 units of Share Options granted under the 2019 Adjusted Initial Grant for the second vesting period and 126 incentive participants have exercised an aggregate 493,107 units of Share Options granted under the 2019 Adjusted Initial Grant for the third vesting period. The underlying shares of the exercised Share Options are ordinary A Shares to be issued by the Company to the incentive participants. The Company has completed the registration of the underlying A Shares with the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited. The underlying A Shares were credited to the respective securities accounts of the incentive participants on the first trading day (T + 1) after the date of exercise of the Share Options (T), while trading in the underlying A Shares shall commence on the trading day thereafter (T + 2). Please refer to the relevant announcement of the Company dated July 3, 2023 for further details.

(3) 2022 Profit Distribution Plan

On May 31, 2023, the 2022 Profit Distribution Plan of the Company was approved at the 2022 AGM. Pursuant to the 2022 Profit Distribution Plan, the Company would pay a cash dividend of RMB8.9266 (inclusive of tax) for every 10 Shares to the Shareholders whose names appear on the register of members of the Company on June 13, 2023. Please refer to the circular of the Company dated April 27, 2023 and the relevant announcement of the Company dated May 31, 2023 for further details.

(4) Adjustment to the repurchase price of Restricted A Shares under the 2019 A Share Incentive Plan

Following the implementation of the 2022 Profit Distribution Plan, the repurchase price of Restricted A Shares granted under the 2019 Adjusted Initial Grant shall be adjusted to RMB17.45 per A Share and the repurchase price of Restricted A Shares granted under the 2019 Reserved Grant shall be adjusted to RMB32.15 per A Share. Please refer to the relevant announcement of Company dated June 27, 2023 for further details.

(5) Cancellation of part of the Share Options granted under the 2019 A Share Incentive Plan

The “Proposal on the Cancellation of Part of the Share Options Granted under the Restricted A Shares and Stock Option Incentive Plan of 2019 of the Company” was approved at the thirty-eighth meeting of the second session of the Board. Pursuant to the above proposal, due to the departure of 10 incentive participants before the expiry of the withholding period of the Share Options, the Company shall cancel 55,277 units of Share Options granted under the 2019 Adjusted Initial Grant. Please refer to the relevant announcement of the Company dated May 26, 2023 for further details.

(6) Repurchase and Cancellation of part of the Restricted A Shares granted under the 2019 A Share Incentive Plan

The “Proposal on the Repurchase and Cancellation of Part of the Restricted A Shares Granted under the Restricted A Shares and Stock Option Incentive Plan of 2019 of the Company” was approved at the second meeting of the third session of the Board. Pursuant to the above proposal, due to the resignation of 10 incentive participants under the 2019 A Share Incentive Plan or that 1 incentive Participant had no performance appraisal results since the Incentive Participant did not participate in the annual comprehensive assessment due to insufficient working hours, the Company shall repurchase a total of 24,357 Restricted A Shares granted under the 2019 Adjusted Initial Grant at the repurchase price of RMB17.45 per A share. Please refer to the relevant announcement of the Company dated June 27, 2023 for further details.

(7) Further grant of Awards under the 2021 H Share Award and Trust Scheme

During the Reporting Period, Awards with 103,699 underlying Award Shares have been further granted to 21 Selected Participants, accounting for approximately 0.0262% of the then total number of issued H Shares and approximately 0.0035% of the then total issued share capital of the Company. Please refer to the relevant announcement of the Company dated January 13, 2023 for further details.

(8) Further grant of Awards under the 2022 H Share Award and Trust Scheme

During the Reporting Period, Awards with 122,878 underlying Award Shares have been further granted to 26 Selected Participants, accounting for approximately 0.0305% of the then total number of issued H Shares and approximately 0.0041% of the then total issued share capital of the Company. Please refer to the relevant announcement of the Company dated June 27, 2023 for further details.

(9) Adoption of the 2023 H Share Award and Trust Scheme

The adoption of the 2023 H Share Award and Trust Scheme was approved at the 2022 AGM of the Company held on May 31, 2023. The source of the 2023 Award Shares under the 2023 Scheme shall be H Shares to be acquired by the trustee through on-market transaction at the prevailing market price in accordance with the instructions of the Company and the relevant provision of the 2023 Scheme Rules. Please refer to the relevant announcement of the Company dated April 24, 2023, the circular of the Company dated April 27, 2023 and the poll results announcement of the Company dated May 31, 2023 for further details.

(10) Completion of the full redemption and withdrawal of listing of the USD300 million zero coupon convertible bonds due 2024

The Company has exercised its option to redeem all the outstanding Bonds in full on April 4, 2023 at the price of USD104,519.38 for each USD100,000 principal amount in accordance with the terms and conditions of the Bonds. Accordingly, there are no outstanding Bonds in issue following the abovementioned redemption. The withdrawal of the listing of the Bonds has become effective upon the closure of business on April 17, 2023. Please refer to the relevant announcements of the Company dated March 15, 2023 and April 4, 2023 for further details.

2. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

A. Competition and Development Trends of the Industry

We are closely related to the development of global pharmaceutical industry and investment in the new drug R&D. With the joint promotion of the vigorous development and industry development direction of the global pharmaceutical industry, our main business has great development opportunities:

Firstly, the global pharmaceutical market is expected to grow further with the development of the global economy, the growth of the global population, the increase of the aging population, the advancement of technology, the rise of healthcare expenditures, and the increasing public awareness of health.

Secondly, the global pharmaceutical research and production service industry is expected to maintain rapid growth, driven by a higher proportion of outsourcing from large pharmaceutical companies and the increasing demands from small and medium pharmaceutical companies. On the one hand, the innovative drug R&D industry is characterized by large investments, long cycles, and high risks. As a result of low R&D returns and the "patent cliff" faced by drug manufacturers, large pharmaceutical companies are expected to promote R&D projects through external R&D institutes to improve R&D efficiency and reduce R&D costs. On the other hand, small pharmaceutical companies, including small and medium biotechnology companies, virtual companies, and individual entrepreneurs, have become a major driving force for pharmaceutical innovation. These small and medium pharmaceutical companies do not have the time or sufficient capital to build their own R&D project laboratories and production facilities but need various services to meet their needs of R&D project in a short period of time. They will seek R&D and production outsourcing services, especially integrated end-to-end R&D services, to fulfill their R&D service needs from concept verification to product launch.

Furthermore, with the strategic shift from generics to innovation in pharmaceutical industry of China, R&D investment is expected to continue growing rapidly. The continuous promotion of a series of policies such as the reform of the drug and medical device evaluation and approval system, the market authorization holder (MAH) system, consistency evaluation of generic drugs, and volume-based procurement, as well as medical insurance negotiations on innovative medicines, will drive the continuous growth of the innovative drug R&D and production market demand.

Pharmaceutical R&D service industry in China, especially platform companies with global new drug R&D and production service capabilities, is expected to benefit from the rapid growth of China and global new drug R&D investment and outsourcing rates.

B. Development Strategies

Our vision is to become a platform with the highest, broadest and deepest capabilities and technologies in the global healthcare industry, so that “every drug can be made and every disease can be treated”. We provide the global healthcare industry with comprehensive and integrated new drug R&D and production services. Through empowering pharmaceutical, biotech and medical device companies worldwide, we are committed to promoting new drug development and delivering groundbreaking treatment solutions to patients. With the research focused and customer-oriented principle, we help customers improve R&D efficiency by offering cost-effective and efficient R&D services, bringing more quality new drugs to patients faster.

Today, the healthcare industry is entering an unprecedented golden era, where knowledge meets data, and technology meets healthcare. The future new drug R&D model will witness a new definition and profound reforms. A patient-centered healthcare innovation ecosystem is emerging. Driven by data and technology, more and more scientists, engineers, entrepreneurs, doctors and patients will participate in all aspects of R&D and innovation. In the future, we will always: (1) expand our service capacity and capabilities across all segments globally; (2) explore the field of cutting-edge technologies through internal innovation and external merge and acquisition, and empower customers with world-leading science and technology; (3) increase customer conversion rate and continuously acquire new customers; (4) introduce quality talent to support our rapid growth; and (5) strengthen ecosystem development and improve our platform.

C. Operation Plan

In 2023, we will continue to focus on capacity and scale building, based on the cutting edge technology, and continuously improve our integrated empowerment platform, so that anyone or any company can realize their own innovative dreams through the WuXi AppTec platform.

(1) Platform Building

On the one hand, we continue to enhance the capabilities and capacities of our platform, advancing the design and construction of various facilities across the globe, aiming to better serve the requirements of our global customers.

On the other hand, we will further explore advantages of the integrated end-to-end R&D services platform to strengthen customer conversion. With the continuous advancement of development projects of customers, we will expand services offering by evolving from “following the project” to “following the molecule”.

(2) Customer Strategy

We are committed to further improving customers’ satisfaction through providing high quality and efficient services and strict intellectual property protections for our customers. Moreover, we will continue to add more new customers from global markets, in particular, long-tail customers, through diversified channels. We will attract more participants to join the new drug R&D industry and enable more customers to succeed through ongoing reduction of entry barrier of the drug R&D industry.

(3) Quality and Compliance

We have always adhered to the highest international quality standard and attached great importance to our compliance with relevant laws and regulations. We have developed management systems concerning quality control, safety in production, intellectual property protection, sales management, financial and accounting management, business continuity plan, etc. We will continue to refine and implement our standard operating procedure to prevent occurrence of accidents and facilitate sound growth of all segments.

(4) Innovation and Development

We will continue to use the latest technology to enable global pharmaceutical innovation. We have the global-leading new drug R&D platform and extensive experience of cutting-edge projects and closely followed the forefront of new drug R&D technological development. We will continue to invest substantially in further improving service capabilities for new molecule types, such as PROTAC, oligonucleotide, peptide, conjugate, bi-specific antibody, cell and gene therapies, to capture new business opportunities and empower global pharmaceutical innovation.

On such basis, we will explore cutting-edge technologies such as medical big data and laboratory automation, and strive to apply them in the R&D of new drugs as early as possible to help our customers to increase their R&D efficiency and reduce the R&D barrier of new drugs to the greatest extent.

We will unswervingly promote digital transformation and we are committed to fully utilizing data to guide efficiency improvement. On the basis of the digitalization pilot program of STA, we will continue to expand the digitalization of other business units, and further upgrade and optimize existing data-based business value realization model.

(5) Team of Talents

We will continue to introduce, foster and retain top talents within the industry. We have taken specific initiatives including: (1) strengthening the reform of the reward, incentive and honor system by establishing a fair, transparent and result-oriented performance appraisal system; (2) providing concrete promotion opportunities; (3) providing technical and management trainings; and (4) offering market-oriented compensations to further improve our medium and long-term incentive mechanism.

(6) Corporate Culture

We will continue to uphold our core value of “honesty and dedication, working together and sharing success; doing the right thing and doing things well”, and firmly implement our code of conduct of “customer first, honesty and integrity, ongoing improving, efficient implementation, cross-functional collaboration, transformation and innovation”, and enhance our core competitiveness.

D. Potential Risks

(1) Risk of market demands decline in drug R&D services

Our business operation relies on expenditures and demands of our customers (including multi-national pharmaceutical companies, biotechnology companies, start-ups, virtual companies and scholars and non-profit research organizations, etc.) on outsourcing services, i.e., discovery, analytical testing, development and manufacturing of pharmaceuticals, cell and gene therapies and medical devices, etc. In the past, benefiting from continuous growth of the global pharmaceutical market and the increase of R&D budgets and demand for outsourcing services of our customers, the demands on our services from our customers continued to rise. Our business operation could be adversely impacted if the industry growth slows down or percentages of outsourcing services decline. In addition, any merger, consolidation and budget adjustment of pharmaceutical players might also impact our customers' R&D expenditures and outsourcing demands, resulting in adverse impact on our business operation.

(2) Risk of changes in regulatory policy of the industry

The drug R&D services industry is heavily regulated by regulators including drug administrations in any nation or region where we have established our presence, which typically regulate drug R&D services players through development of relevant policies, laws and regulations. The scope of regulation may cover various aspects such as technical specifications and standards and requirements for cross-border outsourcing services and production. Systems of policies, laws and regulations in the drug R&D services industry are well established in developed countries. In China, regulators such as the NMPA also have gradually developed and continuously refined relevant laws and regulations subject to market development. In case we fail to timely adjust our operating strategy to adapt to changes of industrial policies and laws and regulations in the drug R&D services industry in corresponding nations or regions, potential adverse impact might be caused to our business operation.

(3) Risk of heightened competition in the drug R&D services industry

Currently, competition in the global drug R&D services market is getting increasingly intense. Our competitors in particular segments mainly include specialized CROs/CDMOs and in-house R&D department of large pharmaceutical companies, among which, most are large global pharmaceutical companies or R&D organizations, which may enjoy advantages over us in terms of financial strength, technological capabilities and customer base. Aside from the aforementioned incumbents, we also face competition from new entrants, which either have more capital, more business accesses or stronger R&D expertise in respective segment. We will face risk resulted from heightened competition in the pharmaceutical market and weakened competitive edge in case we fail to enhance our overall R&D strength and other strengths in business competition.

(4) Business compliance risk

We have always attached great importance to compliance of our business operation and gradually established a relatively complete internal control system, which requires our staff to abide by relevant laws and regulations and carry out business activities in accordance with relevant laws. Although we have developed a comprehensive internal control and compliance approval system as well as standard operating procedures to ensure legitimacy and compliance of our daily operation, our business operation will be adversely impacted to a certain degree resulting from failure to obtain qualifications required for daily R&D, testing analysis and production, or to completing necessary approval and filing processes or to timely coping with any regulatory requirement put forward or added by the regulators due to ineffective supervision on subsidiaries or departments by the parent company and senior management in actual practices given the number of subsidiaries we control.

(5) Risk of global operation and change of international policy

We have set up or acquired a number of companies to fuel our global business expansion and accumulated abundant experience of global operation over the years. During the Reporting Period, our revenue from global operation accounted for significant percentage of our main business revenue. Given that we are required to abide by laws and regulations of any nation or region where we carry out business operation and set up our offices and rely on foreign suppliers of raw materials, customers and technical service providers to ensure our orderly daily operation to a certain degree, our global operation might be impacted and potential adverse impact might be resulted on our normal operation and ongoing growth of our global business in case any of the following circumstances occurs, including material change of laws, regulations, industrial policies or political and economic environment of any nation or region where we carry out business operation, or any unforeseeable factors such as international tension, war, trade sanction, or other force majeure.

(6) Risk of loss of key scientific staff

Our key scientific staff is an important part of our core competence as well as foundation and key to our survival and growth. Maintenance of a stable team of key scientific staff and attraction of talents to join us play a key role on our abilities to keep our leading position in the industry in terms of technological capabilities and continuity of our R&D and manufacturing services. Turnover of key scientific staff might occur if we lose our competitive edge in terms of compensation, incentive mechanism on core technical staff fails to give its full play or human resources management/control or internal promotion system could not be effectively implemented, which will in turn adversely affect our core competitiveness and sustainable profitability.

(7) Risk of failure in business expansion

We anticipate that our customers' outsourcing demands on drug R&D, commercial manufacturing and clinical development will increase on an ongoing basis. In order to continuously meet market demands and seize the growth opportunity, we need to invest a great deal of capital and resources and continue to push forward strengthening of our capabilities and expansion of scale globally. Adverse impact might be caused to our business, financial and operating performances and outlook in case our entry into new segment suffers unforeseeable delay due to delay in construction and regulatory issues, or we fail to achieve our growth targets.

(8) Exchange rate risk

Most of the revenue of our main business was settled in USD. If RMB appreciates significantly in the future, a portion of cost denominated in foreign currencies might be increased and the size of our customers' orders might be contracted due to the increase of price. In addition, the USD assets we hold might cause foreign exchange loss when exchanged for RMB funds, which may directly impact our profitability as a result.

(9) Risk of material impact on value of our assets at fair value by market fluctuation

Value of our assets or liabilities measured at fair value, such as equity interests in listed companies and non-listed underlying investment interests and biological assets, are measured at the fair value at the end of each reporting period, with the changes in fair value recognized in current profit and loss. Among which, our equity interests in listed companies and other non-listed underlying interests are recorded as other non-current financial assets measured at fair value, the value of which could be greatly affected by market fluctuations. We pay close attention to the trend of the share price on the investee listed companies with a view to making timely investment decisions with these investee companies. As we mark-to-market the fair value of certain of our investments on a periodic basis, we expect the fair value of our financial assets at fair value, especially the value of shares in publicly-traded companies held by us, may be significantly changed by capital market fluctuations which may cause significant fluctuations on our net profit and further affect our results.

(10) Risks of impact of emergencies and force majeure on our operation

Emergent public health emergencies, earthquakes, typhoons and other force majeure events may affect our operation. In response to these situations, we have developed business continuity plans to timely and systematically facilitate the resumption of the critical operations, functions, and technology in the pre-and post-crisis periods and during the crisis, ensuring that our business can continue to develop feasibly and steadily. However, if our business continuity plans fail to cope with the impact of relevant emergencies and force majeure events, it may have an adverse impact on our business, finance, operational performance and prospects.

USE OF NET PROCEEDS FROM THE A SHARE LISTING

The total net proceeds from the issuance of A shares by the Company in its A Share Listing amounted to approximately RMB2,130.3 million, and the balance of unutilized net proceeds from the A Share Listing was approximately RMB269.2 million, which has been used to permanently replenish working capital as at June 30, 2023.

The net proceeds from the A Share Listing have been utilized in accordance with the purpose set out in the A Share Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2023:

Use of proceeds from the A Share Listing	Percentage of net proceeds from the A Share Listing	Allocation of net proceeds as disclosed in the A Share Prospectus (RMB million)	Balance of the utilized amount from the A Share Listing (as at June 30, 2023) (RMB million)	Balance of the unutilized amount from the A Share Listing (as at June 30, 2023) (RMB million)	Actual timeline for utilizing the remaining or surplus net proceeds from the A Share Listing
Suzhou and Nantong drug safety evaluation centre expansion project (the "Suzhou and Nantong Project") ⁽¹⁾	34%	727.2	661.8	65.4	Has been completed and the surplus net proceeds have been used to permanently replenish the working capital of the Company with effect from March 20, 2023
Tianjin chemical R&D laboratory expansion and upgrade project (the "Tianjin Project") ⁽²⁾	26%	564.0	360.1	203.9	Has been completed and the surplus net proceeds have been used to permanently replenish the working capital of the Company with effect from May 6, 2022
Company's headquarter and analytical diagnostic service R&D centre ⁽³⁾	9%	200.0	200.0	—	Has been fully utilized as at May 31, 2018
Working capital uses	30%	639.1	639.1	—	N/A
Total⁽⁴⁾	100%	2,130.3	1,861.0	269.2	

Management Discussion and Analysis

Notes:

- (1) The Company has obtained the Shareholders' approval at the 2021 AGM to change the implementation entity and implementation location of the Suzhou drug safety evaluation centre expansion project (the "**Suzhou Project**") by applying a portion of the net proceeds from the A Share Listing originally allocated to the Suzhou Project to the Nantong drug safety evaluation centre project. On December 31, 2021, the Board resolved to extend the expected date on which the Suzhou and Nantong Project will be completed and become available for use from December 31, 2021 to December 31, 2022. For further details, please refer to the relevant announcements of the Company dated December 31, 2021 and May 6, 2022, and the circular of the Company dated March 31, 2022.

On March 20, 2023, as the projects under the A Share Listing have been fully implemented, and in order to further improve the efficiency of the use of the proceeds and meet the needs of the Company's daily production and operation activities, the Board approved the proposal to permanently replenish its working capital with the surplus net proceeds from the A Share Listing. As at December 31, 2022, the surplus net proceeds amounted to RMB146.9 million (including interest income and wealth management income net off bank charges and others of RMB81.5 million). It can be exempted from Shareholders' approval procedures under the Self-regulation and Supervision Guidelines for Listed Companies of Shanghai Stock Exchange No. 1 — Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》) since the total surplus net proceeds from the A Share Listing are less than 10% of the total net proceeds. For further details, please refer to the announcement of the Company dated March 20, 2023.

As at June 30, 2023, the permanent replenishment of working capital with the surplus net proceeds from the A Share Listing has been completed, and the Company has cancelled the corresponding designated account for the proceeds. Upon the cancellation, the relevant agreements for the proceeds among the Company, the sponsors, the investment Project subsidiaries and the banks have been terminated accordingly.

- (2) The Company has obtained the Shareholders' approval at the 2021 AGM to use the surplus net proceeds from the A Share Listing allocated for the Tianjin Project in the amount of RMB242.2 million (including interest income and wealth management income net off bank charges of RMB38.3 million) to permanently replenish the working capital of the Company subsequent to completion of the Tianjin Project. For further details, please refer to the relevant announcements of the Company dated March 23, 2022 and May 6, 2022, and the circular of the Company dated March 31, 2022.
- (3) Expansion of Company's headquarter and analytical diagnostic service R&D centre has been completed as at May 31, 2018.
- (4) Any discrepancies in the sum of amounts listed in the tables with the breakdown of use of net proceeds in this interim report is due to rounding.

USE OF NET PROCEEDS FROM NON-PUBLIC ISSUANCE OF A SHARES

The total net proceeds from the Non-public Issuance of A Shares by the Company amounted to approximately RMB6,461.2 million, and the balance of unutilized net proceeds from the Non-public Issuance of A Shares was approximately RMB164.6 million (including the amount of RMB 60.0 million has been permanently replenished working capital) as at June 30, 2023.

The table below sets out the planned applications of the net proceeds from the Non-public Issuance of A Shares and actual usage up to June 30, 2023:

Use of proceeds from the Non-public Issuance of A Shares	Percentage of net proceeds from the Non-public Issuance of A Shares	Original allocation of net proceeds from the Non-public Issuance of A Shares (RMB million)	Revised allocation of net proceeds from the Non-public Issuance of A Shares (RMB million)	Balance of the utilized amount from the Non-public Issuance of A Shares (as at June 30, 2023) (RMB million)	Balance of the unutilized amount from the Non-public Issuance of A Shares (as at June 30, 2023) (RMB million)	Actual and expected timeline for utilizing the remaining or surplus net proceeds from the Non-public Issuance of A Shares ⁽¹⁾
Phase I new drug development services and drug manufacturing project of Wuxi STA Pharmaceutical Co., Ltd. (the "Wuxi STA Project") ⁽²⁾	11%	736.3	725.2	725.2	—	Has been completed and the surplus net proceeds have been used for the Changzhou STA Integrated Project with effect from August 15, 2022
Global research and development centre and ancillary facilities project of Shanghai STA Pharmaceutical Co., Ltd. (the "Shanghai STA Project") ⁽²⁾	8%	491.8	396.9	396.9	—	Has been completed and the surplus net proceeds have been used for the Changzhou STA Integrated Project with effect from August 15, 2022

Management Discussion and Analysis

Use of proceeds from the Non-public Issuance of A Shares	Percentage of net proceeds from the Non-public Issuance of A Shares	Original allocation of net proceeds from the Non-public Issuance of A Shares (RMB million)	Revised allocation of net proceeds from the Non-public Issuance of A Shares (RMB million)	Balance of the utilized amount from the Non-public Issuance of A Shares (as at June 30, 2023) (RMB million)	Balance of the unutilized amount from the Non-public Issuance of A Shares (as at June 30, 2023) (RMB million)	Actual and expected timeline for utilizing the remaining or surplus net proceeds from the Non-public Issuance of A Shares ⁽¹⁾
New drug manufacturing and research and development centre project of Changzhou SynTheAll Pharmaceutical Co., Ltd. (the “Changzhou STA Centre Project”) ⁽³⁾	10%	660.6	660.6	600.7	60.0	Has been completed and the surplus net proceeds have been used to permanently replenish the working capital of the Company with effect from May 6, 2022
New drug manufacturing and research and development integrated project of Changzhou SynTheAll Pharmaceutical Co., Ltd. (the “Changzhou STA Integrated Project”) ⁽⁴⁾	28%	1,789.3	2,238.9	2,137.9	101.0	Expected to be fully utilized by December 31, 2023
Small molecule new drug manufacturing skill platform technical capability upgrade project of Shanghai STA Pharmaceutical R&D Co., Ltd. (the “Shanghai STA R&D Project”) ⁽²⁾	5%	300.0	167.2	167.2	—	Has been completed and the surplus net proceeds have been used for the Changzhou STA Integrated Project with effect from August 15, 2022

Use of proceeds from the Non-public Issuance of A Shares	Percentage of net proceeds from the Non-public Issuance of A Shares	Original allocation of net proceeds from the Non-public Issuance of A Shares (RMB million)	Revised allocation of net proceeds from the Non-public Issuance of A Shares (RMB million)	Balance of the utilized amount from the Non-public Issuance of A Shares (as at June 30, 2023) (RMB million)	Balance of the unutilized amount from the Non-public Issuance of A Shares (as at June 30, 2023) (RMB million)	Actual and expected timeline for utilizing the remaining or surplus net proceeds from the Non-public Issuance of A Shares ⁽¹⁾
Research and development platform technical capability upgrade project of WuXi AppTec (Shanghai) Co., Ltd. (the "WuXi AppTec (Shanghai) Project") ⁽²⁾	9%	600.0	389.2	389.2	—	Has been completed and the surplus net proceeds have been used for the Changzhou STA Integrated Project with effect from August 15, 2022
Replenishing the Working capital of the Company ⁽⁵⁾	29%	1,883.3	1,883.3	1,879.7	3.6	N/A
Total⁽⁶⁾	100%	6,461.2	6,461.2	6,296.7	164.6	

Notes:

- (1) The expected timeline for utilizing the remaining proceeds is set based on the best estimation of the Company taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to change.
- (2) On August 15, 2022, the Board resolved to use the surplus net proceeds from the Non-public Issuance of A Share allocated for the Wuxi STA Project, Shanghai STA Project, Shanghai STA R&D Project, WuXi AppTec (Shanghai) Project to the Changzhou STA Integrated Project after completion of those Projects. For further details, please refer to the relevant announcement of the Company dated August 15, 2022.
- (3) The Company has obtained the Shareholders' approval at the 2021 AGM to use the surplus net proceeds from the Non-public Issuance of A Shares allocated for the Changzhou STA Centre Project in the amount of RMB68.3 million (including interest income and wealth management income net off bank charges of RMB8.3 million) to permanently replenish the working capital of the Company subsequent to completion of the Changzhou STA Centre Project. For further details, please refer to the relevant announcements of the Company dated March 23, 2022 and May 6, 2022, and the circular of the Company dated March 31, 2022.
- (4) On August 15, 2022, the Board resolved to extend the expected date on which the Changzhou STA Integrated Project is completed and become available for use from August 31, 2022 to December 31, 2023. For further details, please refer to the relevant announcement of the Company dated August 15, 2022.
- (5) Replenishing the working capital is related to all the business activities of the Company, so the expected timeline of full utilization is not estimated separately.
- (6) Any discrepancies in the sum of amounts listed in the tables with the breakdown of use of net proceeds in this interim report is due to rounding.

USE OF NET PROCEEDS FROM THE H SHARE LISTING

The total net proceeds from the issuance of H Shares by the Company in its H Share Listing (after deducting the underwriting fees and related H Share Listing expenses) amounted to approximately RMB7,032.6 million, and the balance of unutilized net proceeds from the H Share Listing was approximately RMB166.0 million, which has been used to permanently replenish working capital as at June 30, 2023.

The net proceeds from the H Share Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2023:

Use of proceeds from the H Share Listing	Percentage of net proceeds from the H Share Listing	Original allocation of net proceeds from the H Share Listing (HKD million)	Original allocation of net proceeds from the H Share Listing (RMB million)	Revised allocation of net proceeds from the H Share Listing (RMB million)	Balance of utilized amount from the H Share Listing (as at June 30, 2023) ⁽²⁾ (RMB million)	Balance of unutilized amount from the H Share Listing (as at June 30, 2023) (RMB million)	Actual timeline for utilizing the remaining balance of net proceeds from the H Share Listing
To expand our capacity and capabilities across all business units globally	37%	2,798.0	2,462.2	2,602.1	2,436.1	166.0	
— invest in PRC projects ⁽³⁾	22%	1,663.1	1,463.5	1,547.2	1,547.2	—	Has been fully utilized by December 31, 2021
— invest in U.S. projects ⁽⁴⁾	8%	570.1	501.7	562.6	562.6	—	Has been fully utilized as at December 31, 2020
— invest in Lingang Shanghai project ⁽⁵⁾	7%	564.8	497.0	492.3	326.3	166.0	Has been completed and the surplus net proceeds have been used to permanently replenish the working capital of the Company with effect from December 31, 2022
To fund the acquisition of CRO and CMO/CDMO companies	27%	2,000.0	1,759.9	1,863.6	1,863.6	—	Has been fully utilized as at December 31, 2019
To invest in our ecosystem	4%	300.0	264.0	281.3	281.3	—	Has been fully utilized as at June 30, 2019

Use of proceeds from the H Share Listing	Percentage of net proceeds from the H Share Listing	Original allocation of net proceeds from the H Share Listing (HKD million)	Original allocation of net proceeds from the H Share Listing (RMB million)	Revised allocation of net proceeds from the H Share Listing (RMB million)	Balance of utilized amount from the H Share Listing (as at June 30, 2023) ⁽²⁾ (RMB million)	Balance of unutilized amount from the H Share Listing (as at June 30, 2023) (RMB million)	Actual timeline for utilizing the remaining balance of net proceeds from the H Share Listing
To develop cutting-edge technology	3%	200.0	176.0	182.8	182.8	—	Has been fully utilized as at June 30, 2020
To repay our bank loans	20%	1,500.0	1,320.0	1,399.5	1,399.5	—	Has been fully utilized as at December 31, 2018
Working capital and general corporate uses	10%	755.3	664.6	703.3	703.3	—	Has been fully utilized as at June 30, 2019
Total⁽⁶⁾	100%	7,553.3	6,646.7	7,032.6	6,866.6	166.0	

Notes:

- (1) The total proceeds included approximately RMB6,969.6 million from the Global Offering in December 2018 and RMB316.3 million from the partial exercise of over-allotment option in January 2019 as disclosed in the announcement of the Company dated January 6, 2019. By excluding the underwriting fees and commissions and estimated expenses payable by the Company, the net proceeds planned for applications amount to approximately RMB7,032.6 million.
- (2) Net H Share Listing proceeds were received in HKD and translated to RMB for application planning. The plan was adjusted slightly due to the fluctuation of the foreign exchange rates since the H Share Listing.
- (3) Invest in seven PRC projects, including establishment of the Chengdu R&D campus, a manufacturing facility for viral vectors and plasmid DNA used in cell and gene therapy products in Wuxi, and a chemistry and biology labs in Qidong, Jiangsu Province, as well as development of nation-wide clinical trial sites and expansion of our SMO clinical research platform. As at December 31, 2021, the allocated net proceeds for the seven PRC projects have been fully utilized.
- (4) Invest in U.S. projects, including setting up a bioanalytical laboratory in San Diego, California and a cGMP manufacturing facility for commercialized cell and gene therapy products in the U.S.. As at December 31, 2020, allocated net proceeds for U.S. projects have been fully utilized.
- (5) Invest in Lingang Shanghai project, including building an innovation center in Lingang Shanghai of gene therapy product development services and enlarge services. As at December 31, 2022, as a result of the completion of the Lingang Shanghai project and for the purpose of improving the utilization efficiency of the funds, the Company has resolved to use the total surplus net proceeds from the H Share Listing in the amount of RMB166.0 million to permanently replenish the working capital of the Company, which can be exempted from approval procedures under the Self-regulation and Supervision Guidelines for Listed Companies of Shanghai Stock Exchange No. 1 — Standardized Operation (《上海證券交易所上市公司自律監管指引第1號 — 規範運作》), since the total surplus net proceeds from the H Share Listing are less than 5% of the total net proceeds.
- (6) Any discrepancies in the sum of amounts listed in the tables with the breakdown of use of net proceeds in this interim report is due to rounding.

USE OF NET PROCEEDS FROM THE PLACING OF NEW H SHARES

The total net proceeds from the placing of new H Shares by the Company which completed on August 5, 2020 (after deducting the underwriting fees and related expenses) amounted to approximately RMB6,558.6 million, and the balance of unutilized net proceeds from the placing of new H Shares was approximately RMB1,540.7 million as at June 30, 2023.

The table below sets out the planned applications of the net proceeds from the placing of new H Shares and the actual usage up to June 30, 2023:

Use of proceeds from the placing of new H Shares	Percentage of net proceeds from the placing of new H Shares	Allocation of net proceeds from the placing of new H Shares (HKD million)	Allocation of net proceeds from the placing of new H Shares (RMB million)	Balance of utilized amount from the placing of new H Shares (as at June 30, 2023) (RMB million)	Balance of unutilized amount from the placing of new H Shares (as at June 30, 2023) (RMB million)	Actual and expected timeline for utilizing the remaining balance of net proceeds from the placing of new H Shares ⁽¹⁾
Expansion of the Group's overseas operation and global mergers and acquisitions ⁽⁴⁾	55%	4,008.0	3,607.2	2,230.1	1,377.1	Expected to be fully utilized by December 31, 2023
Construction of Changshu R&D Integrated Project	15%	1,093.1	983.8	820.1	163.7	Expected to be fully utilized by December 31, 2023
Repaying bank loans and other borrowings ⁽²⁾	10%	728.7	655.9	655.9	—	Has been fully utilized as at December 31, 2020
Replenish the working capital of the Company ⁽³⁾	20%	1,457.5	1,311.7	1,311.7	—	Has been fully utilized as at June 30, 2021
Total⁽⁵⁾	100%	7,287.3	6,558.6	5,017.8	1,540.7	

Notes:

- (1) The expected timeline for utilizing the remaining proceeds is set based on the best estimation of the Company taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to change.
- (2) Use of proceeds for repaying bank loans and other borrowings have been fully utilized as at December 31, 2020.
- (3) Use of proceeds for replenishing the working capital of the Company have been fully utilized as at June 30, 2021.
- (4) As at June 30, 2023, the use of proceeds for “Mergers and acquisitions including, but not limited to, expansion of the Group’s presence in the US, Europe and Asia Pacific” was combined with the use of proceeds for “Expansion of the Group’s overseas operation” as they serve similar purpose, being the expansion of the Group.
- (5) Any discrepancies in the sum of amounts listed in the tables with the breakdown of use of net proceeds in this interim report is due to rounding.

THE CONVERTIBLE BONDS

On September 17, 2019, Company issued US\$300 million zero coupon convertible bonds due 2024, convertible at the option of the holders thereof into fully paid ordinary H Shares of the Company of par value RMB1.0 each at the initial Conversion Price of HK\$111.80 per H Share. The conversion period is on or after October 28, 2019 up to the close of business on the date falling 10 working days prior to September 17, 2024. The Board considers that the issue of the Convertible Bonds represents an opportunity to obtain a pool of readily available funds that can better support business expansion of the Company in the long run. The net proceeds from the subscription of the Convertible Bonds, after the deduction of fees, commissions and expenses payable, were approximately US\$294 million (approximately RMB2,079.5 million based on an exchange rate of 7.073 as at the issue date).

Pursuant to the terms and conditions of the Convertible Bonds, the Conversion Price is subject to adjustment for, among other things, profit distributions and capitalization of reserves made by the Company. As disclosed in the announcement of the Company dated June 3, 2020, the Conversion Price of the Convertible Bonds was adjusted from HK\$111.80 per H Share, being the initial Conversion Price to HK\$79.85 per H Share as a result of the approval of the payment of the 2019 Profit Distribution and the 2019 Capitalization of Reserve by the Shareholders at the 2019 AGM which took effect from June 4, 2020.

The Company has distributed cash dividends for the year ended December 31, 2020 and conducted the 2020 Capitalization of Reserve. As a result of the approval of the payment of the 2020 Profit Distribution and the 2020 Capitalization of Reserve by the Shareholders at the 2020 AGM with effect from June 8, 2021, the conversion price of the Convertible Bonds has been further adjusted to HK\$66.17 per H Share (the “**Further Adjusted Conversion Price**”) pursuant to the terms and conditions of the Convertible Bonds.

On February 16, 2023, in accordance with the terms and conditions of the Convertible Bonds, the Company issued a notice through the relevant clearing systems to all holders of Convertible Bonds, the trustee and the principal agent in connection with the early redemption of all outstanding Convertible Bonds.

The Company has exercised its option to redeem all the outstanding Convertible Bonds in full on April 4, 2023 at the price of U.S.\$104,519.38 for each U.S.\$100,000 principal amount in accordance with the terms and conditions of the Convertible Bonds. Accordingly, there is no outstanding Convertible Bonds in issue following the abovementioned redemption as at April 4, 2023. The Company has applied to the Stock Exchange for the withdrawal of the listing of the Bonds. Such withdrawal of listing became effective upon the closure of business on April 17, 2023. For further details, please refer to the relevant announcements of the Company dated March 15, 2023 and April 4, 2023.

For the principal terms of the Convertible Bonds, please refer to the relevant announcements dated September 3, 2019, September 4, 2019, September 5, 2019 and September 17, 2019 published by the Company on the websites of the Shanghai Stock Exchange and the Stock Exchange. For the adjustments of conversion price, please refer to the announcements of the Company dated June 3, 2020 and June 7, 2021 published by the Company on website of the Stock Exchange.

USE OF NET PROCEEDS FROM THE ISSUANCE OF THE CONVERTIBLE BONDS

The net proceeds raised from the issue of the Convertible Bonds, after the deduction of fees, commissions and expenses payable, being approximately US\$294 million (or approximately RMB2,079.5 million based on an exchange rate on the date of issuance of the Bonds, being September 17, 2019), have been fully utilized by the Company as at June 30, 2023.

Statutory Disclosures

FUND RAISING

During the Reporting Period, there was no fund raising activity carried out by the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Repurchase and Cancellation of part of the Restricted A Shares granted under the 2019 A Share Incentive Plan

The “Proposal on the Repurchase and Cancellation of Part of the Share Options Granted under the Restricted A Shares and Stock Option Incentive Plan of 2019 of the Company” was approved at the second meeting of the third session of the Board. Pursuant to the above proposal, due to the resignation of 10 incentive participants under the 2019 A Share Incentive Plan or that 1 incentive participant had no performance appraisal results since the incentive participant did not participate in the annual comprehensive assessment due to insufficient working hours, the Company shall repurchase a total of 24,357 Restricted A Shares granted under the 2019 Adjusted Initial Grant at the repurchase price of RMB17.45 per A share. Please refer to the relevant announcement of the Company dated June 27, 2023 for further details.

Completion of full redemption and withdrawal of listing of the USD300 million zero coupon convertible bonds due 2024

The Company has exercised its option to redeem all the outstanding Bonds in full on April 4, 2023 at the price of USD104,519.38 for each USD100,000 principal amount in accordance with the terms and conditions of the Bonds. Accordingly, there is no outstanding Bonds in issue following the abovementioned redemption. The withdrawal of the listing of the Bonds has become effective upon the closure of business on April 17, 2023. Please refer to the relevant announcements of the Company dated March 15, 2023 and April 4, 2023 for further details. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period.

DIRECTORS

As at the end of the Reporting Period, the Board was constituted by 12 Directors, of which 5 are executive Directors, 2 are non-executive Directors and 5 are independent non-executive Directors. The Directors are as follows:

Executive Directors

Dr. Ge Li (李革) (*Chairman and Chief Executive Officer*)
Dr. Minzhang Chen (陳民章) (*Co-chief executive officer*)
Mr. Edward Hu (胡正國) (*Vice Chairman and Global Chief Investment Officer*)
Dr. Steve Qing Yang (楊青) (*Co-chief Executive Officer*)
Mr. Zhaohui Zhang (張朝暉)

Non-executive Directors

Mr. Xiaomeng Tong (童小蒙)
Dr. Yibing Wu (吳亦兵)

Independent Non-executive Directors

Ms. Christine Shaohua Lu-Wong (盧韶華)
Dr. Wei Yu (俞衛)
Dr. Xin Zhang (張新)
Ms. Zhiling Zhan (詹智玲)
Mr. Dai Feng (馮岱)

SUPERVISORS

As at the end of the Reporting Period, the Supervisors are as follows:

Mr. Harry Liang He (賀亮)
Mr. Baiyang Wu (吳柏楊)
Ms. Minfang Zhu (朱敏芳)

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, the Supervisors and the senior management of the Group as at the date of this report are set out in the 2022 annual report of the Company dated April 20, 2023 and the circular of the Company dated April 27, 2023.

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

Changes in information of the Directors since the publication of the annual report of the Company for the year ended December 31, 2022 which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

- (1) Dr. Minzhang Chen ceased to be a director of WuXi XDC Cayman Inc. on June 30, 2023.
- (2) Dr. Steve Qing Yang ceased to be a director of WuXi XDC Cayman Inc. on June 30, 2023.
- (3) Dr. Ning Zhao has passed away on May 16, 2023.
- (4) Dr. Jiangnan Cai has retired as an independent non-executive Director, and ceased to be the chairperson of the Nomination Committee, a member of Audit Committee and a member of Strategy Committee on May 31, 2023.
- (5) Ms. Yan Liu has retired as an independent non-executive Director, and ceased to be the chairperson of the Remuneration and Appraisal Committee and a member of the Nomination Committee on May 31, 2023.
- (6) Dr. Hetong Lou has retired as an independent non-executive Director, and ceased to be the chairperson of the Audit Committee and a member of the Remuneration and Appraisal Committee on May 31, 2023.
- (7) Mr. Xiaotong Zhang has retired as an independent non-executive Director and ceased to be a member of the Audit Committee on May 31, 2023.
- (8) Ms. Christine Shaohua Lu-Wong was elected as an independent non-executive Director with effect from May 31, 2023. She was also elected as the chairperson of the Audit Committee with effect from June 6, 2023.
- (9) Dr. Wei Yu was elected as an independent non-executive Director with effect from May 31, 2023. He was also elected as a member of the Audit Committee and a member of Strategy Committee with effect from June 6, 2023.

- (10) Dr. Xin Zhang was elected as an independent non-executive Director with effect from May 31, 2023. He was also elected as a member of the Audit Committee and a member of the Remuneration and Appraisal Committee with effect from June 6, 2023.
- (11) Ms. Zhiling Zhan was elected as an independent non-executive Director with effect from May 31, 2023. She was also elected as the chairperson of the Remuneration and Appraisal Committee and a member of the Nomination Committee with effect from June 6, 2023.
- (12) Mr. Dai Feng was elected as the chairperson of the Nomination Committee with effect from June 6, 2023. He was appointed as a director of Huizhou Stomatological Hospital Co., Ltd and the chairperson of the board of Wuxi Chuangmei Xiaoyan Network Technology Co., Ltd with effect from February 7, 2023 and May 25, 2023, respectively.

Save as disclosed above, there is no other information which was required to be disclosed by the Directors and Supervisors pursuant to Rule 13.51B(1) of the Listing Rules.

CHANGE OF AUTHORIZED REPRESENTATIVE, PROCESS AGENT AND JOINT COMPANY SECRETARY

As disclosed in the Company's announcement dated June 6, 2023, Mr. Chi Yao ("**Mr. Yao**") has resigned as a joint company secretary of the Company ("**Joint Company Secretary**"); an authorized representative of the Company ("**Authorized Representative**") under Rule 3.05 of the Listing Rules; and an authorized representative for the acceptance of service of process and notices on behalf of the Company in Hong Kong under Rule 19A.13(2) of the Listing Rules and pursuant to Part 16 of the Companies Ordinance ("**Process Agent**") with effect from June 6, 2023. Mr. Yuanzhou Zhang ("**Mr. Zhang**") has been appointed as Joint Company Secretary, Authorized Representative and Process Agent in replacement of Mr. Yao with effect from June 6, 2023.

Pursuant to Rule 3.28 of the Listing Rules, a listed issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Given Mr. Zhang currently does not possess the requisite qualifications as required by Rule 3.28 of the Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 3.28 of the Listing Rules for a period of three years from the effective date of appointment of Mr. Zhang as a Joint Company Secretary on certain conditions. Please refer to the relevant announcement of the Company dated June 6, 2023 for further details.

SHARE INCENTIVE SCHEMES

The Group's share incentive schemes effective during the Reporting Period are as follows:

1. Overview

The number of A Shares that may be issued in respect of the share options granted under all A share incentive schemes of the Company during the Reporting Period divided by the weighted average number of Shares of the A Shares in issue for the Reporting Period was 0.0467%. The H Share incentive schemes adopted by the Company do not involve the issuance of new H Shares.

2. 2018 A Share Incentive Plan

In order to establish and improve long-term corporate incentive systems of the Company, attract and retain talent, fully mobilize the motivation of management members and technicians and effectively tying the interests of our Shareholders, the Company and the management of the Company and enabling the respective parties to become aware of the Company's long-term development, and to promote the realization of the development strategies of the Company, on August 22, 2018, the Shareholders' meeting of the Company passed a resolution to issue up to 8,856,900 A Shares of the Company under the 2018 A Share Incentive Plan. The total participants of the 2018 A Share Incentive Plan is 1,528, including the Directors, members of the senior-level management (including senior management), mid-level managers and backbone members of our technicians and basic-level managers and other technicians. On August 28, 2018, 7,085,500 Restricted A Shares of the Company were approved for 1,528 eligible employees to subscribe at the price of RMB45.53 per A Share. Please refer to the relevant announcement of the Company dated August 28, 2018 for further details. On July 19, 2019, 542,017 Restricted A Shares of the Company were approved to be granted to 21 eligible employees and 287,000 Share Options were approved to be granted to 2 eligible employees. Please refer to the relevant announcement of the Company dated July 19, 2019 for further details.

On June 3, 2019, the Shareholders' meeting approved to capitalize 4 ordinary Shares for every 10 Shares by way of capitalization of reserve and approved the distribution of RMB5.80 for every 10 Shares based on the total issued Shares of the Company. As a result, the number of Restricted A Shares and the exercise price and number of Share Options granted under the 2018 A Share Incentive Plan presented herein have been adjusted to reflect the capitalization of reserve and dividend distribution.

On May 15, 2020, the Shareholders' meeting approved to capitalize 4 ordinary Shares for every 10 Shares by way of capitalization of reserve and approved the distribution of RMB3.37 for every 10 Shares based on the total issued Shares of the Company. As a result, the number of Restricted A Shares and the exercise price and number of Share Options granted under the 2018 A Share Incentive Plan presented herein have been adjusted to reflect the capitalization of reserve and dividend distribution.

On May 13, 2021, the Shareholders' meeting approved to capitalize 2 ordinary Shares for every 10 Shares by way of capitalization of reserve and approved the distribution of RMB3.63 for every 10 Shares based on the total issued Shares of the Company. As a result, the number of Restricted A Shares and the exercise price and number of Share Options granted under the 2018 A Share Incentive Plan presented herein have been further adjusted to reflect the capitalization of reserve and dividend distribution.

As at June 30, 2023, there are no Shares available for issue under the 2018 A Share Incentive Plan.

The Share Options granted under the 2018 A Share Incentive Plan are valid from the date of the grant to the date on which they have been unlocked, exercised or canceled, but in any event not be more than 48 months. Subject to fulfillment of the conditions as set out in the rules of the 2018 A Share Incentive Plan, the exercisable periods and arrangements of each tranche of such Share Options are as follows:

Vesting Period		Proportion of vesting
First vesting period	From the first trading day after 12 months from the date of the grant to the last trading day within 24 months from the date of the grant	40%
Second vesting period	From the first trading day after 24 months from the date of the grant to the last trading day within 36 months from the date of the grant	30%
Third vesting period	From the first trading day after 36 months from the date of the grant to the last trading day within 48 months from the date of the grant	30%

Statutory Disclosures

Such options shall only be exercised by the participants of the 2018 A Share Incentive Plan within the vesting period.

The exercise price of the Share Options under the 2018 A Share Incentive Plan is RMB64.88 and shall not be lower than the par value of the Shares, and shall not be lower than the highest of the following:

- (1) the average trading price of the A Shares of the Company for the last trading day preceding the date of announcement of the board resolution on the 2018 Reserved Grant (total trading amount/total trading volume on the preceding trading day);
- (2) the average trading price of the A Shares of the Company for the last 20, 60 or 120 trading days preceding the date of announcement of the board resolution on the reserved grant under the 2018 A Share Incentive Plan (total trading amount for the last 20, 60 or 120 trading days/total trading volume traded on the last 20, 60 or 120 trading days).

The exercise price of the share options granted under the 2018 A Share Incentive Plan has been adjusted from RMB64.88 to RMB46.34 as a result of the 2019 Profit Distribution and 2019 Capitalization of Reserve approved by the Shareholders at the 2019 annual general meeting of the Company with effect from June 4, 2020. The exercise price of the share options granted under the 2018 A Share Incentive Plan has been further adjusted from RMB46.34 to RMB38.62 as a result of the 2020 Profit Distribution and 2020 Capitalization of Reserve approved by the Shareholders at the 2020 annual general meeting of the Company with effect from June 8, 2021.

The exercise price of the cancelled Share Options is RMB38.62.

Fair value of the Share Options

The Company selected the Black-Scholes Model to calculate the fair value of Share Options under the 2018 A Share Incentive Plan, the specific calculating methods and results of fair value of each Share Option are as follows:

The fair value and corresponding inputs into the model were as follows:

	Share Options Granted under the 2018 A Share Incentive Plan
Grant date A Share price (RMB)	86.70
Subscribe price (RMB)	64.88
Expected volatility	43.23%–47.09%
Expected life (years)	2–4
Risk-free interest rate	2.70%–2.86%
Dividend yield rate	0.95%

There is no unexercised Share Option granted under the 2018 A Share Incentive Plan as of June 30, 2023. Set out below are details of the movements of the Restricted A Shares subject to lock-up under the 2018 A Share Incentive Plan throughout the Reporting Period:

	Subject to lock-up as at January 1, 2023	Granted during the Reporting Period	Capitalization during the Reporting Period	Unlocked and commenced trading during the Reporting Period	Cancelled during the Reporting Period	Subject to lock-up as at June 30, 2023
Restricted A Shares						
Employees	171,117	—	—	131,328	39,789	—
Total	171,117	—	—	131,328	39,789	—

3. 2019 A Share Incentive Plan

In order to establish and improve the long-term incentive mechanism of the Company, attract and retain talents, fully motivate the core personnel of the Company and effectively integrate the interests of the Shareholders, the Company and core team members so that the parties will make joint efforts for the sustainable development of the Company, on September 20, 2019, the Shareholders' meeting of the Company passed a resolution to approve the adoption of the 2019 A Share Incentive Plan, pursuant to which the Company may issue up to 21,055,530 units of Restricted A Shares or Share Options of the Company. The total participants of the 2019 A Share Incentive Plan is 2,467, including the Directors, members of the senior-level management (including senior management), mid-level managers and backbone members of our technicians and basic level managers and other technicians. On November 25, 2019, 13,400,273 Restricted A Shares of the Company were approved for 2,008 eligible employees to subscribe at the price of RMB32.44 per A Share, including 124,443 Restricted A Shares granted as special grant to one eligible employee which are subjected to different conditions and restrictions. 5,039,904 Share Options were approved for 460 eligible employees which can be exercised at the price of RMB64.88 per A Share (2019 Initial Grant). Please refer to the relevant announcement of the Company dated November 25, 2019 for further details. On June 10, 2020, 427,000 Restricted A Shares of the Company were approved for 18 eligible employees to subscribe at the price of RMB40.59 per share. 29,131 Share Options were approved for 1 eligible employee which can be exercised at the price of RMB81.17 per A Share (2019 Reserved Grant). Please refer to the relevant announcement of the Company dated June 10, 2020 for further details.

Statutory Disclosures

On May 15, 2020, the Shareholders' meeting approved to capitalize 4 ordinary Shares for every 10 Shares by way of capitalization of reserve and approved the distribution of RMB3.37 for every 10 Shares based on the total issued Shares of the Company. As a result, the number of Restricted A Shares and the exercise price and number of Share Options granted under the 2019 A Share Incentive Plan have been adjusted to reflect the capitalization of reserve and dividend distribution.

On May 13, 2021, the Shareholders' meeting approved to capitalize 2 ordinary Shares for every 10 Shares by way of capitalization of reserve and approved the distribution of RMB3.63 for every 10 Shares based on the total issued Shares of the Company. As a result, the number of Restricted A Shares and the exercise price and number of Share Options granted under the 2019 A Share Incentive Plan have been further adjusted to reflect the capitalization of reserve and dividend distribution.

As at June 30, 2023, the total number of Shares available for issue under the 2019 A Share Incentive Plan was 1,197,826 (options had been granted and were outstanding), representing approximately 0.0404% of the Shares in issue as at June 30, 2023. As at the date of this interim report, the remaining life of the 2019 A Share Incentive Plan is approximately one year.

The 2019 Initial Grant of the Share Option is valid from the date on which the Share Options is granted under the 2019 Initial Grant to the date on which all the options granted to the participants under the 2019 Initial Grant have been vested or cancelled, but in any event shall not be more than 54 months. The withholding period of each tranche of the Share Options granted under the 2019 Initial Grant shall be 18, 30 and 42 months from the date of the 2019 Initial Grant, respectively. Subject to fulfillment of the conditions as set out in the rules of the 2019 A Share Incentive Plan, the vesting periods and arrangements of each tranche of the Share Options granted under the 2019 Initial Grant are as follows:

	Vesting Period	Proportion of vesting
First Vesting Period	From the first trading day after 18 months from the date of the 2019 Initial Grant to the last trading day within 30 months from the date of the 2019 Initial Grant	40%
Second Vesting Period	From the first trading day after 30 months from the date of the 2019 Initial Grant to the last trading day within 42 months from the date of the 2019 Initial Grant	30%
Third Vesting Period	From the first trading day after 42 months from the date of the 2019 Initial Grant to the last trading day within 54 months from the date of the 2019 Initial Grant	30%

The validity period of the Share Options under the 2019 Reserved Grant shall be from the date of grant of the Share Options under the 2019 Reserved Grant to the date on which the reserved Shares Options granted to the participants are all exercised or otherwise cancelled, which shall not be longer than 54 months. The conditions for the grant of the reserved interests, the unlocking and exercise of the reserved Restricted A Shares and reserved Share Options shall follow that of Share Options granted under the 2019 Initial Grant, in addition to certain performance indicators as set out in the rules of the 2019 A Share Incentive Plan. The Vesting Periods and arrangements of each tranche of the reserved Share Options granted under the 2019 Reserved Grant are as follows:

Vesting Period		Proportion of vesting
First Vesting Period	From the first trading day after 18 months from the date of the 2019 Reserved Grant to the last trading day within 30 months from the date of the 2019 Reserved Grant	40%
Second Vesting Period	From the first trading day after 30 months from the date of the 2019 Reserved Grant to the last trading day within 42 months from the date of the 2019 Reserved Grant	30%
Third exercisable period	From the first trading day after 42 months from the date of the 2019 Reserved Grant to the last trading day within 54 months from the date of the 2019 Reserved Grant	30%

Such options shall only be exercised by the participants of the 2019 A Share Incentive Plan within the Vesting Period.

The exercise price of the Share Options under the 2019 Initial Grant is RMB64.88 per Share and shall not be lower than the par value of the Shares, and shall not be lower than the highest of the following:

- (1) the average trading price of the Company's A Shares on the trading day preceding the date of announcement of the 2019 A Share Incentive Plan (total trading amount/total trading volume on the preceding trading day), i.e. RMB64.88 per Share;
- (2) the average trading price of the Company's A Shares for the last 60 trading days preceding the date of announcement of the 2019 A Share Incentive Plan (total trading amount for the last 60 trading days/total trading volume traded on the last 60 trading days), i.e. RMB60.56 per Share.

The exercise price of the Share Options under the 2019 Initial Grant has been adjusted from RMB64.88 to RMB46.34 as a result of the 2019 Profit Distribution and 2019 Capitalization of Reserve approved by the Shareholders at the 2019 annual general meeting of the Company with effect from June 4, 2020. The exercise price of the Share Options under the 2019 Initial Grant has been further adjusted from RMB46.34 to RMB38.62 as a result of the 2020 Profit Distribution and 2020 Capitalization of Reserve approved by the Shareholders at the 2020 AGM with effect from June 8, 2021.

The exercise price of the Share Options under the 2019 Reserved Grant is RMB81.17 and shall not be lower than the par value of the A Shares, and shall be the higher of the following:

- (1) the average trading price of the A Shares of the Company for the last trading day preceding the date of announcement of the board resolution on the 2019 Reserved Grant (total trading amount/total trading volume on the preceding trading day);
- (2) the average trading price of the A Shares of the Company for the last 20, 60 or 120 trading days preceding the date of announcement of the board resolution on the 2019 Reserved Grant (total trading amount for the last 20, 60 or 120 trading days/total trading volume traded on the last 20, 60 or 120 trading days).

The weighted average closing price of the A Shares immediately before the dates on which the Share Options were exercised was approximately RMB80.25. The exercise price of the cancelled Share Options is RMB38.62.

Fair value of the Share Options

The Company selected the Black-Scholes Model to calculate the fair value of Share Options under the 2019 A Share Incentive Plan, the specific calculating methods and results of fair value of each Share Option are as follows:

The fair value and corresponding inputs into the model were as follows:

	Share Options Granted under the 2019 A Share Incentive Plan
Grant date A Share price (RMB)	89.90
Subscribe price (RMB)	64.88
Expected volatility	43.44%–45.85%
Expected life (years)	1.5–4.5
Risk-free interest rate	2.81%–2.91%
Dividend yield rate	0.95%

Set out below are details of the movements of the Restricted A Shares subject to lock-up and unexercised Share Options granted under the 2019 A Share Incentive Plan throughout the Reporting Period:

	Subject to lock-up as at January 1, 2023	Granted during the Reporting Period	Unlocked and commenced trading during the Reporting Period	Cancelled during the Reporting Period	Capitalization during the Reporting Period	Subject to lock-up as at June 30, 2023
Restricted A Shares						
Mr. Edward Hu	63,000	—	63,000	—	—	—
Ms. Wendy J. Hu	9,828	—	9,828	—	—	—
Dr. Steve Qing Yang	57,960	—	57,960	—	—	—
Dr. Minzhang Chen	57,960	—	57,960	—	—	—
Other employees	6,188,291	—	5,356,490	622,439	—	209,362
Total	6,377,039	—	5,545,238	622,439	—	209,362
	Unexercised as at January 1, 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Capitalization during the Reporting Period	Unexercised as at June 30, 2023
Share Options						
Employees	2,232,120	—	979,017	55,277	—	1,197,826
Total	2,232,120	—	979,017	55,277	—	1,197,826

Note:

(1) Ms. Wendy J. Hu is the spouse of Mr. Edward Hu.

4. 2019 Share Appreciation Scheme

On September 20, 2019, the 2019 Share Appreciation Scheme was approved at the Shareholders' meeting. On September 30, 2019, the Company granted 2,901,172 share appreciation rights (representing approximately 0.1771% of the total share capital of the Company as at the date of the announcement of the proposed adoption of the 2019 Share Appreciation Scheme) to a total of 234 incentive participants, being not more than 234 members of the senior level management, mid-level managers and backbone members of the technicians, basic level managers and other technicians who have employment or labor service relationships with the Company or its subsidiaries overseas under the 2019 Share Appreciation Scheme at the exercise price of HK\$72.00 per unit. Each of the share appreciation rights under the 2019 Share Appreciation Scheme is notionally linked to one H Share, and will confer the right to gain specified amount of benefits in cash from the increase in market price of the relevant H Shares.

As disclosed in the Company's announcement dated June 10, 2020, following the implementation of the 2019 Profit Distribution Plan on June 4, 2020, the number of share appreciation rights by the Company was adjusted from 2,901,172 units to 4,061,639 units and the exercise price was adjusted from HK\$72.00 per unit to HK\$51.43 per unit.

Following the implementation of the 2020 Profit Distribution Plan on June 8, 2021, 2 new Shares were issued for every existing 10 Shares held by the Shareholders on June 7, 2021 (being the relevant record date) and a cash dividend of RMB3.63 (inclusive of tax) for every 10 Shares was distributed to the Shareholders. As a result, the number of the share appreciation rights granted by the Company have been adjusted from 1,707,792 units to 2,049,342 units and the exercise price of which have been adjusted from HK\$51.43 per unit to HK\$42.86 per unit accordingly. Please refer to the relevant announcement of the Company dated June 25, 2021 for further details.

The 2019 Share Appreciation Scheme does not involve any grant of share options which will require the Company (or any of its subsidiaries) to issue any new shares or other new securities and is therefore not subject to or governed by Chapter 17 of the Listing Rules.

The 2019 Share Appreciation Scheme is valid from the date of grant of share appreciation rights to the date of completion of exercise of all share appreciation rights, which shall not be longer than 48 months. The vesting and exercise arrangement of the 2019 Share Appreciation Scheme is as follows:

	Vesting Schedule	Exercise Period	Exercise Percentage
First batch of exercise	May 31, 2020	From June 1, 2020 to May 31, 2021	40%
Second batch of exercise	May 31, 2021	From June 1, 2021 to May 31, 2022	30%
Third batch of exercise	May 31, 2022	From June 1, 2022 to May 31, 2023	30%

Set out below are details of the movements of the outstanding units granted under the 2019 Share Appreciation Scheme throughout the Reporting Period:

	Outstanding at January 1, 2023	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2023
2019 Share Appreciation Scheme	578,003	572,005	5,998	—

5. STA Share Units and Options Incentive Scheme

STA has also adopted different employee incentive schemes to provide incentives for its eligible employees including the directors (excluding independent directors), supervisors and members of the senior management, members of the mid-level management and core technicians (operation staff) since 2015. STA has established equity-settled share units and options incentive schemes including the (i) STA Share Option Incentive Scheme (2015); (ii) STA Overseas Employees Incentive Scheme and (iii) STA Share Option Incentive Scheme (2016). None of the eligible STA employees are the chief executives or Directors of the Company.

On September 13, 2017, the STA shareholders' meeting approved to capitalize 20 ordinary STA Shares for every 10 STA Shares standing to the credit of the share premium account of STA ("**Conversion of Capital Reserve**"). In May 2017 and April 2018, the distribution of RMB10.0 and RMB3.5 for every 10 STA Shares was approved at the STA shareholders' meetings, respectively. As a result of the Conversion of Capital Reserve and dividend adjustment, the total number of STA Shares granted under the STA Share Option Incentive Scheme (2015), STA Overseas Employees Incentive Scheme and STA Share Option Incentive Scheme (2016) to eligible employees including the directors (excluding independent directors), supervisors and members of the senior management, members of the mid-level management and core technicians (operation staff) were 16,200,000, 6,708,843 and 1,525,140, respectively. The exercise prices of the STA Shares under the STA Share Option Incentive Scheme (2015), STA Overseas Employees Incentive Scheme and STA Share Option Incentive Scheme (2016) upon the conversion of capital reserve and dividend adjustment were RMB8.00, RMB1.79 and RMB8.00, respectively, which were determined by based on STA's operations, value of assets, contribution of its employees and the intended level of employee incentive to be provided as adjusted by Conversion of Capital Reserve and dividend adjustment.

Statutory Disclosures

Options granted under the STA Share Option Incentive Scheme (2015), STA Overseas Employees Incentive Scheme and STA Share Option Incentive Scheme (2016) shall have a contractual term of 10 years and vest over a four-year period, with 20%, 20%, 20% and 40% of total options vesting on the first, second, third and fourth anniversary date two years after the vesting commencement date upon meeting certain annual performance conditions.

Set out below are details of the movements of the outstanding units and options granted under the STA Share Units and Options Incentive Scheme throughout the Reporting Period:

STA Share Units and Options Incentive Scheme	Outstanding at January 1, 2023	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2023
STA Overseas Employees Incentive Scheme — 2nd batch	128,674	—	41,600	—	87,074
STA Overseas Employees Incentive Scheme — 3rd batch	20,231	—	—	—	20,231
Total	148,905	—	41,600	—	107,305
Weighted average exercise price	RMB1.71	N/A	RMB1.79	N/A	RMB1.79

6. STA Share Appreciation Incentive Scheme

On May 16, 2016 and July 12, 2017, STA Share Appreciation Incentive Scheme (2016) and STA Share Appreciation Incentive Scheme (2017) were approved at the STA shareholders' meeting. As a result of the Conversion of Capital Reserve, the total number of STA units granted under the STA Share Appreciation Incentive Scheme (2016) and the STA Share Appreciation Incentive Scheme (2017) to directors (excluding independent directors), supervisors and members of the senior management and core technicians (operation staff) were 1,350,000 and 123,000 respectively. Stock appreciation rights have been awarded in units, with each unit representing the value of one STA Share. Upon the exercise of stock appreciation rights, exercising recipients will receive payments in RMB from STA, subject to any withholding tax, equal to the number of stock appreciation rights exercised times the difference between the subscription price and market price of the STA Shares on the exercise day. The exercise prices of the STA Share Appreciation Incentive Scheme (2016) and the STA Share Appreciation Incentive Scheme (2017) upon the Conversion of Capital Reserve and dividend adjustment were RMB8.00 and RMB8.00, respectively, which were determined by based on STA's operations, value of assets, contribution of its employee and the intended level of employee incentive to be provided.

Units granted under the STA Share Appreciation Incentive Scheme shall have a contractual term of 10 years and generally vest over a four-year period, with 20%, 20%, 20% and 40% of total options vesting on the first, second, third and fourth anniversary date two years after the vesting commencement date.

There is no outstanding unit granted under the STA Share Appreciation Incentive Scheme as of June 30, 2023.

7. 2020 H Share Award and Trust Scheme

In order to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, the Board has considered and approved, on July 21, 2020, a resolution to adopt the 2020 H Share Award and Trust Scheme. The 2020 Scheme Limit shall be the maximum number of H Shares that will be acquired by the 2020 Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than HK\$700 million. The Board or the 2020 Delegatee may grant 2020 Awards to 2020 Selected Participants during the award period conditional upon fulfilment of terms and conditions of the 2020 Awards and performance targets as the Board or the Delegatee determines from time to time. 2020 Eligible Employees who may participate in the 2020 Scheme include any individual, being a Director, supervisor, senior management, mid-level manager, basic-level manager, backbone member of the technicians, other technician, who is a full-time PRC or non-PRC employee of any members of the Group. The Company proposed to grant 2020 Awards in an aggregate value of HK\$41,923,641.00 to 12 2020 Connected Selected Participants including, Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang, Dr. Ning Zhao (passed away in 2023), Mr. Ellis Bih-Hsin Chu (resigned from the Company), Dr. Minzhang Chen, Dr. Shuhui Chen, Mr. Harry Liang He, Ms. Minfang Zhu, Ms. Wendy J. Hu and Ms. Cuiping Hu (resigned from the Company). The adoption of the 2020 H Share Award and Trust Scheme and the grant of 2020 Awards to the 2020 Connected Selected Participants has been approved by the Shareholders at the extraordinary general meeting of the Company held on August 31, 2020. Details of which are set out in the announcements of the Company dated July 21, 2020 and August 31, 2020, and the circular of the Company dated August 12, 2020.

During the Reporting Period, none of the relevant 2020 Awards have been further granted to the Selected Participants.

During the Reporting Period, relevant 2020 Awards with the number of underlying 2020 Award Shares being 42,516 H Shares have been vested to 25 2020 Selected Participants (which comprise 1 2020 Connected Selected Participants and 24 2020 Independent Selected Participants), accounting for approximately 0.0106% of the total number of issued H Shares and approximately 0.0014% of the total issued share capital of the Company as at June 30, 2023. The weighted average closing price of the Shares immediately before the dates on which the 2020 Awards were vested is HK\$70.95.

Statutory Disclosures

The number of 2020 Awards which lapsed in accordance with the scheme rules of the 2020 scheme during the Reporting Period was 131,069 H Shares.

The numbers of unvested 2020 Awards as at the beginning and at the end of the Reporting Period were 3,042,198 and 2,868,613, respectively.

As at the date of this interim report, the remaining life of the 2020 Scheme is approximately seven years.

The Directors (including the independent non-executive Directors) are of the view that the grant of 2020 Awards to the Selected Participants (including the 2020 Connected Selected Participants) is conducted on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2020 Selected Participants Under The 2020 Scheme

As at June 30, 2023, there are a total of 2,080 Selected Participants under the 2020 H Share Award and Trust Scheme, which comprise 9 Connected Selected Participants and 2,071 Independent Selected Participants. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Independent Selected Participants are parties not connected with the Company within the meaning of the Listing Rules.

For further details in relation to the grant of 2020 Awards under the 2020 H Share Award and Trust Scheme, please refer to the announcements of the Company dated December 15, 2020, July 2, 2021, November 10, 2021, January 21, 2022 and the circular of the Company dated August 12, 2020.

The details of the 2020 Selected Participants with 2020 Awards granted under the 2020 H Share Award and Trust Scheme comprising both vested and unvested 2020 Awards as at June 30, 2023 are set out as follows:

Name	Position	Number of 2020 Award Shares underlying the 2020 Award ⁽¹⁾⁽²⁾	Approximate percentage to the total number of H Shares as at June 30, 2023	Approximate percentage to the total issued share capital of the Company as at June 30, 2023
2020 Connected Selected Participants				
Dr. Ge Li	Executive Director, chairman and chief executive officer	127,738 H Shares	0.0317%	0.0043%
Mr. Edward Hu	Executive Director, vice chairman and global chief investment officer	63,868 H Shares	0.0159%	0.0022%
Dr. Steve Qing Yang	Executive Director, co-chief executive officer	63,868 H Shares	0.0159%	0.0022%
Dr. Minzhang Chen	Executive Director, co-chief executive officer	42,579 H Shares	0.0106%	0.0014%
Mr. Zhaohui Zhang	Executive Director, vice president	28,386 H Shares	0.0071%	0.0010%
Dr. Shuhui Chen	Vice president	42,579 H Shares	0.0106%	0.0014%
Mr. Harry Liang He	Chairman of the Supervisory Committee	9,462 H Shares	0.0024%	0.0003%
Ms. Minfang Zhu	Employee representative Supervisor	3,153 H Shares	0.0008%	0.0001%
Ms. Wendy J. Hu ⁽³⁾	Senior director of human resources	6,307 H Shares	0.0016%	0.0002%
Sub-total		387,940 H Shares	0.0964%	0.0131%
Independent Selected Participants				
	2,071 senior management, mid-level managers, basic-level managers, backbone members of technicians and other technicians	5,095,991 H Shares	1.2659%	0.1717%
Sub-total		5,095,991 H Shares	1.2659%	0.1717%
Total		5,483,931 H Shares	1.3623%	0.1848%

Notes:

1. The number of 2020 Award Shares underlying the 2020 Award is fixed based on the number of 2020 Award Shares acquired by the 2020 Trustee through on-market transactions from time to time at prevailing market price and apportioned to the corresponding value of the relevant 2020 Award based on the volume-weighted average price at the 2020 Trustee acquired such 2020 Award Shares pursuant to the 2020 Scheme.
2. The number of 2020 Award Shares underlying the relevant 2020 Awards has been enlarged following the implementation of the 2020 Profit Distribution Plan on June 8, 2021 under which 2 2020 Capitalization Shares were issued for every existing 10 Shares held by the Shareholders on June 7, 2021 (being the relevant record date) by way of capitalization of reserve.
3. Ms. Wendy J. Hu is the spouse of Mr. Edward Hu.
4. During the Reporting Period, none of the 2020 Awards have been granted to the five highest paid individuals of the Company and none of the 2020 Awards granted to them lapsed.

During the Reporting Period, none of the 2020 Awards have been vested to the five highest paid individuals of the Company.

Vesting schedule

The vesting periods of the Awards under the 2020 H Share Award and Trust Scheme are as follows:

	Vesting periods	Proportion of Vesting
First vesting period	From December 2, 2021 to December 1, 2022	25%
Second vesting period	From December 2, 2022 to December 1, 2023	25%
Third vesting period	From December 2, 2023 to December 1, 2024	25%
Fourth vesting period	From December 2, 2024 to December 1, 2025	25%

Vesting conditions

Vesting of the 2020 Awards under the 2020 H Share Award and Trust Scheme is subject to conditions of the individual performance indicators of the 2020 Selected Participants, and any other applicable vesting conditions as set out in the award letter.

According to the relevant performance management rules adopted by the Company, the Board or the Delegatee shall carry out annual comprehensive appraisal on the 2020 Selected Participants and determine the actual vesting amount of the 2020 Awards granted under the 2020 H Share Award and Trust Scheme accordingly. The actual vesting amount of the 2020 Award granted to a 2020 Selected Participant for the respective vesting periods shall be equal to the standard coefficient \times the planned vesting amount for the respective vesting periods. The coefficient for individual performance appraisal results of grade B (or its equivalent appraisal result such as “meets expectations”) or above is 100% whereas the coefficient for individual performance appraisal results below grade B is 0. If the 2020 Selected Participant fails to fulfil such individual performance indicators, all the 2020 Award Shares underlying the relevant 2020 Awards which may otherwise be vested during the respective vesting periods shall not be vested and shall be held by the 2020 Trustee as returned Shares.

For further details on the vesting conditions of the 2020 Awards, please refer to the section headed “Letter from the Board — II. Proposed Adoption of the H Share Award and Trust Scheme — Vesting of the Awards — Vesting Conditions” in the circular of the Company dated August 12, 2020.

8. 2021 H Share Award and Trust Scheme

In order to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company, the Board has considered and approved, on August 2, 2021, a resolution to adopt the 2021 H Share Award and Trust Scheme. The 2021 Scheme Limit shall be the maximum number of H Shares that will be acquired by the 2021 Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than HK\$2 billion. The Board or the 2021 Delegatee may grant the 2021 Awards to the 2021 Selected Participants during the 2021 Award Period conditional upon fulfilment of terms and conditions of the 2021 Awards and performance targets as the Board or the 2021 Delegatee determines from time to time. 2021 Eligible Employees who may participate in the 2021 H Share Award and Trust Scheme include any individual, being a Director, supervisor, senior management, mid-level manager, basic-level manager, backbone member of the technicians, other technician, who is a full-time PRC or non-PRC employee of any members of the Group. The Company has granted the 2021 Awards in an aggregate value of HK\$110,452,209 to 13 2021 Connected Selected Participants including, Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Dr. Minzhang Chen, Dr. Shuhui Chen, Mr. Zhaohui Zhang, Dr. Ning Zhao (passed away in 2023), Mr. Ellis Bih-Hsin Chu (resigned from the Company), Mr. Guodong Tong (resigned from the Company), Ms. Hui Xu, Ms. Wendy J. Hu, Mr. Harry Liang He and Ms. Minfang Zhu. The adoption of the 2021 H Share Award and Trust Scheme and the grant of 2021 Awards to the 2021 Connected Selected Participants has been approved by the Shareholders at the extraordinary general meeting of the Company held on August 30, 2021. Details of which are set out in the announcements of the Company dated August 2, 2021, August 30, 2021 and December 15, 2021, and the circular of the Company dated August 10, 2021.

During the Reporting Period, relevant 2021 Awards with the number of underlying 2021 Award Shares being 103,699 H Shares have been further granted to 21 2021 Independent Selected Participants, accounting for approximately 0.0258% of the total number of issued H Shares and approximately 0.0035% of the total issued share capital of the Company as at June 30, 2023. Details of which are set out in the announcement of the Company dated January 13, 2023. The closing price of the H Shares immediately before the date on which the 2021 Awards were further granted was HK\$91.05.

During the Reporting Period, relevant 2021 Awards with the number of underlying 2021 Award Shares being 26,289 H Shares have been vested to 1 2021 Connected Selected Participants, accounting for approximately 0.0065% of the total number of issued H Shares and approximately 0.0009% of the total issued share capital of the Company as at June 30, 2023. The weighted average closing price of H Shares immediately before the dates on which the 2021 Awards were vested is HK\$70.95.

The number of 2021 Awards which lapsed in accordance with the scheme rules of the 2021 Scheme during the Reporting Period was 318,569 H Shares.

The numbers of unvested 2021 Awards as at beginning and at the end of the Reporting Period were 8,081,179 and 7,840,020, respectively.

As at the date of this interim report, the remaining life of the 2021 Scheme is approximately eight years.

The Directors (including the independent non-executive Directors) are of the view that the grant of 2021 Awards to the 2021 Selected Participants (including the 2021 Connected Selected Participants) is conducted on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2021 Selected Participants Under the 2021 Scheme

As at June 30, 2023, there are a total of 2,914 2021 Selected participants under the 2021 H Share Award and Trust Scheme, which comprise 10 2021 Connected Selected participants and 2,904 2021 Independent Selected Participants. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the 2021 Independent Selected Participants are parties not connected with the Company within the meaning of the Listing Rules.

For further details in relation to the grant of 2021 Awards under the 2021 Scheme, please refer to the announcements of the Company dated December 15, 2021, September 19, 2022, January 13, 2023.

The details of the 2021 Selected Participants with 2021 Awards made under the 2021 Grant as at June 30, 2023 are set out as follows:

Name	Position	Number of 2021 Award Shares underlying the 2021 Award granted⁽¹⁾	Approximate percentage to the total number of H Shares as at June 30, 2023	Approximate percentage to the total issued share capital of the Company as at June 30, 2023
2021 Connected Selected Participants				
Dr. Ge Li	Executive Director, chairman and chief executive officer	157,729 H Shares	0.0392%	0.0053%
Mr. Edward Hu	Executive Director, vice chairman and global chief investment officer	70,563 H Shares	0.0175%	0.0024%
Dr. Steve Qing Yang	Executive Director, co-chief executive officer	75,423 H Shares	0.0187%	0.0025%
Dr. Minzhang Chen	Executive Director, co-chief executive officer	99,709 H Shares	0.0248%	0.0034%
Mr. Zhaohui Zhang	Executive Director, vice president	52,576 H Shares	0.0131%	0.0018%
Dr. Shuhui Chen	Vice president	74,609 H Shares	0.0185%	0.0025%
Ms. Hui Xu	President of subsidiaries of the Company which do not amount to insignificant subsidiaries in terms of their aggregate profits	22,909 H Shares	0.0057%	0.0008%
Ms. Wendy J. Hu ⁽²⁾	Senior director of human resources	8,199 H Shares	0.0020%	0.0003%
Mr. Harry Liang He	Chairman of the Supervisory Committee	11,684 H Shares	0.0029%	0.0004%
Ms. Minfang Zhu	Employee representative Supervisor	4,100 H Shares	0.0010%	0.0001%
Sub-total		577,501 H Shares	0.1435%	0.0195%
2021 Independent Selected Participants				
	2,904 senior management, mid-level managers, basic-level managers, backbone members of technicians and other technicians	9,802,283 H Shares	2.4351%	0.3303%
Sub-total		9,802,283 H Shares	2.4351%	0.3303%
Total		10,379,784 H Shares	2.5785%	0.3497%

Notes:

1. The number of 2021 Award Shares underlying the 2021 Award is fixed based on the number of 2021 Award Shares acquired by the Trustee through on-market transactions from time to time at prevailing market price and apportioned to the corresponding value of the relevant 2021 Award based on the volume-weighted average price at the Trustee acquired such 2021 Award Shares pursuant to the 2021 H Share Award and Trust Scheme.
2. Ms. Wendy J. Hu is the spouse of Mr. Edward Hu.
3. During the Reporting Period, none of the 2021 Awards have been granted to the five highest paid individuals of the Company and none of the 2021 Awards granted to them lapsed.

During the Reporting Period, none of the 2021 Awards have been vested to the five highest paid individuals of the Company.

Vesting schedule

The vesting dates of the Awards under the 2021 Grant are as follows:

Vesting Dates		Proportion of Vesting
First vesting period	November 23, 2022	25%
Second vesting period	November 23, 2023	25%
Third vesting period	November 23, 2024	25%
Fourth vesting period	November 23, 2025	25%

Note:

If the vesting date is not a Business Day, the vesting date shall, subject to any trading halt or suspension in trading of the H Shares, be the Business Day immediately thereafter.

Vesting conditions

Vesting of the 2021 Awards under the 2021 Grant is subject to conditions of the individual performance indicators of the 2021 Selected Participants, and any other applicable vesting conditions as set out in the award letter.

According to the relevant performance management rules adopted by the Company, the Board or the 2021 Delegatee shall carry out annual comprehensive appraisal on the 2021 Selected Participants and determine the actual vesting amount of the 2021 Awards granted under the 2021 H Share Award and Trust Scheme accordingly. The actual vesting amount of the 2021 Award granted to a 2021 Selected Participant for the respective vesting periods shall be equal to the standard coefficient \times the planned vesting amount for the respective vesting periods. The coefficient for individual performance appraisal results of grade B (or its equivalent appraisal result such as "meets expectations") or above is 100% whereas the coefficient for individual performance appraisal results below grade B is 0. If the 2021 Selected Participant fails to fulfil such individual performance indicators, all the Award Shares underlying the relevant 2021 Awards which may otherwise be vested during the respective vesting periods shall not be vested and shall be held by the 2021 Trustee as returned Shares.

For further details on the vesting conditions of the Awards (including the conditions of the individual performance indicators of the Selected Participants), please refer to the section headed “Letter from the Board — II. Proposed Adoption of the 2021 H Share Award and Trust Scheme — Vesting of the Awards — Vesting Conditions” in the circular of the Company dated August 10, 2021.

9. 2021 Shareholder Alignment Incentive H Share Scheme

In order to retain, reward and incentivize the SAI Selected Participants comprising employees who have made and are expected to continue to make significant and particular contributions to the Group’s business development and growth, with incentives highly correlated to and directly driven by the overall business performance and stock price of the H Shares of the Company, the Board has considered and approved, on August 2, 2021, a resolution to adopt the 2021 Shareholder Alignment Incentive H Share Scheme. Subject to the 2021 Shareholder Alignment Incentive H Share Scheme Rules, the 2021 Shareholder Alignment Incentive H Share Scheme shall have four (4) individual scheme limits for each of the four (4) SAI Award Pools. The amounts of the four (4) scheme limits are linked to the monetary value of the corresponding SAI Award Pool. The aggregate amount of the four (4) individual scheme limits is HK\$7.5 billion. The Board or the SAI Delegatee may grant SAI Awards to SAI Selected Participants during the SAI Award Period only in the event that (i) the relevant SAI Award Pool has been released upon the fulfillment of the conditions in connection with the target closing price of the H Shares of the Company at the corresponding milestone; and (ii) the fulfilment of the terms and conditions of the SAI Awards and performance targets as the Board or the SAI Delegatee determines from time to time (if any). SAI Eligible Employees who may qualify to participate in the 2021 Shareholder Alignment Incentive H Share Scheme include any individual, being any individual, being an executive Director, a supervisor who is an employee of the Company, senior management member, and personnel at the grade of director or above that made high performance contributions and are critical company middle to senior management personnel, who is a full-time PRC or non-PRC employee of any members of the Group, and whose performance appraisal results for the most recent two consecutive years are A-or above for any one year and B (excluding B-) or above for the other year. The SAI Connected Selected Participants include Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang, Dr. Shuhui Chen, Dr. Minzhang Chen, Dr. Ning Zhao (passed away in 2023), Mr. Guodong Tong (resigned from the Company), Mr. Ellis Bih-Hsin Chu (resigned from the Company), Ms. Hui Xu, Ms. Wendy J. Hu, Mr. Harry Liang He and Ms. Minfang Zhu. As at the date of this interim report, the conditions for the release of the SAI Award Pools have not yet been fulfilled and as a result, no grant of SAI Awards (including the conditional grant of SAI Awards to the SAI Connected Selected Participants) has taken place yet.

Vesting schedule

Unless otherwise specified in the SAI Award Letter approved by the Board or the SAI Delegatee, the SAI Vesting Periods of the SAI Awards to be granted under each of the SAI Award Pools of the 2021 Shareholder Alignment Incentive H Share Scheme are as follows:

SAI Vesting periods		Proportion of Vesting
First SAI vesting period	Within the year immediately following the first anniversary of the SAI Grant Date	20%
Second SAI vesting period	Within the year immediately following the second anniversary of the SAI Grant Date	20%
Third SAI vesting period	Within the year immediately following the third anniversary of the SAI Grant Date	20%
Fourth SAI vesting period	Within the year immediately following the fourth anniversary of the SAI Grant Date	20%
Fifth SAI vesting period	Within the year immediately following the fifth anniversary of the SAI Grant Date	20%

Vesting conditions

Vesting of the SAI Awards to be granted under each of the SAI Award Pools of the 2021 Shareholder Alignment Incentive H Share Scheme is subject to conditions of (i) the performance indicator of the closing prices of the H Shares of the Company during each SAI Vesting Period; and (ii) the individual performance indicators of the SAI Selected Participants, and any other applicable vesting conditions as set out in the SAI Award Letter.

For further details on the vesting conditions of the SAI Awards (including the conditions of the individual performance indicators of the SAI Selected Participants), please refer to the section headed “Letter from the Board — V. Proposed Adoption of the 2021 Shareholder Alignment Incentive H Share Scheme — Vesting of the SAI Awards — Vesting Conditions” in the circular of the Company dated August 10, 2021. For further details of the 2021 Shareholder Alignment Incentive Scheme (including but not limited to the conditions of release of the SAI Award Pools and the conditional grant of SAI Awards to the SAI Connected Selected Participants, please refer to the sections headed “Letter from the Board — V. Proposed Adoption of the 2021 Shareholder Alignment Incentive H Share Scheme” and “Appendix II — Rules of the 2021 Shareholder Alignment Incentive H Share Scheme” in the circular of the Company dated August 10, 2021.

10. 2022 H Share Award and Trust Scheme

In order to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to be further incentivized by equity interests in the Company, more directly associated with the equity performance of the Company; modernize the Company's remuneration practices and to better align with the interests of the Shareholders, while seeking a balanced approach in the operational and executive management oversight; (i) recognize the contribution of the prudent leadership of the Company including the Directors; (ii) encourage, motivate and retain the leadership of the Company whose collective contribution are beneficial to the continual operation, development and long-term growth of the Company by aligning the interests of the leadership of the Company to that of the Shareholders and the Group as a whole, the Board has considered and approved, on August 15, 2022, a resolution to adopt the 2022 H Share Award and Trust Scheme. The 2022 Scheme Limit shall be the maximum number of H Shares that will be acquired by the 2021 Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than HK\$2 billion. The Board or the 2022 Delegatee may grant the 2022 Awards to the 2022 Selected Participants during the 2022 Award Period conditional upon fulfilment of terms and conditions of the 2022 Awards and performance targets as the Board or the 2022 Delegatee determines from time to time. 2022 Eligible Employees who may participate in the 2022 H Share Award and Trust Scheme include any individual, being a Director, supervisor, senior management, mid-level manager, basic-level manager, backbone member of the technicians, other technician, who is a full-time PRC or non-PRC employee of any members of the Group. The Company has granted the 2022 Awards representing a maximum of 1,418,760 2022 Award Shares to 14 2022 Connected Selected Participants including, Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Dr. Minzhang Chen, Dr. Shuhui Chen, Mr. Zhaohui Zhang, Dr. Ning Zhao (passed away in 2023), Ms. Ming Shi, Ms. Hui Xu, Ms. Wendy J. Hu, Mr. Harry Liang He, Ms. Minfang Zhu, Mr. Hongping Wan and Mr. Huitian Lv. The adoption of the 2022 H Share Award and Trust Scheme and the grant of 2022 Awards to the 2022 Connected Selected Participants has been approved by the Shareholders at the extraordinary general meeting of the Company held on August 30, 2022. Details of which are set out in the announcements of the Company dated August 15, 2022, August 30, 2022 and December 30, 2022, the circular of the Company dated August 18, 2022, and the supplemental circular of the Company dated September 21, 2022.

During the Reporting Period, relevant 2022 Awards with the number of underlying 2022 Award Shares being 122,878 H Shares have been further granted to 26 2022 Independent Selected Participants, accounting for approximately 0.0305% of the total number of issued H Shares and approximately 0.0041% of the total issued share capital of the Company as at June 30, 2023. Details of which are set out in the announcement of the Company dated June 27, 2023. The closing price of the H Shares immediately before the date on which the 2022 Awards were further granted was HK\$71.30.

During the Reporting Period, relevant 2022 Awards with the number of underlying 2022 Award Shares being 39,968 H Shares have been vested to 1 2022 Connected Selected Participants, accounting for approximately 0.0099% of the total number of issued H Shares and approximately 0.0013% of the total issued share capital of the Company as at June 30, 2023. The weighted average closing price of H Shares immediately before the dates on which the 2022 Awards were vested is HK\$70.95.

The number of 2022 Award Shares which lapsed in accordance with the scheme rules of the 2022 Scheme during the Reporting Period was 319,289 H Shares.

The numbers of unvested 2022 Awards as at beginning and at the end of the Reporting Period were 12,614,833 and 12,378,454, respectively.

As at the date of this interim report, the remaining life of the 2022 Scheme is approximately nine years.

The Directors (including the independent non-executive Directors) are of the view that the grant of 2022 Awards to the 2022 Selected Participants (including the 2022 Connected Selected Participants) is conducted on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2022 Selected Participants under the 2022 Scheme

As at June 30, 2023, there are a total of 3,607 2022 Selected Participants under grant of 2022 Awards under the 2022 H Share Award and Trust Scheme (the “**2022 Grant**”), which comprise 13 2022 Connected Selected Participants and 3,594 2022 Independent Selected Participants. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the 2022 Independent Selected Participants are parties not connected with the Company within the meaning of the Listing Rules.

Statutory Disclosures

The details of the 2022 Selected Participants with 2022 Awards made under the 2022 Grant comprising both vested and unvested 2022 Awards as at June 30, 2023 are set out as follows:

Name	Position	Number of 2022 Award Shares underlying the 2022 Award granted	Approximate percentage to the total number of H Shares as at June 30, 2023	Approximate percentage to the total issued share capital of the Company as at June 30, 2023
2022 Connected Selected Participants				
Dr. Ge Li	Executive Director, chairman and chief executive officer	399,683 H Shares	0.0993%	0.0135%
Mr. Edward Hu	Executive Director, vice chairman and global chief investment officer	189,849 H Shares	0.0472%	0.0064%
Dr. Steve Qing Yang	Executive Director, co-chief executive officer	201,565 H Shares	0.0501%	0.0068%
Dr. Minzhang Chen	Executive Director, co-chief executive officer	307,596 H Shares	0.0764%	0.0104%
Mr. Zhaohui Zhang	Executive Director, vice president	99,921 H Shares	0.0248%	0.0034%
Dr. Shuhui Chen	Vice president	72,846 H Shares	0.0181%	0.0025%
Ms. Ming Shi	Co-chief financial officer	46,990 H Shares	0.0117%	0.0016%
Ms. Hui Xu	President of subsidiaries of the Company which do not amount to insignificant subsidiaries in terms of their aggregate profits	31,798 H Shares	0.0079%	0.0011%
Ms. Wendy J. Hu ⁽¹⁾	Senior director of human resources	6,245 H Shares	0.0016%	0.0002%
Mr. Harry Liang He	Chairman of the Supervisory Committee	9,992 H Shares	0.0025%	0.0003%
Ms. Minfang Zhu	Employee representative Supervisor	3,122 H Shares	0.0008%	0.0001%
Mr. Hongping Wan	Supervisor of principal subsidiaries of the Company	3,312 H Shares	0.0008%	0.0001%
Mr. Huitian Lv	Director of principal subsidiaries of the Company	5,873 H Shares	0.0015%	0.0002%
Sub-total		1,378,792 H Shares	0.3425%	0.0465%
2022 Independent Selected Participants				
3,594 senior management, mid-level managers, basic-level managers, backbone members of technicians and other technicians		10,999,662 H Shares	2.7325%	0.3706%
Sub-total		10,999,662 H Shares	2.7325%	0.3706%
Total		12,378,454 H Shares	3.0751%	0.4170%

Note:

1. Ms. Wendy J. Hu is the spouse of Mr. Edward Hu.
2. During the Reporting Period, none of the 2022 Awards have been granted to the five highest paid individuals of the Company and none of the 2022 Awards granted to them lapsed.

During the Reporting Period, none of the 2022 Awards have been vested to the five highest paid individuals of the Company.

Vesting schedule

The vesting dates of the Awards under the 2022 Grant are as follows^(Note):

Vesting Dates		Proportion of Vesting
First vesting period	November 23, 2023	25%
Second vesting period	November 23, 2024	25%
Third vesting period	November 23, 2025	25%
Fourth vesting period	November 23, 2026	25%

Note:

If the vesting date is not a Business Day, the vesting date shall, subject to any trading halt or suspension in trading of the H Shares, be the Business Day immediately thereafter.

Vesting conditions

Vesting of the 2022 Awards under the 2022 Grant is subject to conditions of the individual performance indicators of the 2022 Selected Participants, and any other applicable vesting conditions as set out in the award letter.

According to the relevant performance management rules adopted by the Company, the Board or the 2022 Delegatee shall carry out annual comprehensive appraisal on the 2022 Selected Participants and determine the actual vesting amount of the 2022 Awards granted under the 2022 H Share Award and Trust Scheme accordingly. The actual vesting amount of the 2022 Award granted to a 2022 Selected Participant for the respective vesting periods shall be equal to the standard coefficient × the planned vesting amount for the respective vesting periods. The coefficient for individual performance appraisal results of grade B (or its equivalent appraisal result such as “meets expectations”) or above is 100% whereas the coefficient for individual performance appraisal results below grade B is 0. If the 2022 Selected Participant fails to fulfil such individual performance indicators, all the 2022 Award Shares underlying the relevant 2022 Awards which may otherwise be vested during the respective vesting periods shall not be vested and shall be held by the 2022 Trustee as returned Shares.

For further details on the vesting conditions of the 2022 Awards (including the conditions of the individual performance indicators of the 2022 Selected Participants), please refer to the section headed “Letter from the Board — II. Proposed Adoption of the 2022 H Share Award and Trust Scheme — Vesting of the Awards — Vesting Conditions” in the circular of the Company dated August 18, 2022.

11. 2023 H Share Award and Trust Scheme

In order to attract, motivate and retain highly skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to be further incentivized by equity interests in the Company, more directly associated with the equity performance of the Company; to modernize the Company's remuneration practices and to better align with the interests of the Shareholders while seeking a balanced approach in the operational and executive management oversight; and to (a) recognize the contributions to the Company of the prudent management of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose collective contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) introduce additional incentive for the management of the Company by aligning the interests of the management of the Company to that of the Shareholders and the Group as a whole, the Board has considered and approved on April 24, 2023, a resolution to adopt the 2023 H Share Award and trust Scheme. The 2023 Scheme Limit shall be the maximum number of H Shares that will be acquired by the 2022 Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than HK\$2 billion. The Board or the 2023 Delegatee may grant the 2023 Awards to the 2023 Selected Participants during the 2023 Award Period conditional upon fulfilment of terms and conditions of the 2023 Awards and performance targets as the Board or the 2023 Delegatee determines from time to time. 2023 Eligible Employees who may participate in the 2023 H Share Award and Trust Scheme include any individual, being a Director, supervisor, senior management, mid-level manager, basic-level manager, backbone member of the technicians, other technician, who is a full-time PRC or non-PRC employee of any members of the Group. The adoption of the 2023 H Share Award and Trust Scheme and the proposed grant of the 2023 Awards representing a maximum of 1,655,293 2023 Award Shares to 17 2023 Connected Selected Participants (the "2023 Grant") have been approved by the Shareholders at the annual general meeting of the Company held on May 31, 2023. Details of which are set out in the announcements of the Company dated April 24, 2023 and May 31, 2023 and the circular of the Company dated April 27, 2023. As at the date of this interim report, no grant of 2023 Awards has taken place yet.

Vesting schedule

The vesting dates of the Awards under the 2023 Grant are as follows^(Note):

	Vesting Dates	Proportion of Vesting
First vesting period	Within the year immediately following the first anniversary of the Grant Date	25%
Second vesting period	Within the year immediately following the second anniversary of the Grant Date	25%
Third vesting period	Within the year immediately following the third anniversary of the Grant Date	25%
Fourth vesting period	Within the year immediately following the fourth anniversary of the Grant Date	25%

Note:

If the vesting date is not a Business Day, the vesting date shall, subject to any trading halt or suspension in trading of the H Shares, be the Business Day immediately thereafter.

Vesting conditions

Vesting of the 2023 Awards under the 2023 Grant is subject to conditions of the individual performance indicators of the 2023 Selected Participants, and any other applicable vesting conditions as set out in the award letter.

According to the relevant performance management rules adopted by the Company, the Board or the 2023 Delegatee shall carry out annual comprehensive appraisal on the 2023 Selected Participants and determine the actual vesting amount of the 2023 Awards granted under the 2022 H Share Award and Trust Scheme accordingly. The actual vesting amount of the 2023 Award granted to a 2023 Selected Participant for the respective vesting periods shall be equal to the standard coefficient \times the planned vesting amount for the respective vesting periods. The coefficient for individual performance appraisal results of grade B (or its equivalent appraisal result such as “meets expectations”) or above is 100% whereas the coefficient for individual performance appraisal results below grade B is 0. If the 2023 Selected Participant fails to fulfil such individual performance indicators, all the 2023 Award Shares underlying the relevant 2022 Awards which may otherwise be vested during the respective vesting periods shall not be vested and shall be held by the 2023 Trustee as returned Shares.

For further details on the vesting conditions of the 2023 Awards (including the conditions of the individual performance indicators of the 2023 Selected Participants), please refer to the section headed “Letter from the Board — 18. Proposed Adoption of the 2023 H Share Award and Trust Scheme — Vesting of the Awards — Vesting Conditions” in the circular of the Company dated April 27, 2023.

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

As at June 30, 2023, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were 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 he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in Shares or Underlying Shares of our Company

Name of Director and Chief Executive	Nature of Interest	Number and class of shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital ⁽⁷⁾
Dr. Ge Li	Interests held jointly with another person; interests of spouse; interests of controlled corporation	624,379,671 A Shares (L) ⁽²⁾	21.04%
	Beneficial owner; interests of spouse	770,172 H Shares (L) ⁽³⁾	0.03%
Mr. Zhaohui Zhang	Interests held jointly with another person; interests of controlled corporation	624,379,671 A Shares (L) ⁽²⁾	21.04%
	Beneficial owner	170,992 H Shares (L)	0.01%
Dr. Minzhang Chen	Beneficial owner	146,180 A Shares (L)	0.00%
	Beneficial owner	439,240 H Shares (L)	0.01%
Mr. Edward Hu	Beneficial owner; interests of spouse	283,314 A Shares (L) ⁽⁴⁾	0.01%
	Beneficial owner; interests of spouse	327,488 H Shares (L) ⁽⁴⁾	0.01%
Dr. Steve Qing Yang	Beneficial owner	213,554 A Shares (L)	0.01%
	Beneficial owner	306,757 H Shares (L)	0.01%
Ms. Christine Shaohua Lu-Wong	interests of spouse	16,936 H Shares (L) ⁽⁵⁾	0.00%
Ms. Ming Shi	Beneficial owner	2,000 A Shares (L)	0.00%
	Beneficial owner; interests of spouse	66,714 H Shares (L) ⁽⁶⁾	0.00%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Dr. Ge Li and Mr. Zhaohui Zhang, among others, entered into an acting-in-concert agreement and a supplemental agreement on March 23, 2016 and March 17, 2017 to acknowledge and confirm their acting-in-concert relationship in our Company.
- (3) The late Dr. Ning Zhao, spouse of Dr. Ge Li, was interested in 101,081 H Shares. Dr. Ge Li was deemed to be interested in his spouse's interest.

- (4) Ms. Wendy J. Hu, spouse of Mr. Edward Hu, is interested in 29,182 A Shares (which includes Restricted A Shares granted to her pursuant to the 2018 A Share Incentive Plan and the 2019 A Share Incentive Plan) and 12,930 H Shares (being the underlying H Shares of the Awards granted under the 2020 H Share Award and Trust Scheme and the 2021 H Share Award and Trust Scheme). Mr. Edward Hu is deemed to be interested in his spouse's interest.
- (5) Mr. Eric King Wai Wong, spouse of Ms. Christine Shaohua Lu-Wong, is interested in 16,936 H Share. Ms. Christine Shaohua Lu-Wong is deemed to be interested in her spouse's interest.
- (6) Mr. Weimin Jiang, spouse of Ms. Ming Shi, is interested in 1,060 H Shares. Ms. Ming Shi is deemed to be interested in her spouse's interest.
- (7) As at June 30, 2023, the number of issued shares of the Company was 2,968,121,930 (comprised of 2,565,578,280 A Shares and 402,543,650 H Shares), which has been used for the calculation of the approximate percentage.

Interests in associated corporation (within the meaning of Part XV of the SFO)

Name of Director	Associated Corporation	Capacity/nature of Interest	Number of Shares	Approximate percentage of shareholding interest
Mr. Zhaohui Zhang	Shanghai SynTheAll Pharmaceutical Co., Ltd. (上海合全藥業股份有限公司)	Beneficial owner	216,556	0.04%
Dr. Minzhang Chen	Shanghai SynTheAll Pharmaceutical Co., Ltd. (上海合全藥業股份有限公司)	Beneficial owner	29,937	0.01%

Save as disclosed above and in the section headed "Share Incentive Schemes" and to the best knowledge of the Directors, as at June 30, 2023, none of the Directors, Supervisors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were 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 he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at June 30, 2023, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number and class of shares Interested ⁽¹⁾	Approximate percentage of shares in relevant class of shares ⁽¹¹⁾	Approximate percentage of the Company's issued share capital ⁽¹¹⁾
Dr. Ge Li ⁽²⁾⁽³⁾	Interests held jointly with another person; interests of spouse; interests of controlled corporation	624,379,671 A Shares (L)	24.34%	21.04%
Mr. Zhaohui Zhang ⁽²⁾⁽⁴⁾	Interests held jointly with another person; interests of controlled corporation	624,379,671 A Shares (L)	24.34%	21.04%
Mr. Xiaozhong Liu ⁽²⁾⁽⁵⁾	Interests held jointly with another person; interests of controlled corporation	624,379,671 A Shares (L)	24.34%	21.04%
Ms. Lei Zhang (張蕾) ⁽⁴⁾	Interests of spouse	624,379,671 A Shares (L)	24.34%	21.04%
Ms. Guolian Zhang (張國連) ⁽⁵⁾	Interests of spouse	624,379,671 A Shares (L)	24.34%	21.04%
G&C VI Limited ⁽⁶⁾	Beneficial owner	152,923,648 A Shares (L)	5.96%	5.15%
G&C I Limited ⁽⁶⁾	Interests of controlled corporation	152,923,648 A Shares (L)	5.96%	5.15%
G&C Limited ⁽⁶⁾	Interests of controlled corporation	193,398,076 A Shares (L)	7.54%	6.52%
Summer Bloom Investments (I) Pte. Ltd. ⁽⁷⁾	Beneficial owner	159,160,073 A Shares (L)	6.20%	5.36%
Summer Bloom Investments (II) Pte. Ltd. ⁽⁷⁾	Interests of controlled corporation	159,160,073 A Shares (L)	6.20%	5.36%

Name of Shareholder	Nature of Interest	Number and class of shares Interested ⁽¹⁾	Approximate percentage of shares in relevant class of shares ⁽¹¹⁾	Approximate percentage of the Company's issued share capital ⁽¹¹⁾
Summer Bloom Investments Pte. Ltd. ⁽⁷⁾	Interests of controlled corporation	159,160,073 A Shares (L)	6.20%	5.36%
Pavilion Capital International Pte. Ltd. ⁽⁷⁾	Interests of controlled corporation	159,160,073 A Shares (L)	6.20%	5.36%
Pavilion Capital Holdings Pte. Ltd. ⁽⁷⁾	Interests of controlled corporation	159,160,073 A Shares (L)	6.20%	5.36%
Linden Investments Pte. Ltd. ⁽⁷⁾	Interests of controlled corporation	159,160,073 A Shares (L)	6.20%	5.36%
Fullerton Fund Investments Pte. Ltd. ⁽⁷⁾	Interests of controlled corporation	159,160,073 A Shares (L)	6.20%	5.36%
Temasek Holdings (Private) Limited ⁽⁷⁾	Interests of controlled corporation	159,160,073 A Shares (L)	6.20%	5.36%
Qatar Investment Authority ⁽⁸⁾	Interest in corporation	46,548,000 H Shares (L)	11.56%	1.57%
Al Rayyan Holding LLC ⁽⁸⁾	Beneficial owner	31,832,000 H Shares (L)	7.91%	1.07%
Qatar Holding LLC ⁽⁸⁾	Interest in corporation	31,832,000 H Shares (L)	7.91%	1.07%
JPMorgan Chase & Co	Interests of controlled corporation	7,413,771 H Shares (L)	1.84%	0.25%
		6,119,035 H Shares (S)	1.52%	0.21%
	Investment manager	4,725,126 H Shares (L)	1.17%	0.16%
	Person having a security interest in shares	917,909 H Shares (L)	0.23%	0.03%
	Approved lending agents	9,467,117 H Shares (P)	2.35%	0.32%

Statutory Disclosures

Name of Shareholder	Nature of Interest	Number and class of shares Interested ⁽¹⁾	Approximate percentage of shares in relevant class of shares ⁽¹¹⁾	Approximate percentage of the Company's issued share capital ⁽¹¹⁾
BlackRock, Inc.	Interests of controlled corporation	25,914,435 H Shares (L)	6.44%	0.87%
		120,864 H Shares (S)	0.03%	0.004%
Computershare Hong Kong Trustees Limited ⁽⁹⁾	Trustee	27,551,911 H Shares (L)	6.84%	0.93%
Citigroup Inc.	Interest in corporation controlled	24,595,335 H Shares (L)	6.11%	0.83%
		1,518,766 H Shares (S)	0.38%	0.05%
	Approved lending agent	22,652,989 H Shares (P)	5.63%	0.76%
Morgan Stanley Capital Management, LLC ⁽¹⁰⁾	Interest in corporation controlled	23,209,216 H Shares (L)	5.77%	0.78%
		17,750,000 H Shares (S)	4.41%	0.60%
Morgan Stanley Domestic Holdings, Inc. ⁽¹⁰⁾	Interest in corporation controlled	23,209,216 H Shares (L)	5.77%	0.78%
		17,750,000 H Shares (S)	4.41%	0.60%
Morgan Stanley & Co. International plc ⁽¹⁰⁾	Underwriter	23,040,000 H Shares (L)	5.72%	0.78%
		17,750,000 H Shares (S)	4.41%	0.60%
Morgan Stanley International Holdings Inc. ⁽¹⁰⁾	Interest in corporation controlled	23,040,000 H Shares (L)	5.72%	0.78%
		17,750,000 H Shares (S)	4.41%	0.60%
Morgan Stanley International Incorporated ⁽¹⁰⁾	Interest in corporation controlled	23,040,000 H Shares (L)	5.72%	0.78%
		17,750,000 H Shares (S)	4.41%	0.60%

Name of Shareholder	Nature of Interest	Number and class of shares Interested ⁽¹⁾	Approximate percentage of shares in relevant class of shares ⁽¹¹⁾	Approximate percentage of the Company's issued share capital ⁽¹¹⁾
Morgan Stanley International Limited ⁽¹⁰⁾	Interest in corporation controlled	23,040,000	5.72%	0.78%
		H Shares (L)		
		17,750,000	4.41%	0.60%
		H Shares (S)		
Morgan Stanley Investments (UK) ⁽¹⁰⁾	Interest in corporation controlled	23,040,000	5.72%	0.78%
		H Shares (L)		
		17,750,000	4.41%	0.60%
		H Shares (S)		
MSDW Investment Holdings (US) LLC ⁽¹⁰⁾	Interest in corporation controlled	23,040,000	5.72%	0.78%
		H Shares (L)		
		17,750,000	4.41%	0.60%
		H Shares (S)		
Brown Brothers Harriman & Co.	Approved lending agents	20,129,152	5.00%	0.68%
		H Shares (L)		
		20,129,152	5.00%	0.68%
		H Shares (P)		
The Goldman Sachs Group, Inc.	Interest in corporation controlled	20,149,226	5.01%	0.68%
		H Shares (L)		
		11,343,862	2.82%	0.38%
		H Shares (S)		
The Capital Group Companies, Inc.	Interest in corporation controlled	24,185,055	6.01%	0.81%
		H Shares (L)		

Statutory Disclosures

Notes:

- (1) (L) -Long position; (S) -Short position; (P)-Lending pool
- (2) Dr. Ge Li, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu, among others, entered into an acting-in-concert agreement and a supplemental agreement on March 23, 2016 and March 17, 2017 to acknowledge and confirm their acting-in-concert relationship in our Company.
- (3) The late Dr. Ning Zhao is the spouse of Dr. Ge Li and Dr. Ge Li is deemed to be interested in his spouse's interest.
- (4) Ms. Lei Zhang is the spouse of Mr. Zhaohui Zhang and is deemed to be interested in Mr. Zhaohui Zhang's interests in our Company.
- (5) Ms. Guolian Zhang is the spouse of Mr. Xiaozhong Liu and is deemed to be interested in Mr. Xiaozhong Liu's interests in our Company.
- (6) Dr. Ge Li indirectly wholly owns G&C VI Limited through his wholly own interests in G&C I Limited and G&C Limited. Under the SFO, Dr. Ge Li is deemed to be interested in our Shares held by G&C VI Limited.
- (7) Summer Bloom Investments (I) Pte. Ltd. is wholly-owned by Summer Bloom Investments (II) Pte. Ltd., which in turn is wholly owned by Summer Bloom Investments Pte. Ltd.. Summer Bloom Investments Pte. Ltd. is solely controlled by Pavilion Capital International Pte. Ltd., which is wholly-owned by Pavilion Capital Holdings Pte. Ltd., which in turn, is wholly-owned by Linden Investments Pte. Ltd.. Linden Investments Pte. Ltd. is in turn wholly-owned by Fullerton Fund Investments Pte. Ltd., which in turn, is wholly-owned by Temasek Holdings (Private) Limited. Pavilion Capital Holdings Pte. Ltd. and its subsidiaries are independently managed companies. Temasek Holdings (Private) Limited is not involved in the management decisions of these companies.
- (8) DIC Holding LLC directly held 8,349,600 H Shares of the Company. Qatar Investment Authority is the investment manager of DIC Holding LLC. AL Rayyan Holding LLC directly held 38,198,400 H Shares of the Company. AL Rayyan Holding LLC was wholly controlled by Qatar Holding LLC. Qatar Holding LLC was wholly controlled by Qatar Investment Authority.
- (9) Computershare Hong Kong Trustees Limited was the Scheme Trustee for 2020 Scheme, 2021 Scheme and 2022 Scheme.
- (10) Morgan Stanley & Co. LLC is wholly controlled by Morgan Stanley Domestic Holdings, Inc., which is controlled by Morgan Stanley International Incorporated and Morgan Stanley International Holdings Inc. each as to 10% of interest. Morgan Stanley & Co. International plc is wholly controlled by Morgan Stanley Investments (UK), which is wholly controlled by Morgan Stanley International Limited, which is wholly controlled by Morgan Stanley International Holdings Inc, which is controlled by MSDW Investment Holdings (US) LLC, and Morgan Stanley International Incorporated as to 18% of interest and by Morgan Stanley Domestic Holdings, Inc. as to 10% of interest. MSDW Investment Holdings (US) LLC is wholly controlled by Morgan Stanley International Incorporated, which is 10% controlled by Morgan Stanley Domestic Holdings, Inc., which is wholly controlled by Morgan Stanley Capital Management, LLC.
- (11) As at June 30, 2023, the number of issued shares of the Company was 2,968,121,930 (comprised of 2,565,578,280 A Shares and 402,543,650 H Shares), which has been used for the calculation of the approximate percentage.

Save as disclosed above, to the best knowledge of the Company, as at June 30, 2023, no person (other than the Directors, Supervisors and chief executives) had informed the Company that he/she had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or held any interests or short position in 5% or more of the respective types of capital in issue of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share incentive schemes set out under the section “Share Incentive Schemes” on pages 48 to 73 of this interim report, at no time during the Reporting Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

HUMAN RESOURCES

As at June 30, 2023, the Group had 41,296 employees. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

The remuneration of the Group’s employees includes basic salaries, allowances, bonus, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. We provide regular trainings to our employees in order to improve their skills and knowledge. The training courses range from further educational studies to skill training to professional development course for management personnel.

The Group also has in place incentive schemes for its employees, the details of which are set out in the section headed “Share Incentive Schemes”.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this interim report, the Company has maintained the public float as required under Listing Rules and as modified by the waiver granted by the Stock Exchange upon its listing on the Hong Kong Stock Exchange on December 13, 2018.

CORPORATE GOVERNANCE

As at June 30, 2023, the Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in the CG Code as its own code of corporate governance practices.

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

Statutory Disclosures

The Board is of the view that, the Company has complied with the relevant code provisions contained in the CG Code during the Reporting Period, save for deviation from code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the responsibility between the chairman and chief executive officer should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive officer and Dr. Ge Li currently performs these two roles. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced individuals. The Board currently comprises five executive Directors (including Dr. Ge Li), two non-executive Directors and five independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review and monitor its code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has devised its own code of conduct regarding Directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code.

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

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

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

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the six months ended June 30, 2023 and up to the date of this interim report, no important events affecting the Company has taken place that is required to be disclosed.

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

Audit Committee

As at June 30, 2023, the Audit Committee of the Company comprises three independent non-executive Directors, namely Ms. Christine Shaohua Lu-Wong, Dr. Wei Yu and Dr. Xin Zhang. The chairman of the Audit Committee is Ms. Christine Shaohua Lu-Wong. The Audit Committee has reviewed with management and external auditor the unaudited condensed consolidated financial information of the Group for the Reporting Period, including accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

Scope of work of Messrs. Deloitte Touche Tohmatsu

The independent auditors of the Company, namely Deloitte Touche Tohmatsu, have carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board
WuXi AppTec Co., Ltd.*
Chairman
Dr. Ge Li

Hong Kong, July 31, 2023

* *For identification purposes only*

Report on Review of Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

TO THE BOARD OF DIRECTORS OF 無錫藥明康德新藥開發股份有限公司 WUXI APPTEC CO., LTD.*
(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of 無錫藥明康德新藥開發股份有限公司 WuXi AppTec Co., Ltd.* (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 85 to 147 which comprise the condensed consolidated statement of financial position at June 30, 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
July 31, 2023

* For identification purpose only

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023

	NOTES	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	3	18,871,285	17,756,258
Cost of services		(11,315,600)	(11,329,433)
Gross profit		7,555,685	6,426,825
Other income	5	439,801	240,549
Other gains and losses	6	1,061,153	1,389,885
Impairment losses under expected credit losses ("ECL") model, net of reversal	22	(101,700)	(58,750)
Impairment losses recognised on non-financial assets		(42,880)	—
Selling and marketing expenses		(353,474)	(355,614)
Administrative expenses		(1,326,482)	(1,307,811)
Research and development ("R&D") expenses		(667,045)	(657,200)
Operating profit		6,565,058	5,677,884
Share of results of associates		(76,474)	(70,835)
Share of results of joint ventures		7,695	1,434
Finance costs	7	(101,066)	(67,621)
Profit before tax		6,395,213	5,540,862
Income tax expense	8	(1,038,317)	(865,203)
Profit for the period	9	5,356,896	4,675,659
Other comprehensive income (expense) for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		376,967	282,585
Fair value loss on: hedging instruments designated in cash flow hedges		(890,635)	(581,173)
Other comprehensive expense for the period, net of income tax		(513,668)	(298,588)
Total comprehensive income for the period		4,843,228	4,377,071

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023

	NOTES	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		5,313,120	4,635,750
Non-controlling interests		43,776	39,909
		5,356,896	4,675,659
Total comprehensive income for the period attributable to:			
Owners of the Company		4,806,967	4,342,460
Non-controlling interests		36,261	34,611
		4,843,228	4,377,071
		RMB	RMB
Earnings per share			
— Basic	10	1.81	1.59
— Diluted	10	1.79	1.48

Condensed Consolidated Statement of Financial Position

At June 30, 2023

	NOTES	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	12	24,544,540	23,444,883
Right-of-use assets	12	2,248,299	1,857,486
Goodwill	13	1,882,695	1,822,102
Other intangible assets		928,501	926,331
Interests in associates	14	1,098,169	1,135,669
Interests in joint ventures	15	75,861	67,262
Deferred tax assets	16	567,344	492,111
Financial assets at fair value through profit or loss ("FVTPL")	17	9,167,801	8,954,330
Other non-current assets	18	102,293	1,054,942
Biological assets	19	1,123,566	937,985
		41,739,069	40,693,101
Current Assets			
Inventories	20	3,891,949	3,952,560
Contract costs		778,226	678,759
Biological assets	19	1,045,321	1,037,275
Amounts due from related parties	34	59,758	122,955
Trade and other receivables	21	9,237,398	7,590,361
Contract assets	21	1,234,327	1,048,155
Income tax recoverable		5,415	15,989
Financial assets at FVTPL	17	81,608	2,000
Derivative financial instruments	25	—	135,636
Other current assets	23	1,659,381	1,427,795
Pledged bank deposits		1,642	1,837
Bank balances and cash		9,585,040	7,983,904
		27,580,065	23,997,226
Current Liabilities			
Trade and other payables	24	7,092,142	7,253,439
Amounts due to related parties	34	18,689	14,498
Derivative financial instruments	25	1,026,910	115,443
Contract liabilities		3,188,410	2,496,637
Borrowings	26	4,024,196	3,874,120
Lease liabilities		193,683	205,335
Income tax payables		819,129	517,797
Other current liabilities	28	—	22,092
		16,363,159	14,499,361

Condensed Consolidated Statement of Financial Position

At June 30, 2023

	NOTES	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Net Current Assets		11,216,906	9,497,865
Total Assets Less Current Liabilities		52,955,975	50,190,966
Non-current Liabilities			
Borrowings	26	397,857	279,086
Deferred tax liabilities	16	409,313	440,462
Deferred income		885,096	910,922
Lease liabilities		1,064,927	983,819
Convertible bonds-debt component	27	—	501,990
Convertible bonds-embedded derivative component	27	—	147,934
Other long-term liabilities		—	80
		2,757,193	3,264,293
Net Assets		50,198,782	46,926,673
Capital and Reserves			
Share capital	29	2,968,122	2,960,527
Reserves		46,857,163	43,629,426
Equity attributable to owners of the Company		49,825,285	46,589,953
Non-controlling interests		373,497	336,720
Total Equity		50,198,782	46,926,673

The condensed consolidated financial statements on pages 85 to 147 were approved and authorized for issue by the board of directors on July 31, 2023 and are signed on its behalf by:

Ge Li
DIRECTOR

Edward Hu
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	Attributable to owners of the Company										Total RMB'000		
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share- based payment reserve RMB'000	Cash flow hedging reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000		Subtotal RMB'000	Non- controlling interests RMB'000
Balance at January 1, 2023 (audited)	2,960,527	26,083,748	(2,745,245)	(1,168,804)	1,198,352	16,956	7,048	702,680	398,216	19,136,475	46,589,953	336,720	46,926,673
Profit for the period	—	—	—	—	—	—	—	—	—	5,313,120	5,313,120	43,776	5,356,896
Other comprehensive expense for the period	—	—	—	—	—	(882,356)	376,203	—	—	—	(506,153)	(7,515)	(513,668)
Total comprehensive income for the period	—	—	—	—	—	(882,356)	376,203	—	—	5,313,120	4,806,967	36,261	4,843,228
Recognition of share-based payments	—	—	—	—	394,572	—	—	—	—	—	394,572	2,187	396,759
Issue of restricted A shares under the 2019 WuXi AppTec A Share Incentive Plan — Stock Options	979	36,831	—	22,234	(22,234)	—	—	—	—	—	37,810	—	37,810
Conversion of convertible bonds	7,278	520,961	—	—	—	—	—	—	—	—	528,239	—	528,239
Dividends recognised as distribution	—	—	149	—	—	—	—	—	—	(2,649,084)	(2,648,935)	—	(2,648,935)
Repurchase and cancellation of restricted A shares	(662)	(12,158)	12,820	—	—	—	—	—	—	—	—	—	—
Change in ownership interests in subsidiaries without change of control	—	—	—	(1,135)	—	—	—	—	—	—	(1,135)	(1,671)	(2,806)
Restricted A shares vested	—	—	105,598	189,760	(189,760)	—	—	—	—	—	105,598	—	105,598
Tax deduction of restricted shares and options exceeds the related cumulative remuneration expense	—	—	—	12,216	—	—	—	—	—	—	12,216	—	12,216
Balance at June 30, 2023 (unaudited)	2,968,122	26,629,382	(2,626,678)	(945,729)	1,380,930	(865,400)	383,251	702,680	398,216	21,800,511	49,825,285	373,497	50,198,782

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	Attributable to owners of the Company										Total RMB'000		
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share- based payment RMB'000	Cash flow hedging reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000		Subtotal RMB'000	Non- controlling interests RMB'000
Balance at January 1, 2022 (audited)	2,955,827	26,256,511	(2,459,222)	(2,016,264)	1,093,425	189,610	(461,031)	408,358	398,216	12,126,079	38,491,509	265,953	38,757,462
Profit for the period	—	—	—	—	—	—	—	—	—	4,635,750	4,635,750	39,909	4,675,659
Other comprehensive expense for the period	—	—	—	—	—	(576,305)	283,015	—	—	—	(293,290)	(5,298)	(298,588)
Total comprehensive income for the period	—	—	—	—	—	(576,305)	283,015	—	—	4,635,750	4,342,460	34,611	4,377,071
Recognition of share-based payments	—	—	—	—	451,823	—	—	—	—	—	451,823	2,755	454,578
Issue of restricted A shares under the 2019 WuXi AppTec A Share Incentive Plan — Stock Options	1,113	41,893	—	23,614	(23,614)	—	—	—	—	—	43,006	—	43,006
Conversion of convertible bonds	71	7,473	—	—	—	—	—	—	—	—	7,544	—	7,544
Change in ownership interests in subsidiaries without change of control	—	—	—	(8,833)	—	—	—	—	—	—	(8,833)	1,118	(7,715)
Dividends recognised as distribution	—	—	2,868	—	—	—	—	—	—	(1,529,442)	(1,526,574)	—	(1,526,574)
Repurchase and cancellation of restricted A shares	(217)	(4,093)	4,310	—	—	—	—	—	—	—	—	—	—
Deemed disposal of subsidiaries	—	—	—	(18,936)	—	—	—	—	—	20,447	1,511	8,210	9,721
Restricted A shares vested	—	—	192,123	258,714	(258,714)	—	—	—	—	—	192,123	—	192,123
Tax deduction of restricted shares and options exceeds the related cumulative remuneration expense	—	—	—	85,864	—	—	—	—	—	—	85,864	264	86,128
Balance at June 30, 2022 (unaudited)	2,956,794	26,301,784	(2,259,921)	(1,675,841)	1,262,920	(386,695)	(178,016)	408,358	398,216	15,252,834	42,080,433	312,911	42,393,344

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	5,340,726	3,767,897
NET CASH USED IN INVESTING ACTIVITIES		
Interests received	222,088	28,166
Proceeds from disposal of financial assets at FVTPL	1,056,086	889,264
Purchases of financial assets at FVTPL	(276,843)	(249,751)
Proceeds from disposal of property, plant and equipment and business	9,719	280,053
Proceeds from disposal of other intangible assets	166	976
Acquisition of interest in an associate	—	(529,416)
Purchases of property, plant and equipment	(2,296,036)	(4,359,857)
Payments for right-of-use assets	(118,933)	(55,723)
Payments for rental deposits	(3,166)	(3,974)
Purchases of other intangible assets	(14)	(3,087)
Withdraw of pledged bank deposits	196	63,064
Net cash outflow on acquisition of subsidiaries	(22,092)	—
Net cash outflow on deemed disposal of subsidiaries	—	(21,193)
Dividends received from associates	—	32,480
Dividends received from financial assets at FVTPL	23,285	22,292
R&D grants and others received related to assets	97,726	136,619
	(1,307,818)	(3,770,087)

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
NET CASH USED IN FINANCING ACTIVITIES		
Payments of dividends	(2,649,084)	(1,529,442)
New borrowings raised	4,796,582	1,333,302
Repayment of borrowings	(4,524,257)	(858,459)
Acquisition of partial interest of subsidiaries from non-controlling shareholders	(2,806)	(7,715)
Interests paid	(54,301)	(21,049)
Net proceeds from exercise of stock options	34,999	43,185
Payments on repurchase and cancellation of restrict A shares	—	(376)
Repayments of lease liabilities	(137,060)	(97,005)
Redemption for convertible bonds	(76,850)	—
	(2,612,777)	(1,137,559)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,420,131	(1,139,749)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	7,983,904	8,175,336
Effects of exchange rate changes	181,005	58,633
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	9,585,040	7,094,220

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

1. GENERAL INFORMATION

無錫藥明康德新藥開發股份有限公司 WuXi AppTec Co., Ltd. (the “Company”) was incorporated in the People’s Republic of China (“PRC”) on March 1, 2017 as a joint stock limited liability company under the PRC laws upon the conversion of 無錫藥明康德新藥開發有限公司 WuXi AppTec Ltd. (formerly known as 無錫藥明康德組合化學有限公司 WuXi PharmaTechs Co., Ltd.), a company with limited liability incorporated in the PRC in December 2000. The Company completed its initial public offering and listing of 104,198,556 ordinary shares of the Company (“A Shares”) on The Shanghai Stock Exchange (stock code: 603259.SH) on May 8, 2018. The Company completed its public offering and listing of 116,474,200 ordinary shares of the Company (“H Shares”) on the Main Board of The Stock Exchange of Hong Kong Limited (“The Hong Kong Stock Exchange”), (stock code: HK 2359) on December 13, 2018. On January 4, 2019, an aggregate of 5,321,200 H Shares was issued and allotted by the Company with the exercise of over-allotment option.

The address of the registered office of the Company is Mashan No.5 Bridge, Binhu District, Wuxi, Jiangsu Province, the PRC and the principal place of business of the Company is 288 Fute Zhong Road, Waigaoqiao Free Trade Zone, Shanghai, the PRC. The Company is ultimately controlled by Dr. Ge Li, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu who are all acting in concert (collectively known as “ultimate Controlling Shareholders”).

The Company is an investment holding company. The principal activity of the Company and its subsidiaries (collectively referred to as “Group”) is to provide a portfolio of research and manufacturing services throughout the discovery, development and manufacturing spectrum for small molecule drugs, cell therapies and gene therapies as well as providing testing services for medical devices.

The functional currency of the Company is Renminbi (“RMB”), which is the same as the presentation currency of the unaudited condensed consolidated financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value and biological assets which are measured at fair value less costs to sell.

Other than additional accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Application of amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendment to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

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

2.1 Impacts on application of Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Application of amendments to IFRSs (Continued)

2.2 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.2.1 Accounting policies

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised 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 recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities and the related assets separately, the Group recognises 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 utilised and a deferred tax liability for all taxable temporary differences.

2.2.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended December 31, 2022, the Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1, 2022;
- (ii) the Group also, as at January 1, 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Application of amendments to IFRSs (Continued)

2.2 Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(Continued)

2.2.2 Transition and summary of effects (Continued)

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets of RMB232,029,000 and deferred tax liabilities of RMB206,539,000 on a gross basis at January 1, 2022 but it has no impact on the retained earnings at the earliest period presented.

2.3 Impacts on application of Amendments to IAS 12 International Tax Reform-Pillar Two model Rules

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after January 1, 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

3. REVENUE

The Group's revenue streams are categorized as follows:

Chemistry business ("WuXi Chemistry")	Integrating the chemistry business-related resources and capabilities, including WuXi STA ("合全藥業"), the Chemistry Service Unit ("CSU"), the International Discovery Service Unit ("IDSU") and the Core Analytical Service ("CAS") business units to offer new drug Contract Research Development and Manufacturing Organization ("CRDMO") services to customers.
Testing business ("WuXi Testing")	Integrating the pre-clinical and clinical resources and capabilities of the Group, such as Lab Testing Division, WuXi Clinical ("康德弘翼") (Clinical Development Services business) and MedKey ("藥明津石") (Site Management Organization business) to serve global customers in pharmaceutical, biopharmaceutical, medical device, and in vitro diagnostic sectors.
Biology business ("WuXi Biology")	Integrating the cutting-edge technologies of the Group in DNA-encoded library ("DEL"), biology, oncology and immunology to provide global customers with integrated drug discovery and research services.
Cell and gene therapy contract testing development and manufacturing organization ("CTDMO") business ("WuXi ATU")	Capitalizing on the resources and capabilities in the PRC, the United States of America ("U.S.") and the United Kingdom to provide customers with integrated cell and gene therapy CTDMO services including testing, process development and manufacturing.
Domestic Discovery Service Unit ("WuXi DDSU")	Based on customers' needs, providing customers with integrated new drug R&D services with a focus on patent creation, developing small molecule new drugs with internationally advanced level, and empowering the R&D of domestic pharmaceutical enterprises.
Others	Others mainly including the income streams from administrative services, sales of raw materials and sales of scrap materials.

Disaggregation of revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major service lines. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 *Operating Segment* in Note 4.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

3. REVENUE (Continued)

Disaggregation of revenue (Continued)

An analysis of the Group's revenue is as follows:

	Six months ended June 30,	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Revenue		
— WuXi Chemistry	13,467,203	12,974,122
— WuXi Testing	3,091,000	2,605,046
— WuXi Biology	1,232,635	1,090,655
— WuXi ATU	713,627	615,404
— WuXi DDSU	341,987	455,073
— Others	24,833	15,958
	18,871,285	17,756,258

Timing of revenue recognition

	Six months ended June 30,	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Over time		
— WuXi Chemistry	2,881,969	2,656,411
— WuXi Testing	3,091,000	2,605,046
— WuXi Biology	1,232,635	1,090,655
— -WuXi ATU	710,967	607,096
— WuXi DDSU	341,987	455,073
— Others	18,529	11,137
At a point in time		
— WuXi Chemistry	10,585,234	10,317,711
— WuXi ATU	2,660	8,308
— Others	6,304	4,821
	18,871,285	17,756,258

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

4. SEGMENT INFORMATION

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

	Six months ended June 30, 2023 (Unaudited)						Total RMB'000
	WuXi Chemistry RMB'000	WuXi Testing RMB'000	WuXi Biology RMB'000	WuXi ATU RMB'000	WuXi DDSU RMB'000	Others RMB'000	
	Segment revenue	13,467,203	3,091,000	1,232,635	713,627	341,987	
Segment results	5,906,602	1,118,601	483,040	(57,864)	95,907	9,399	7,555,685
Unallocated amount:							
Other income							439,801
Other gains and losses							1,061,153
Impairment losses under ECL model, net of reversal							(101,700)
Impairment losses recognised on non- financial assets							(42,880)
Selling and marketing expenses							(353,474)
Administrative expenses							(1,326,482)
R&D expenses							(667,045)
Share of results of associates							(76,474)
Share of results of joint ventures							7,695
Finance costs							(101,066)
Profit before tax							6,395,213

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Six months ended June 30, 2022 (Unaudited)						Total RMB'000
	WuXi Chemistry RMB'000	WuXi Testing RMB'000	WuXi Biology RMB'000	WuXi ATU RMB'000	WuXi DDSU RMB'000	Others RMB'000	
	Segment revenue	12,974,122	2,605,046	1,090,655	615,404	455,073	
Segment results	<u>5,072,388</u>	<u>871,189</u>	<u>416,608</u>	<u>(57,728)</u>	<u>116,166</u>	<u>8,202</u>	<u>6,426,825</u>
Unallocated amount:							
Other income							240,549
Other gains and losses							1,389,885
Impairment losses under ECL model, net of reversal							(58,750)
Selling and marketing expenses							(355,614)
Administrative expenses							(1,307,811)
R&D expenses							(657,200)
Share of results of associates							(70,835)
Share of results of joint ventures							1,434
Finance costs							<u>(67,621)</u>
Profit before tax							<u>5,540,862</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

4. SEGMENT INFORMATION (Continued)

Entity-wide disclosure

Geographical information

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

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue		
— U.S.	12,374,825	11,842,646
— PRC	3,226,906	3,056,023
— Europe	2,224,958	1,869,609
— Rest of the world	1,044,596	987,980
	18,871,285	17,756,258

Note: Above geographical information is presented based on the country/region of domicile of customers' parent company in case of multinational customers. Comparative disclosures have been represented to conform with the current period's presentation.

Information about the Group's non-current assets by geographical locations is presented below:

	<u>At</u>	<u>At</u>
	<u>June 30,</u>	<u>December 31,</u>
	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
— PRC	26,052,191	24,890,891
— Rest of the world	5,951,733	5,599,453
	32,003,924	30,490,344

Non-current assets excluding deferred tax assets, certificates of deposits and financial assets at FVTPL.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

5. OTHER INCOME

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income on bank balances	197,359	69,575
R&D grants and others related to		
— asset (i)	63,886	33,071
— income (ii)	162,122	128,142
Dividend income arising from financial assets at FVTPL	16,434	9,761
	439,801	240,549

Notes:

- i. The Group has received certain R&D grants and others to invest in laboratory equipment. The grants and subsidies were recognised in profit or loss over the useful lives of the relevant assets.
- ii. The R&D grants and others related to income have been received to compensate for the Group's R&D expenditures. Some of the grants related to income have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants. These grants related to income are recognised in profit or loss when related costs are subsequently incurred. 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 recognised in profit or loss in the period.

6. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net foreign exchange gain	398,500	206,590
Gain on deemed disposal of subsidiaries	—	125,445
Loss on disposal of plant and equipment and right-of-use assets	(6,360)	(5,652)
Gain on financial assets at FVTPL (realized)	372,567	165,933
(Loss) Gain on financial assets at FVTPL (unrealized)	(46,474)	149,778
Gain on derivative financial instruments	40,174	274,509
Gain on biological assets	311,620	477,842
Gain on share-based appreciation rights	5,673	5,137
Others	(14,547)	(9,697)
	1,061,153	1,389,885

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

7. FINANCE COSTS

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest expense on borrowings	69,506	26,133
Imputed interest expense on payable for acquisition of a subsidiary	—	3,064
Interest on lease liabilities	27,620	27,162
Effective interest expense on Convertible Bonds (defined in Note 27)	3,940	11,262
	101,066	67,621

8. INCOME TAX EXPENSE

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax:		
— PRC	643,911	597,570
— Hong Kong	332,256	121,564
— U.S.	(3,804)	20,085
— Rest of world	4,396	3,149
	976,759	742,368
Under (Over) provision in respect of prior years:		
— PRC	15,397	27,799
— Rest of world	(3,554)	—
	11,843	27,799
Deferred tax:		
— Current period	49,715	95,036
	1,038,317	865,203

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	1,021,690	701,388
Depreciation of right-of-use assets	119,109	110,883
Amortization of other intangible assets and other non-current assets	70,424	63,499
Staff cost (including directors' emoluments):		
— Salaries and other benefits	4,883,655	4,285,738
— Retirement benefit scheme contributions	610,860	490,418
— Equity-settled share-based payments	396,759	454,578
— Cash-settled share-based payments	—	(18,581)
	7,102,497	6,087,923
Capitalized in the ending balance of inventories and contract costs	(1,734,712)	(1,533,225)
	5,367,785	4,554,698
Write-down (reversal of write-down) of inventories	12,617	(913)
Expense relating to short-term leases	1,938	2,034
Expense relating to leases of low-value assets that are not shown above as short-term leases	3,098	995
Auditor's remuneration	5,280	4,395

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

10. EARNINGS PER SHARE (Continued)

The computation of diluted earnings per share for the six months ended June 30, 2023 and June 30, 2022 are based on weighted average number of shares assumed to be in issue after taking into account the effect of restricted shares, share options and the conversion of the outstanding convertible bonds issued by the Company.

11. DIVIDENDS

On May 31, 2023, 2022 profit distribution plan (“2022 Profit Distribution Plan”) of the Company was approved at the 2022 annual general meeting. Pursuant to the 2022 Profit Distribution Plan, a final dividend of RMB8.9266 per 10 shares (inclusive of tax) (2021 Profit Distribution Plan: RMB5.1740 per 10 shares (inclusive of tax)) based on the record date for determining the shareholders’ entitlement to 2022 Profit Distribution Plan was declared to both holders of A Shares and H Shares. The aggregated dividends amounted to RMB2,649,083,545.14 (Six months ended June 30, 2022: RMB1,529,441,704.14), which was paid by the Company during the reporting period.

The directors of the Company have determined that no dividend will be proposed or declared in respect of the current interim period (Six months ended June 30, 2022: Nil).

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

During the current interim period, the Group acquired property, plant and equipment of approximately RMB2,125,895,000 (Period ended June 30, 2022: RMB4,893,225,000) for the expansion of production facilities and research capacity. During the current interim period, the Group disposed certain plant and equipment with an aggregate carrying amount of RMB16,553,000 (Period ended June 30, 2022: RMB5,705,000), resulting in a loss on disposal of RMB6,360,000 (Period ended June 30, 2022: RMB5,652,000).

During the current interim period, the Group entered into several new lease agreements for the use of buildings. On lease commencement, the Group recognised right-of-use assets amounting to RMB367,443,000 (Period ended June 30, 2022: RMB48,699,000) and lease liabilities amounted to RMB152,651,000 (Period ended June 30, 2022: RMB48,699,000).

During the current interim period, the Group also acquired RMB118,933,000 (six months ended June 30, 2022: RMB55,723,000) right-of-use assets for leasehold lands in the PRC.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

13. GOODWILL

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
COST		
At the beginning of period/year	2,042,863	2,065,929
Effect of foreign currency exchange difference	65,504	33,213
Deregistration of a subsidiary	—	(56,279)
At the end of period/year	2,108,367	2,042,863
IMPAIRMENT		
At the beginning of period/year	220,761	140,366
Additions	—	131,285
Effect of foreign currency exchange difference	4,911	5,389
Deregistration of a subsidiary	—	(56,279)
At the end of period/year	225,672	220,761
CARRYING VALUES		
At the end of period/year	1,882,695	1,822,102

14. INTERESTS IN ASSOCIATES

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
At the beginning of the period/year	1,135,669	619,382
Addition (<i>Note</i>)	—	529,416
Dividend	—	(32,480)
Share of post-acquisition losses	(76,474)	(52,532)
Exchange effect	38,974	71,883
At the end of the period/year	1,098,169	1,135,669

Note: In May 2021, the Group established an associate company, WuXi XDC (Cayman) Inc. ("XDC Cayman") with WuXi Biologics (Cayman) Inc., an entity significantly influenced by the ultimate controlling shareholders of the Group. During the last interim period, the Group injected USD80,000,000 (equivalent to RMB529,416,000) to XDC Cayman.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

15. INTERESTS IN JOINT VENTURES

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
At the beginning of the period/year	67,262	58,923
Share of post-acquisition gains	7,695	6,261
Exchange effect	904	2,078
At the end of the period/year	75,861	67,262

16. DEFERRED TAXATION

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Deferred tax assets	567,344	492,111
Deferred tax liabilities	(409,313)	(440,462)
	158,031	51,649

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

16. DEFERRED TAXATION (Continued)

At the end of the current interim period, the Group has unused tax losses of RMB2,429,295,000 (December 31, 2022: RMB2,048,391,000 available for offset against future profits. A deferred tax asset of RMB167,341,000 (December 31, 2022: RMB188,056,000) in respect of tax losses of RMB713,310,000 (December 31, 2022: RMB808,272,000) has been recognised. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB1,715,985,000 (December 31, 2022: RMB1,240,119,000) due to the unpredictability of future profit streams. These unrecognised tax losses will be carried forward and expire in years as follows:

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
2023	39,275	38,002
2024	48,468	47,449
2025	53,416	60,089
2026	49,727	50,388
2027	231,557	183,815
2028 and later	1,293,542	860,376
	1,715,985	1,240,119

17. FINANCIAL ASSETS AT FVTPL

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Current asset		
Structured deposits and financial products	81,608	2,000
	81,608	2,000
Non-current assets		
Listed equity securities	1,119,421	979,673
Unlisted equity investments	6,791,327	6,839,202
Unlisted fund investments	1,257,053	1,135,455
	9,167,801	8,954,330

18. OTHER NON-CURRENT ASSETS

Balances at June 30, 2023 are mainly consist of prepaid expenses (non-current), deposits and others. As at June 30, 2023, the certificates of deposits purchased by the Group are all due in one year, which are accordingly recognised as other current assets (as detailed in Note 23).

19. BIOLOGICAL ASSETS

Nature of the Group's agricultural activities

The biological assets of the Group are cynomolgus non-human primates, including cynomolgus monkeys for CRO experiment, which are classified as current assets and cynomolgus monkeys for breeding, which are classified as non-current assets of the Group.

Carrying value of the Group's biological assets

	Cynomolgus monkeys for breeding <i>RMB'000</i>	Cynomolgus monkeys for experiment <i>RMB'000</i>	Total <i>RMB'000</i>
Carrying value at January 1, 2023 (Audited)	937,985	1,037,275	1,975,260
Add: Purchases	—	19,860	19,860
Breeding costs	—	33,346	33,346
Decrease due to mortality	(10,756)	(6,818)	(17,574)
Decrease due to experiments	—	(153,625)	(153,625)
Gain arising from changes in fair value less costs to sell of biological assets	237,513	74,107	311,620
Transfer among group of monkeys	(41,176)	41,176	—
Carrying value at June 30, 2023 (Unaudited)	1,123,566	1,045,321	2,168,887

Analysed for reporting purposes as:

	At June 30, 2023 <i>RMB'000</i> (Unaudited)	At December 31, 2022 <i>RMB'000</i> (Audited)
Current	1,045,321	1,037,275
Non-current	1,123,566	937,985
Total	2,168,887	1,975,260

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

19. BIOLOGICAL ASSETS (Continued)

Fair value measurement

The Group's biological assets were valued by Shanghai Orient Appraisal Co., Ltd. ("Shanghai Orient"), a firm of independent qualified professional valuers unrelated to the Group. The fair value less costs to sell of biological assets are determined as follows:

Fair value hierarchy	Valuation technique	Inputs	Relationship of unobservable inputs to fair value
Level 3	Market approach — sales comparison method	Recent trading price and adjustment factors based on the characteristics of the biological assets (including age information, species, health status and etc.).	The higher adjustment factors, the higher the fair value.

20. INVENTORIES

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Raw material and consumables	1,205,591	1,331,810
Work in progress	1,484,147	1,565,928
Finished goods	1,202,211	1,054,822
	3,891,949	3,952,560

The inventories are net of a write-down of approximately RMB119,402,000 as at June 30, 2023 (December 31, 2022: RMB106,785,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

21. TRADE AND OTHER RECEIVABLES/CONTRACT ASSETS

21.1 Trade and other receivables

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Trade receivables		
— third parties	8,004,720	6,021,006
Less: Allowance for credit losses	(255,851)	(160,253)
	7,748,869	5,860,753
Other receivables	58,121	141,066
Note receivable	8,348	74,621
Prepayments	308,891	290,613
Prepaid expenses	36,474	33,280
Value added tax recoverable	1,053,663	1,172,714
Deposits	23,032	17,314
	1,430,408	1,588,542
Total trade and other receivables	9,237,398	7,590,361

The Group allows a credit period ranging from 30 to 90 days to its customers. The following is an aging analysis of trade receivables (net of allowance for credit losses) and note receivable presented based on the invoice dates, at the end of each reporting period:

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Within 180 days	6,803,322	5,273,918
181 days to 1 year	451,502	363,683
1 year to 2 years	376,806	232,599
More than 2 years	125,587	65,174
	7,757,217	5,935,374

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

21. TRADE AND OTHER RECEIVABLES/CONTRACT ASSETS (Continued)

21.2 Contract assets

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Contract assets	1,242,814	1,056,154
Less: Allowance for credit losses	<u>(8,487)</u>	<u>(7,999)</u>
	<u>1,234,327</u>	<u>1,048,155</u>

The contract assets primarily relate to the Group's right to the consideration for work completed but not billed. The contract assets are transferred to trade receivables when the rights become unconditional.

22. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL, NET OF REVERSAL

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Impairment loss recognised in respect of		
Contract assets	428	2,367
Trade receivables	<u>101,272</u>	<u>56,383</u>
	<u>101,700</u>	<u>58,750</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

23. OTHER CURRENT ASSETS

Balances at June 30, 2023 included the certificates of deposits purchased by the Group with an aggregate amount of RMB1,659,381,000 (December 31, 2022: 1,427,795,000). The certificates of deposits are principal guaranteed with fixed interest rate which ranged from 3.9875% to 4.1250% (December 31, 2022: 3.9875%-4.1800%) per annum and mature date ranged from October 28, 2023 to January 22, 2024.

24. TRADE AND OTHER PAYABLES

	At June 30, 2023 RMB'000 (unaudited)	At December 31, 2022 RMB'000 (audited)
Trade payables	2,024,904	1,630,634
Salary and bonus payables	1,571,356	1,913,154
Payables for acquisition of plant and equipment	2,397,750	2,309,727
Accrued expenses	686,651	650,895
Other taxes payable	160,165	364,252
Interest payable	5,306	3,409
Note payable	—	18,620
Others	235,955	238,550
Considerations received from employees for subscribing restricted A shares of the Company under the WuXi AppTec A Share Incentive Plan	10,055	124,198
	7,092,142	7,253,439

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 age analysis of trade payables and note payable presented based on invoice dates at the end of each reporting period:

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Within one year	1,977,470	1,612,932
1 year to 2 years	25,745	21,986
2 years to 3 years	9,329	8,223
More than 3 years	12,360	6,113
	2,024,904	1,649,254

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

25. DERIVATIVE FINANCIAL INSTRUMENTS

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Current assets		
Derivatives under hedge accounting		
Cash flow hedges — Foreign currency forward contracts	—	135,636
Current liabilities		
Derivatives under hedge accounting		
Cash flow hedges — Foreign currency forward contracts	1,026,910	115,443

Derivatives under hedge accounting

It is the policy of the Group to enter into forward foreign exchange contracts to manage its foreign exchange rate risk arising from anticipated future foreign currency transactions up to 12 months, in particular, the exchange rate between USD and RMB, which are designated into cash flow hedges.

	Average strike rate as at June 30, 2023	Notional value as at June 30, 2023 USD'000	Fair value liabilities as at June 30, 2023 RMB'000
Forward Contracts			
Sell USD			
Less than 3 months	6.8081	595,810	257,235
3 to 6 months	6.9390	664,660	164,010
7 to 12 months	6.7849	1,907,364	605,665

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives under hedge accounting (Continued)

	Period ended June 30, 2023		Profit or loss item
	Fair value change of derivative financial instruments recognised in other comprehensive income <i>RMB'000</i>	Reclassification from other comprehensive income into profit or loss <i>RMB'000</i>	
Cash flow hedge			
Anticipated future sales	(1,123,749)	76,049	Revenue
	(1,123,749)	76,049	

It is anticipated that the sales will take place within next 12 months at which time the amount recognised in other comprehensive income will be reclassified to profit or loss.

At the inception of above hedging relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The cash flow hedge mentioned above were assessed to be highly effective.

26. BORROWINGS

	At June 30, 2023 <i>RMB'000</i> (Unaudited)	At December 31, 2022 <i>RMB'000</i> (Audited)
Analyzed as:		
Unsecured and unguaranteed	4,422,053	4,153,206
	4,422,053	4,153,206

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

26. BORROWINGS (Continued)

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Analyzed as:		
Fixed interest rate	4,422,053	2,655,817
Variable interest rate	—	1,497,389
	4,422,053	4,153,206
	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Analyzed as:		
Current	4,024,196	3,874,120
Non-current	397,857	279,086
	4,422,053	4,153,206
Analyzed as:		
Borrowings from banks	4,422,053	4,153,206

The ranges of effective interest rates on the Group's fixed and variable-rate borrowings are as follows:

	At June 30, 2023 (Unaudited)	At December 31, 2022 (Audited)
Effective interest rate:		
Fixed rate borrowings	2.40%–3.90%	2.00%–5.43%
Variable rate borrowings	N/A	4.60%–4.90%

27. CONVERTIBLE BONDS

On September 17, 2019 (the “Issue Date”), the Company issued a five-year zero coupon convertible bonds (the “Convertible Bonds”) in an aggregate principal amount of USD300,000,000. The conversion period is on or after October 28, 2019 up to the close of business on the date falling 10 working days prior to September 17, 2024 (the “Maturity Date”) and the price of H shares to be issued in exercise of the right of conversion is initially HK\$111.80 per H share. The conversion price is subject to adjustment for, among other things, capital distributions and capitalisation of profits or reserves made by the Company. The conversion price has been adjusted to HK\$79.85 per H Share as a result of the approval of the payment of the Profit Distribution and the Capitalisation of Reserve by the Shareholders at the 2019 annual general meeting of the Company with effect from June 4, 2020. The conversion price has been further adjusted to HK\$66.17 per H Share as a result of the approval of the payment of the Profit Distribution and the Capitalisation of Reserve by the Shareholders at the 2020 annual general meeting of the Company with effect from June 8, 2021.

The Convertible Bonds comprise two components:

- (a) Debt component was initially measured at fair value. It is subsequently measured at amortised cost using the effective interest method after considering the effect of the transaction costs.
- (b) Derivative component comprises conversion options and early redemption options (not closely related to the debt component), which was initially measured at fair value.

The total transaction costs that are related to the issue of the Convertible Bonds were allocated to the debt and derivative components in proportion to their respective fair values.

The total transaction costs relating to the derivative component were charged to profit or loss. Transaction costs relating to the debt component were included in the carrying amount of the debt portion and amortised over the period of the Convertible Bonds using the effective interest method.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

27. CONVERTIBLE BONDS (Continued)

The movement of the debt and derivative components of Convertible Bonds for the period is set out as below:

	Debt component <i>RMB'000</i>	Embedded derivative component <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2023 (Audited)	501,990	147,934	649,924
Exchange adjustments	(6,647)	(1,954)	(8,601)
Interest charge	3,940	—	3,940
Gain arising on changes of fair value	—	(40,174)	(40,174)
Early redemption of convertible bonds	(74,161)	(2,689)	(76,850)
Conversion of convertible bonds into shares	<u>(425,122)</u>	<u>(103,117)</u>	<u>(528,239)</u>
As at June 30, 2023 (Unaudited)	<u>—</u>	<u>—</u>	<u>—</u>

During the period ended June 30, 2023, convertible bonds with a nominal value of USD61,400,000 (December 31, 2022: USD26,700,000) have been converted to 7,278,444 shares (December 31, 2022: 3,165,059 shares) of the Company by the bond holders, as a result, the debt component of the convertible bonds of RMB425,122,000 (December 31, 2022: RMB186,765,000) and the embedded derivative component of the convertible bonds of RMB103,117,000 (December 31, 2022: RMB53,372,000) have been transferred to equity upon the conversion.

The Company has exercised its option to redeem all the then outstanding Convertible Bonds in full on April 4, 2023 at the price of USD104,519.38 for each USD100,000 principal amount in accordance with the terms and conditions of the Convertible Bonds. Accordingly, there are no outstanding Convertible Bonds in issue following the abovementioned redemption.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

28. OTHER CURRENT LIABILITIES

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Payable for acquisition of subsidiaries (<i>Note</i>)	—	22,092

Note:

In November 2019, the Group acquired a subsidiary at a cash consideration of RMB803,838,000. Amount of RMB147,221,000 will be paid in 3 years after the signing of contract. The payables are measured at amortized cost with imputed interest of 4.30% per annum. This amount has been paid in January 2023.

29. SHARE CAPITAL

	<i>RMB'000</i>
Ordinary shares of RMB1.00 each	
At January 1, 2022	2,955,827
Conversion of convertible bonds	71
Issue of A shares under 2019	
WuXi AppTec A Share Incentive Plan — Stock Options	1,113
Repurchase and cancellation of restricted A shares	(217)
At June 30, 2022 (Unaudited)	2,956,794
Conversion of convertible bonds	3,094
Issue of A shares under 2019	
WuXi AppTec A Share Incentive Plan — Stock Options	639
At December 31, 2022 (Audited)	2,960,527
Ordinary shares of RMB1.00 each	
At January 1, 2023	2,960,527
Issue of A shares under 2019	
WuXi AppTec A Share Incentive Plan — Stock Options	979
Conversion of convertible bonds	7,278
Repurchase and cancellation of restricted A shares	(662)
At June 30, 2023 (Unaudited)	2,968,122

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurement

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	06/30/2023 RMB'000	12/31/2022 RMB'000				
Structured deposits and financial products	81,608	2,000	Level 2	Discounted cash flow — Future cash flows are estimated based on expected return	N/A	N/A
Investment in listed companies at fair value	1,119,421	979,673	Level 1	Active market quoted transaction price	N/A	N/A
Investment on unlisted funds at fair value	1,257,053	1,135,455	Level 3	Net asset value of underlying investments	Net assets value	The higher net asset value, the higher the fair value
Unlisted equity investments at fair value	6,791,327	6,839,202	Level 3	Back-solve from recent transaction price Market multiple method	IPO/Redemption/ Liquidation probability/ risk-free rate/expected volatility/recent transaction price/ liquidity discount	The higher the expected volatility, the higher the fair value The lower the risk-free rate, the higher the fair value

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	06/30/2023 RMB'000	12/31/2022 RMB'000				
Foreign currency forward contracts	—	135,636	Level 2	Discounted cash flow — Future cash flows are estimated based on observable forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A

Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	06/30/2023 RMB'000	12/31/2022 RMB'000				
Foreign currency forward contracts	1,026,910	115,443	Level 2	Discounted cash flow — Future cash flows are estimated based on observable forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A
Convertible Bonds — embedded derivative component	—	147,934	Level 3	Binominal option pricing with the volatilities and risk-free rates as key inputs	Expected volatility Risk-free rate	The higher the expected volatility, the higher the fair value The lower risk-free rate the higher the fair value

There were no transfers between level 1 and level 2 during the six months ended June 30, 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

(ii) Reconciliation of level 3 fair value measurements

Details of reconciliation of financial assets at fair value and financial liabilities at fair value measured at Level 3 fair value measurement are set out as below:

	Unlisted fund investments at fair value <i>RMB'000</i>	Unlisted equity investments at fair value <i>RMB'000</i>	Listed companies within lock-up period at fair value <i>RMB'000</i>	Convertible bonds embedded derivative component <i>RMB'000</i>	Collars <i>RMB'000</i>
At January 1, 2022	831,954	5,771,360	742,088	(657,317)	12,674
Acquisitions	115,937	56,158	—	—	—
Fair value of interests retained after deemed disposal	—	167,124	—	—	—
Changes in fair value	(10,291)	802,382	(78,973)	274,509	—
Transferred from listed companies within lock-up period at fair value to listed companies	—	—	(147,066)	—	—
Disposal	(888)	(128,789)	—	—	—
Settlement	—	—	—	—	(12,674)
Dividend	(16,501)	—	—	—	—
Conversion of convertible bonds into shares	—	—	—	3,851	—
Effect of exchange rate change	27,618	220,670	5,302	(29,670)	—
At June 30, 2022	947,829	6,888,905	521,351	(408,627)	—
At January 1, 2023	1,135,455	6,839,202	—	(147,934)	—
Acquisitions	109,194	82,649	—	—	—
Transferred from unlisted equity investments at fair value to listed companies (Note i)	—	(58,566)	—	—	—
Changes in fair value	(12,398)	(177,954)	—	40,174	—
Disposal	—	(63,871)	—	—	—
Redemption	—	—	—	2,689	—
Dividend	(6,851)	—	—	—	—
Conversion of convertible bonds into shares	—	—	—	103,117	—
Effect of exchange rate change	31,653	169,867	—	1,954	—
At June 30, 2023	1,257,053	6,791,327	—	—	—

Note i: Structure Therapeutics, Inc. was listed on NASDAQ Stock Exchange on February 3, 2023. Since then, its open market transaction prices can be obtained from the active market.

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

(ii) Reconciliation of level 3 fair value measurements (Continued)

Fair value gains or losses for the period included an unrealized loss of RMB73,605,000 relating to financial assets and financial liabilities at FVTPL on Level 3 fair value at the end of the reporting period (six months ended June 30, 2022: a gain of RMB1,077,261,000). Such fair value gains or losses are included in 'other gains and losses'.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements except for the debt component of convertible bonds approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

31. SHARE-BASED COMPENSATION

STA Share Units and Options Incentive Scheme

上海合全藥業股份有限公司 Shanghai SynTheAll Pharmaceutical Co., Ltd. ("STA"), a subsidiary of the Company, was once listed on National Equities Exchange and Quotations ("NEEQ") and delisted from NEEQ in June 2019. STA Group has established equity-settled share units and options incentive schemes including the (i) STA Share Option Incentive Scheme (2015); (ii) STA Overseas Employees Incentive Scheme and (iii) STA Share Option Incentive Scheme (2016). None of the eligible STA employees are the Chief Executive or directors of the Company.

On September 13, 2017, the STA shareholders' meeting approved to capitalize 20 STA Shares for every 10 STA Shares standing to the credit of the share premium account of STA ("Conversion of Capital Reserve"). In May 2017 and April 2018, the STA Shareholders' meeting approved to distribute RMB10.0 and RMB3.5 for every 10 STA Shares, respectively. As a result, the number of STA Shares and exercise price per share granted under the STA Share Option Incentive Scheme (2015), STA Overseas Employees Incentive Scheme, and STA Share Option Incentive Scheme (2016) presented herein has been adjusted to reflect the Conversion of Capital Reserve and dividend adjustment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

31. SHARE-BASED COMPENSATION (Continued)

STA Share Units and Options Incentive Scheme (Continued)

Set out below are details of the movements of the outstanding units and options granted under the STA Share Units and Options Scheme for the six months ended June 30, 2023:

STA Share Units and Options Incentive Scheme (Unaudited)	Outstanding at January 1, 2023	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2023
STA Overseas Employees Incentive Scheme — 2nd batch	128,674	—	—	41,600	87,074
STA Overseas Employees Incentive Scheme — 3rd batch	20,231	—	—	—	20,231
Total	148,905	—	—	41,600	107,305
Exercisable at the end of the period					
Weighted average exercise price	RMB1.79	N/A	N/A	RMB1.79	RMB1.79

The Group recognised RMB476,000 of share-based payment expenses for the six months ended June 30, 2023 (six months ended June 30, 2022: RMB2,121,000) in relation to STA Share Option Incentive Scheme.

2019 WuXi AppTec A Share Incentive Plan — Restricted Shares

In November 2019, the shareholders' meeting of the Company passed a resolution to issue up to 18,949,977 A Shares of the Company under the 2019 WuXi AppTec A Share Incentive Plan. On November 25, 2019, 13,400,273 restricted A shares of the Company were approved by the Board of Directors of the Company for two directors of the Company and eligible employees to subscribe at the price of RMB32.44 per A Share ("2019 WuXi AppTec A Share Incentive Plan — Restricted Shares"). In December 2019, 12,942,744 number of A Shares were subscribed by two directors of the Company and eligible employees and RMB419,863,000 consideration were received by the Company. These granted restricted A Shares have a contractual term of no more than four years and unlock over a three year period, with 40%, 30% and 30% of the awards unlocking on the first, second and third anniversary date of the A Shares registration date upon meeting certain annual performance conditions. Pursuant to the black-out period provisions of the 2019 WuXi AppTec A Share Incentive Plan — Restricted Shares, directors and employees shall not transfer the A Shares which fulfill the unlocking conditions to any third party in any form within the six months from each unlocking anniversary date.

31. SHARE-BASED COMPENSATION (Continued)**2019 WuXi AppTec A Share Incentive Plan — Restricted Shares** (Continued)

Details of specific categories of restricted shares are as follows:

Categories	Date of grant	Number of restricted A shares	Subscribe price per share
Mr. Edward HU	December 4, 2019	125,000	RMB32.44
Mr. Steve Qing Yang	December 4, 2019	115,000	RMB32.44
Employees	December 4, 2019	12,702,744	RMB32.44

Set out below are details of the movements of the outstanding units granted under the 2019 WuXi AppTec A Share Incentive Plan — Restricted Shares throughout the reporting period:

	Outstanding at January 1, 2023	Exercised during the period	Outstanding at June 30, 2023
2019 WuXi AppTec A Share Incentive Plan — Restricted Shares (Unaudited)	125,441	41,812	83,629
Total	125,441	41,812	83,629

For the six months ended June 30, 2023, the Group has recorded share-based payment expenses of RMB410,000 (six months ended June 30, 2022: RMB30,294,000) in relation to 2019 WuXi AppTec A Share Incentive Plan — Restricted Shares.

2019 WuXi AppTec A Share Incentive Plan — Stock Options

In November 2019, the shareholders' meeting of the Company passed a resolution to issue up to 18,949,977 A Shares of the Company under the 2019 WuXi AppTec A Share Incentive Plan. On November 25, 2019, 5,014,854 A shares stock options of the Company were approved by the Board of Directors of the Company to grant to eligible employees ("2019 WuXi AppTec A Share Incentive Plan — Reserved Options").

On May 15, 2020, the shareholders' meeting approved to capitalize 4 shares for every 10 shares standing to the credit of the share premium account. As a result, the number of shares granted under the 2019 WuXi AppTec A Share Incentive Plan — Stock Options has been adjusted to reflect the capitalisation and exercise price per share has been adjusted from RMB64.88 to RMB46.34.

On May 13, 2021, the shareholders' meeting approved to capitalize 2 shares for every 10 shares standing to the credit of the share premium account. As a result, the number of shares granted under the 2019 WuXi AppTec A Share Incentive Plan — Stock Options has been adjusted to reflect the capitalisation and exercise price per share has been adjusted from RMB46.34 to RMB38.62.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

31. SHARE-BASED COMPENSATION (Continued)

2019 WuXi AppTec A Share Incentive Plan — Stock Options (Continued)

(1) Details of specific categories of options are as follows:

	Date of grant	Number of options shares	Exercise price
2019 WuXi AppTec A Share Incentive Plan — Stock Options	November 25, 2019	5,014,854	RMB64.88

(2) Options granted under the 2019 WuXi AppTec A Share Options Incentive Plan shall have a contractual term of 54-months and vest over a 54-months period, with 40%, 30% and 30% of total options vesting on the first, second, third anniversary date 18 months after the vesting commencement date upon meeting certain annual performance conditions.

Set out below are details of the movements of the outstanding units granted under the 2019 WuXi AppTec A Share Incentive Plan — Stock Options throughout the reporting period:

	Outstanding at January 1, 2023	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2023
2019 WuXi AppTec A Share Incentive Plan — Stock Options (Unaudited)	1,724,631	1,690,933	33,698	—
Total	1,724,631	1,690,933	33,698	—

For the six months ended June 30, 2023, the Group has recorded share-based payment expenses of RMB5,570,000 (six months ended June 30, 2022: RMB14,377,000) in relation to 2019 WuXi AppTec A Share Incentive Plan — Stock Options.

31. SHARE-BASED COMPENSATION (Continued)**2019 WuXi AppTec H Share Appreciation Incentive Scheme**

On September 30, 2019, 2019 WuXi AppTec H Share Appreciation Incentive Scheme was approved at the shareholders' meeting. Stock appreciation rights have been awarded in units, with each unit representing the value of one H Share of the Company. The total number of units granted under the WuXi AppTec H Share Appreciation Incentive Scheme to eligible employees were 2,901,172 ("2019 WuXi AppTec H Share Appreciation Incentive Scheme"). Upon the exercise of stock appreciation rights, exercising recipients will receive payments in RMB from the Company, subject to any withholding tax, equal to the number of stock appreciation rights exercised times the difference between the subscribe price and market price of the H Share of the Company on the exercise day.

On May 15, 2020, the shareholders' meeting approved to capitalize 4 shares for every 10 shares standing to the credit of the share premium account ("2019 Profit Distribution Plan"). As a result, the number of shares granted under the 2019 WuXi AppTec H Share Appreciation Incentive Scheme has been adjusted to reflect the 2019 Profit Distribution Plan and exercise price per share has been adjusted from HKD72.00 to HKD51.43.

On May 13, 2021, the shareholders' meeting approved to capitalize 2 shares for every 10 shares standing to the credit of the share premium account ("2020 Profit Distribution Plan"). As a result, the number of shares granted under the 2019 WuXi AppTec H Share Appreciation Incentive Scheme has been adjusted to reflect the 2020 Profit Distribution Plan and exercise price per share has been adjusted from HKD51.43 to HKD42.86.

(1) Details of specific categories of options are as follows:

	Date of grant	Number of options shares	Exercise price
2019 WuXi AppTec H Share Appreciation Incentive Scheme	September 30, 2019	2,901,172	HKD72.00

(2) Units granted under the 2019 WuXi AppTec H Share Appreciation Incentive Scheme shall have a contractual term of 44-months and vest over a 44-months period, with 40%, 30% and 30% of total options vesting on the first, second, third anniversary date eight months after the vesting commencement date upon meeting certain annual performance conditions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

31. SHARE-BASED COMPENSATION (Continued)

2019 WuXi AppTec H Share Appreciation Incentive Scheme (Continued)

Set out below are details of the movements of the outstanding units granted under the 2019 WuXi AppTec H Share Appreciation Incentive Scheme throughout the reporting period:

	Outstanding at January 1, 2023	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2023
2019 WuXi AppTec H Share Appreciation Incentive Scheme (Unaudited)	578,003	572,005	5,998	—
Total	578,003	572,005	5,998	—

The fair value of the units granted under 2019 WuXi AppTec H Share Appreciation Incentive Scheme as each reporting date was determined using the Black-Scholes model.

The Group did not recognise share-based compensation expense during the six months ended June 30, 2023 (six months ended June 30, 2022:RMB(19,060,000)) in relation 2019 WuXi AppTec H Share Appreciation Incentive Scheme.

2019 WuXi AppTec A Share Incentive Plan — Reserved Restricted Shares

On June 10, 2020, Board of Directors of the Company passed a resolution to grant 427,000 A Shares of the Company to eligible employees to subscribe at the price of RMB40.59 per A Share under the reserved part of 2019 WuXi AppTec A Share Incentive Plan (“2019 WuXi AppTec A Share Incentive Plan — Reserved Restricted Shares”) under the authorization of the shareholders’ meeting. These granted restricted A Shares have a contractual term of no more than four years and unlock over a three year period, with 40%, 30% and 30% of the awards unlocking on the first, second and third anniversary date of the A Shares registration date upon meeting certain annual performance conditions. Pursuant to the black-out period provisions of the 2019 WuXi AppTec A Share Incentive Plan — Reserved Restricted Shares, employees shall not transfer the A Shares which fulfill the unlocking conditions to any third party in any form within the six months from each unlocking anniversary date.

31. SHARE-BASED COMPENSATION (Continued)**2019 WuXi AppTec A Share Incentive Plan — Reserved Restricted Shares** (Continued)

Details of specific categories of restricted shares are as follows:

	Date of grant	Number of options shares	Exercise price
2019 WuXi AppTec A Share Incentive Plan — Reserved Restricted Shares	June 10, 2020	427,000	RMB40.59
	Outstanding at January 1, 2023	Forfeited during the period	Outstanding at June 30, 2023
2019 WuXi AppTec A Share Incentive Plan — Reserved Restricted Shares (Unaudited)	101,376	—	101,376
Total	101,376	—	101,376

For the six months ended June 30, 2023, the Group has recorded share-based payment expenses of RMB586,000 (six months ended June 30, 2022: RMB890,000) in relation to 2019 WuXi AppTec A Share Incentive Plan — Reserved Restricted Shares.

2020 WuXi AppTec H Share Award and Trust Scheme

On August 31, 2020, the first extraordinary general meeting of 2020 approved the resolution in relation to the proposed adoption of the 2020 WuXi AppTec H Share Award and Trust Scheme (“2020 H Share Award Scheme”) and authorized Board of Directors of the Company to handle related matters. Under 2020 H Share Award Scheme, the Company has signed a trust deed with Computershare Hong Kong Trustees Limited (the “Trustee”) and provided Trustee with funds in the amount of not more than HK\$700 million to purchase H shares of the Company through on-market transactions from time to time at the prevailing market price. On December 2, 2020, Board of Directors of the Company passed a resolution to grant 5,498,666 H Shares of the Company (equivalent to HKD619,587,950) to 2,444 eligible employees. These granted awarded H Shares have four vesting period, with 25%, 25%, 25% and 25% of the awards within the year immediately following the first, second, third and fourth anniversary date of the grant date upon meeting certain annual performance conditions.

On July 2, 2021, Board of Directors of the Company passed a resolution to grant 134,654 H Shares of the Company (equivalent to HKD24,780,000) to 31 eligible employees. These granted awarded H Shares have four vesting period, with 0%, 25%, 25% and 50% of the awards within the year immediately following the first, second, third and fourth anniversary date of the employed date upon meeting certain annual performance conditions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

31. SHARE-BASED COMPENSATION (Continued)

2020 WuXi AppTec H Share Award and Trust Scheme (Continued)

On November 10, 2021, Board of Directors of the Company passed a resolution to grant 93,677 H Shares of the Company (equivalent to HKD11,570,533) to 26 eligible employees. These granted awarded H Shares have four vesting period, with 25%, 25%, 25% and 25% of the awards within the year immediately following the first, second, third and fourth anniversary date of the grant date upon meeting certain annual performance conditions.

On January 21, 2022, Board of Directors of the Company passed a resolution to grant 160,894 H Shares of the Company (equivalent to HKD20,996,000) to 46 eligible employees. These granted awarded H Shares have four vesting period, with 0%, 25%, 25% and 50% of the awards within the year immediately following the first, second, third and fourth anniversary date of the employed date upon meeting certain annual performance conditions.

The employees shall have no right to any dividend underlying the non-vested Awarded Shares or any of the returned shares or any dividend, right to any cash or non-cash income, distribution, sale proceeds of non-cash and non-scrip distributions underlying the returned shares, all of which shall be retained by the Trustee for the benefit of the 2020 H Share Award Scheme.

(1) Details of specific categories of restricted shares are as follows:

Categories	Date of grant	Number of Awarded H shares
Dr. Ge Li	02/12/2020	106,449
Mr. Edward Hu	02/12/2020	53,224
Dr. Steve Qing Yang	02/12/2020	53,224
Mr. Zhaohui Zhang	02/12/2020	23,655
Mr. Minzhang Chen	02/12/2020	35,483
Dr. Shuhui Chen	02/12/2020	35,483
Mr. Harry Liang He	02/12/2020	7,885
Ms. Minfang Zhu	02/12/2020	2,628
Ms. Wendy J. Hu	02/12/2020	5,256
Employees	02/12/2020	5,175,379
Employees	02/07/2021	134,654
Employees	10/11/2021	93,677
Employees	17/01/2022	160,894

31. SHARE-BASED COMPENSATION (Continued)**2020 WuXi AppTec H Share Award and Trust Scheme** (Continued)

- (2) Set out below are details of the movements of the outstanding units granted under the 2020 WuXi AppTec H Share Award and Trust Scheme throughout the reporting period:

	Outstanding at January 1, 2023	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at June 30, 2023
2020 WuXi AppTec H Share Award and Trust Scheme (Unaudited)	3,042,198	—	131,069	42,516	2,868,613
Total	3,042,198	—	131,069	42,516	2,868,613

The fair value of the awarded shares was calculated based on the market price of the Company's H shares at the respective grant date.

The fair value of awarded shares granted on December 2, 2020 was HKD119.40 per share (equivalent to approximately RMB101.05 per share). The fair value of awarded shares granted on July 2, 2021 was HKD176.60 per share (equivalent to approximately RMB147.17 per share). The fair value of awarded shares granted on November 10, 2021 was HKD157.00 per share (equivalent to approximately RMB128.88 per share). The fair value of awarded shares granted on January 17, 2022 was HKD130.50 per share (equivalent to approximately RMB106.59 per share).

For the six months ended June 30, 2023, the Group has recorded share-based payment expenses of RMB31,372,000 (six months ended June 30, 2022: RMB65,143,000) in relation to 2020 WuXi AppTec H Share Award and Trust Scheme.

2021 WuXi AppTec H Share Award and Trust Scheme

On August 30, 2021, the first extraordinary general meeting of 2021 approved the resolution in relation to the proposed adoption of the 2021 WuXi AppTec H Share Award and Trust Scheme ("2021 H Share Award Scheme") and authorized Board of Directors of the Company to handle related matters. Under 2021 H Share Award Scheme, the Company has signed a trust deed with Computershare Hong Kong Trustees Limited (the "Trustee") and provided Trustee with funds in the amount of not more than HK\$2 billion to purchase H shares of the Company through on-market transactions from time to time at the prevailing market price. On December 15, 2021, Board of Directors of the Company passed a resolution to grant 11,664,074 H Shares of the Company (equivalent to HKD1,907,060,804) to 3,261 eligible employees. These granted awarded H Shares have four vesting period, with 25%, 25%, 25% and 25% of the awards within the year immediately following the first, second, third and fourth anniversary date of the grant date upon meeting certain annual performance conditions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

31. SHARE-BASED COMPENSATION (Continued)

2021 WuXi AppTec H Share Award and Trust Scheme (Continued)

On September 19, 2022, Board of Directors of the Company passed a resolution to grant 152,780 H Shares of the Company (equivalent to HKD15,245,000) to 30 eligible employees. These granted awarded H Shares have four vesting period, with 0%, 25%, 25% and 50% of the awards within the year immediately following the first, second, third and fourth anniversary date of the employed date upon meeting certain annual performance conditions.

On January 13, 2023, Board of Directors of the Company passed a resolution to grant 103,699 H Shares of the Company to 21 eligible employees. These granted awarded H Shares have four vesting period, with 0%, 25%, 25% and 50% of the awards within the year immediately following the first, second, third and fourth anniversary date of the employed date upon meeting certain annual performance conditions.

The employees shall have no right to any dividend underlying the non-vested Awarded Shares or any of the returned shares or any dividend, right to any cash or non-cash income, distribution, sale proceeds of non-cash and non-scrip distributions underlying the returned shares, all of which shall be retained by the Trustee for the benefit of the 2021 H Share Award Scheme.

Details of specific categories of restricted shares are as follows:

Categories	Date of grant	Number of Awarded H shares
Dr. Ge Li	15/12/2021	157,729
Mr. Edward Hu	15/12/2021	70,563
Dr. Steve Qing Yang	15/12/2021	75,423
Mr. Zhaohui Zhang	15/12/2021	52,576
Mr. Minzhang Chen	15/12/2021	99,709
Dr. Shuhui Chen	15/12/2021	74,609
Mr. Harry Liang He	15/12/2021	11,684
Ms. Minfang Zhu	15/12/2021	4,100
Ms. Wendy J. Hu	15/12/2021	8,199
Mr. Guodong Tong	15/12/2021	35,051
Ms. Hui Xu	15/12/2021	22,909
Employees	15/12/2021	11,051,522
Employees	19/09/2022	152,780
Employees	13/01/2023	103,699

31. SHARE-BASED COMPENSATION (Continued)**2021 WuXi AppTec H Share Award and Trust Scheme** (Continued)

Set out below are details of the movements of the outstanding units granted under the 2021 WuXi AppTec H Share Award and Trust Scheme throughout the reporting period:

	Outstanding at January 1, 2023	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at June 30, 2023
2021 WuXi AppTec H Share Award and Trust Scheme (Unaudited)	8,081,179	103,699	318,569	26,289	7,840,020
Total	8,081,179	103,699	318,569	26,289	7,840,020

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The fair value of awarded shares granted on December 15, 2021 was HKD154.50 per share (equivalent to approximately RMB126.78 per share). The fair value of awarded shares granted on September 19, 2022 was HKD68.80 per share (equivalent to approximately RMB60.83 per share). The fair value of awarded shares granted on January 13, 2023 was HKD98.25 per share (equivalent to approximately RMB84.66 per share).

For the six months ended June 30, 2023, the Group has recorded share-based expenses of RMB161,694,000 (six months ended June 30, 2022: RMB341,211,000) in relation to 2021 WuXi AppTec H Share Award and Trust Scheme.

2022 WuXi AppTec H Share Award and Trust Scheme

On October 13, 2022, the first extraordinary general meeting of 2022 approved the resolution in relation to the proposed adoption of the 2022 WuXi AppTec H Share Award and Trust Scheme ("2022 H Share Award Scheme") and authorized Board of Directors of the Company to handle related matters. Under 2022 H Share Award Scheme, the Company has signed a trust deed with Trustee and provided Trustee with funds in the amount of not more than HK\$2 billion to purchase H shares of the Company through on-market transactions from time to time at the prevailing market price, and in any event the maximum number of H Shares to be so acquired by the Trustee shall be determined by the Board and/or the Delegatee (pursuant to the authorization to be granted by the Shareholders) which shall not exceed 10% (including 10%) above the total number of H Shares acquired by the trustee of the 2021 Scheme in accordance with the instructions of the Company for the purpose of satisfying the awards granted thereunder. On December 20, 2022, Board of Directors of the Company passed a resolution to grant 12,622,067 H Shares of the Company (equivalent to HKD1,040,689,424) to 3,696 eligible employees. These granted awarded H Shares have four vesting period, with 25%, 25%, 25% and 25% of the awards within the year immediately following the first, second, third and fourth anniversary date of the grant date upon meeting certain annual performance conditions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

31. SHARE-BASED COMPENSATION (Continued)

2022 WuXi AppTec H Share Award and Trust Scheme (Continued)

On June 20, 2023, Board of Directors of the Company passed a resolution to grant 122,878 H Shares of the Company to 26 eligible employees. These granted awarded H Shares have four vesting period, with 0%, 25%, 25% and 50% of the awards within the year immediately following the first, second, third and fourth anniversary date of the employed date upon meeting certain annual performance conditions.

The employees shall have no right to any dividend underlying the non-vested Awarded Shares or any of the returned shares or any dividend, right to any cash or non-cash income, distribution, sale proceeds of non-cash and non-scrip distributions underlying the returned shares, all of which shall be retained by the Trustee for the benefit of the 2022 H Share Award Scheme.

Details of specific categories of restricted shares are as follows:

Categories	Date of grant	Number of Awarded H shares
Dr. Ge Li	20/12/2022	399,683
Mr. Edward Hu	20/12/2022	189,849
Dr. Steve Qing Yang	20/12/2022	201,565
Dr. Minzhang Chen	20/12/2022	307,596
Dr. Shuhui Chen	20/12/2022	72,846
Mr. Zhaohui Zhang	20/12/2022	99,921
Ms. Ming Shi	20/12/2022	46,990
Ms. Hui Xu	20/12/2022	31,798
Ms. Wendy J. Hu	20/12/2022	6,245
Mr. Harry Liang He	20/12/2022	9,992
Ms. Minfang Zhu	20/12/2022	3,122
Mr. Hongping Wan	20/12/2022	3,312
Mr. Huitian Lv	20/12/2022	5,873
Employees	20/12/2022	11,243,275
Employees	20/06/2023	122,878

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

31. SHARE-BASED COMPENSATION (Continued)

2022 WuXi AppTec H Share Award and Trust Scheme (Continued)

Set out below are details of the movements of the outstanding units granted under the 2022 WuXi AppTec H Share Award and Trust Scheme throughout the reporting period:

	Outstanding at January 1, 2023	Granted during the period	Forfeited during the period	Exercised during the period	Outstanding at June 30, 2023
2022 WuXi AppTec H Share Award and Trust Scheme (Unaudited)	12,614,833	122,878	319,289	39,968	12,378,454
Total	12,614,833	122,878	319,289	39,968	12,378,454

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The fair value of awarded shares granted on December 20, 2022 was HKD79.30 per share (equivalent to approximately RMB66.36 per share). The fair value of awarded shares granted on June 20, 2023 was HKD67.45 per share (equivalent to approximately RMB61.79 per share).

For the six months ended June 30, 2023, the Group has recorded share-based expenses of RMB196,323,000 (six months ended June 30, 2022: Nil) in relation to 2022 WuXi AppTec H Share Award and Trust Scheme.

32. CAPITAL COMMITMENTS

The Group had capital commitments under non-cancellable contracts as follows:

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Commitments for the acquisition of property, plant and equipment	3,620,521	4,080,590
Commitments for the investments in associates and joint ventures	2,709	2,612
	3,623,230	4,083,202

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

33. CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at June 30, 2023 (December 31, 2022: Nil).

34. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(1) Names and relationships with related parties

Save as disclosed elsewhere in the condensed consolidated financial statement, the following companies are significant related parties of the Group that had transactions and/or balances with the Group during the periods presented in the condensed consolidated financial statements.

Companies	Relationship
Faxian Therapeutics, LLC.	Joint venture
Shanghai Waigaoqiao WuXi AppTec Incubator Management Co., Ltd.	Joint venture
WuXi MedImmune Biopharmaceutical Co. Ltd. (Note c)	A subsidiary of joint venture
SEA HC GP Pte. Ltd.	A subsidiary of joint venture
Jing Medicine Technology (Shanghai) Ltd.	Associate
PhageLux Inc. (Note b)	Associate
WuXi XDC Hong Kong Limited (Note a)	A subsidiary of associate
WuXi XDC (Changzhou) Co., Ltd. (Note a)	A subsidiary of associate
WuXi XDC (Shanghai) Co., Ltd. (Note a)	A subsidiary of associate
WuXi XDC Co., Ltd. (Note a)	A subsidiary of associate
Chengdu Kangde Renze Real Estate Co., Ltd.	Fellow subsidiary
WuXi Biologics Holdings Co., Ltd.	Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company
WuXi Biologics Biosafety Testing (Suzhou) Co., Ltd.	Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company

34. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**(1) Names and relationships with related parties** (Continued)

Companies	Relationship
WuXi Biologics (Zhejiang) Co., Ltd.	Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company
WuXi Biologics (Suzhou) Co., Ltd.	Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company
WuXi Biopharmaceuticals (Shanghai) Co., Ltd.	Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company
WuXi Biologics Co., Ltd.	Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company
WuXi Biologics (Shanghai) Co., Ltd.	Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company
WuXi Biologics (Hong Kong) Limited	Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company
Bestchrom (Shanghai) Biosciences Co. Ltd.	Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company
D3 Bio, Inc. ("D3")	Entity significantly influenced by a Controlling Shareholder

Note:

- a. Relationships with the related party has been changed from Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company to Associate in the current period. Comparative disclosures have been represented to conform with the current period's presentation.
- b. The Group lost its significant influence over PhageLux Inc. in the current period, thereafter the Group evaluated that it was no longer its associate.
- c. WuXi MedImmune Biopharmaceutical Co., Ltd was no longer a subsidiary of the Group's joint venture as it was closed in the current period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

34. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Related party transactions:

Save as disclosed elsewhere in the condensed consolidated financial statement, the Group entered into the following transactions with its related parties.

(a) Provision of R&D service

	<u>Six months ended June 30,</u>	
	<u>2023</u> <i>RMB'000</i> (Unaudited)	<u>2022</u> <i>RMB'000</i> (Unaudited)
A subsidiary of joint venture	—	10
An associate	3,257	5,167
Subsidiaries of associate	63,663	9,306
A fellow subsidiary	—	35
Entity significantly influenced by a Controlling Shareholder	4,472	17,519
Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company	3,532	28,569
	74,924	60,606

(b) Provision of administrative service

	<u>Six months ended June 30,</u>	
	<u>2023</u> <i>RMB'000</i> (Unaudited)	<u>2022</u> <i>RMB'000</i> (Unaudited)
A subsidiary of joint venture	—	928
A subsidiary of associate	600	396
Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company	865	824
	1,465	2,148

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

34. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Related party transactions: (Continued)

(c) Sales of raw materials

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
A subsidiary of associate	1,882	5,639

(d) Provision of premises leasing services

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
A subsidiary of associate	2,148	2,148
Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company	615	615
	2,763	2,763

(e) R&D service received

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
A fellow subsidiary	—	496
A subsidiary of associate	7,984	1,248
Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company	676	406
	8,660	2,150

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

34. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Related party transactions: (Continued)

(f) Sales of property and equipment

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
A fellow subsidiary	—	7

(g) Interest expenses on lease liabilities

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
A joint venture	<u>234</u>	<u>180</u>

(h) Depreciation charge on right-of-use assets

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
A joint venture	<u>2,279</u>	<u>1,423</u>

(i) Purchase of property and equipment

	<u>Six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Fellow subsidiaries	—	1,496

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

34. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Related party transactions: (Continued)

(j) Purchase of raw materials

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company	234	1,786

(k) Additions of right-of-use assets and additions of lease liabilities

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
A joint venture	4,189	—

(3) Related party balances:

AMOUNTS DUE FROM RELATED PARTIES

	At	At
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	55,771	112,025
Non-trade related Other receivables	3,987	10,930
Total amount due from related parties	59,758	122,955

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

34. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(3) Related party balances: (Continued)

AMOUNTS DUE FROM RELATED PARTIES (Continued)

The Group allows a credit period ranging from 60 to 90 days to its customers. The following is an aging analysis of trade related amounts due from related parties (net of allowance for doubtful debts) presented based on the invoice dates, at the end of the period or year presented in the condensed consolidated financial statements:

	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Within 90 days	55,771	112,025

In determining the recoverability of the trade related amounts due from related parties, the Group considers any change in the credit quality of the trade related amounts due from related parties from the date on which the credit was initially granted up to the reporting date. The credit quality of the trade related amounts due from related parties that are neither past due nor impaired had not changed during the period/year presented in the condensed consolidated financial statements.

Details of amounts due from related parties are set out in below:

Trade related	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Trade receivables		
Associates	140	1,061
Subsidiaries of associate	49,534	97,351
Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company	3,329	11,113
Entity significantly influenced by a Controlling Shareholder	2,768	2,500
	55,771	112,025

34. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**(3) Related party balances:** (Continued)**AMOUNTS DUE FROM RELATED PARTIES** (Continued)

Non-trade related	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Other receivables		
A fellow subsidiary	2	—
Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company	—	2,527
A subsidiary of associate	2,977	5,322
A subsidiary of joint venture	1,008	3,081
	3,987	10,930

Other receivables from related parties are all unsecured, repayable on demand and interest free.

The contract assets of the Group including amounts due from a joint venture is nil as at June 30, 2023 (December 31, 2022: RMB10,000). RMB1,183,000 is included in the contract assets of the Group (December 31, 2022: RMB2,657,000) due from entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company and RMB40,000 (December 31, 2022: Nil) due from a subsidiary of associate as at June 30, 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

34. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(3) Related party balances: (Continued)

AMOUNTS DUE TO RELATED PARTIES

Non-trade related	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Considerations received from key management personnel for subscribing restricted A shares of the Company under the WuXi AppTec A Share Incentive Scheme	—	4,423
Other payable		
A fellow subsidiary	—	15
Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company	297	—
	297	15
Trade related	At June 30, 2023 RMB'000 (Unaudited)	At December 31, 2022 RMB'000 (Audited)
Trade payables		
Subsidiaries of associate	17,918	9,711
Entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company	474	349
	18,392	10,060

Nil is included in the contract liabilities of the Group (December 31, 2022: RMB79,000) received from a joint venture, nil (December 31, 2022: RMB613,000) received from an entity significantly influenced by a Controlling Shareholder, RMB542,000 (December 31, 2022: RMB316,000) received from associates, RMB35,000 (December 31, 2022: Nil) received from a subsidiary of associate and RMB10,164,000 (December 31, 2022: RMB11,016,000) received from entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company in advance of delivery of services as at June 30, 2023.

34. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**(3) Related party balances:** (Continued)**AMOUNTS DUE TO RELATED PARTIES** (Continued)

Included in the right-of-use assets of the Group are amounts RMB9,691,000 from a joint venture of the Group as at June 30, 2023 (December 31, 2022: RMB7,780,000).

Included in the lease liabilities of the Group are amounts RMB12,335,000 due to a joint venture of the Group as at June 30, 2023 (December 31, 2022: RMB7,879,000).

The prepayment of the Group with entity or subsidiaries of the entity having director by ultimate Controlling Shareholder of the Company is RMB844,000 at June 30, 2023 (December 31, 2022: Nil).

(4) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group for the six months ended June 30, 2023 and 2022 are as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	26,787	26,459
Performance-based bonus	13,469	19,177
Share-based compensation	35,440	25,598
	75,696	71,234

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

Definitions

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

“2018 A Share Incentive Plan”	the Restricted A Shares and Stock Option Incentive Plan of 2018 adopted by the Company on August 22, 2018
“2018 Reserved Grant”	the grant of reserved interests subsequent to the initial grant under the 2018 A Share Incentive Plan
“2019 AGM”	the annual general meeting of the Company held on May 15, 2020
“2019 A Share Incentive Plan”	the Restricted A Shares and Stock Option Incentive Plan of 2019 adopted by the Company on September 20, 2019
“2019 Adjusted Initial Grant”	the adjusted initial grant of Restricted A Shares and Share Options pursuant to the 2019 A Share Incentive Plan
“2019 Capitalization of Reserve”	the issuance of 4 2019 Capitalization Shares for every 10 Shares by way of capitalization of reserve under the 2019 Profit Distribution Plan
“2019 Capitalization Share”	the new Shares to be allotted and issued under the 2019 Capitalization of Reserve
“2019 Initial Grant”	the initial grant of Restricted A Shares and Share Options upon adoption of the 2019 A Share Incentive Plan
“2019 Profit Distribution”	the proposed distribution of cash dividend of RMB3.37 for every 10 Shares (inclusive of tax) under the 2019 Profit Distribution Plan
“2019 Profit Distribution Plan”	the profit distribution plan of the Company for the year ended December 31, 2019 including the Capitalization of Reserve and Profit Distribution as defined in the circular of the Company dated March 31, 2020 therein
“2019 Reserved Grant”	the grant of reserved interests subsequent to the initial grant under the 2019 A Share Incentive Plan
“2019 Share Appreciation Scheme”	the share appreciation incentive scheme adopted by the Company on September 20, 2019
“2019 Special Grant”	the special grant of the 2019 A Share Incentive Plan
“2020 AGM”	the annual general meeting of the Company held on May 13, 2021
“2020 Award”	an award granted by the Board to a 2020 Selected Participant, which may vest in the form of 2020 Award Shares or the actual selling price of the 2020 Award Shares in cash, as the Board may determine in accordance with the terms of the 2020 Scheme Rules

“2020 Award Shares”	the H Shares granted to a 2020 Selected Participant in a 2020 Award
“2020 Capitalization of Reserve”	the issuance of 2 2020 Capitalization Shares for every 10 Shares by way of capitalization of reserve under the 2020 Profit Distribution Plan
“2020 Capitalization Shares”	the new Shares to be allotted and issued under the 2020 Capitalization of Reserve
“2020 Connected Selected Participants”	2020 Selected Participants who are connected persons of the Group
“2020 Delegatee”	the management committee or person(s) or board committee(s) to which the Board will delegate its authority in connection with matters pertaining to the 2020 Scheme
“2020 Eligible Employee(s)”	eligible employees of the 2020 Scheme pursuant to the respective Scheme Rules
“2020 H Share Award and Trust Scheme” or “2020 Scheme”	the H Share award and trust scheme adopted by the Company in accordance with the 2020 Scheme Rules on August 31, 2020
“2020 Independent Selected Participant(s)”	2020 Selected Participants who are not connected persons of the Group
“2020 Profit Distribution”	the proposed distribution of cash dividend of RMB3.63 for every 10 Shares (inclusive of tax) under the 2020 Profit Distribution Plan
“2020 Profit Distribution Plan”	the profit distribution plan of the Company for the year ended December 31, 2020, which includes the 2020 Capitalization of Reserve and the 2020 Profit Distribution as defined in the circular of the Company dated April 9, 2021
“2020 Scheme Limit”	the maximum size of the 2020 H Share Award and Trust Scheme
“2020 Scheme Rules”	the rules of the 2020 Scheme (as amended from time to time)
“2020 Selected Participants”	any 2020 Eligible Employee who is approved for participation in the 2020 Scheme and has been granted any 2020 Award in accordance with the 2020 Scheme rules
“2020 Trustee”	the trustee appointed by the Company for the purpose of the trust to service the 2020 Scheme, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong

Definitions

“2021 Actual Selling Price”	the actual price at which the 2021 Award Shares are sold (net of brokerage, stamp duty, any taxes, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of a 2021 Award pursuant to the 2021 Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company pursuant to the 2021 Scheme Rules, the consideration receivable under the related scheme or offer
“2021 AGM”	the annual general meeting of the Company held on May 6, 2022
“2021 Award”	an award granted by the Board to a 2021 Selected Participant, which may vest in the form of 2021 Award Shares or the 2021 Actual Selling Price of the 2021 Award Shares in cash, as the Board may determine in accordance with the terms of the 2021 Scheme Rules
“2021 Award Period”	the period commencing on the date on which the Shareholders approved the 2021 Scheme, and ending on the Business Day immediately prior to the 10th anniversary of the date on which the Shareholders approved the 2021 Scheme
“2021 Award Shares”	the H Shares granted to a 2021 Selected Participant in a 2021 Award
“2021 Connected Selected Participants”	2021 Selected Participants under the 2021 Scheme who are connected persons of the Group
“2021 Delegatee(s)”	the Management Committee or person(s) or board committee(s) to which the Board will delegate its authority in connection with matters pertaining to the 2021 Scheme
“2021 Eligible Employee(s)”	eligible employees of the 2021 Scheme pursuant to the 2021 Scheme Rules
“2021 Grant”	the grant of 2021 Award Shares pursuant to the 2021 H Share Award and Trust Scheme
“2021 H Share Award and Trust Scheme” or “2021 Scheme”	the 2021 H Share award and trust scheme adopted by the Company in accordance with the 2021 Scheme Rules
“2021 Independent Selected Participants”	2021 Selected Participants who are not connected persons of the Group
“2021 Scheme Limit”	means the maximum size of the 2021 Scheme, being the maximum number of H Shares that will be acquired by the 2021 Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than HK\$2 billion
“2021 Scheme Rules”	the rules governing the operation of the 2021 Scheme as well as the implementation procedures (as amended from time to time)

“2021 Selected Participant(s)”	any 2021 Eligible Employee who is approved for participation in the 2021 Scheme and has been granted any 2021 Award in accordance with the 2021 Scheme Rules
“2021 Shareholder Alignment Incentive H Share Scheme”	the 2021 shareholder alignment incentive H Share scheme adopted by the Company in accordance with the 2021 Shareholder Alignment Incentive H Share Scheme Rules on August 30, 2021
“2021 Shareholder Alignment Incentive H Share Scheme Rules”	the rules governing the operation of the 2021 Shareholder Alignment Incentive H Share Scheme as well as the implementation procedures (as amended from time to time)
“2021 Trustee”	the trustee appointed by the Company for the purpose of the trust to service the 2021 Scheme, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“2022 Actual Selling Price”	the actual price at which the 2022 Award Shares are sold (net of brokerage, stamp duty, any taxes, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of a 2022 Award pursuant to the 2022 Scheme or in the case of a vesting when there is an event of change in control or privatization of the Company pursuant to the 2022 Scheme Rules, the consideration receivable under the related scheme or offer
“2022 AGM”	the annual general meeting of the Company held on May 31, 2023
“2022 Award”	an award granted by the Board to a 2022 Selected Participant, which may vest in the form of 2022 Award Shares or the 2022 Actual Selling Price of the 2022 Award Shares in cash, as the Board may determine in accordance with the terms of the 2022 Scheme Rules
“2022 Award Period”	the period commencing on the date on which the Shareholders approved the 2022 Scheme, and ending on the Business Day immediately prior to the 10th anniversary of the date on which the Shareholders approved the 2022 Scheme
“2022 Award Shares”	the H Shares granted to a 2022 Selected Participant in a 2022 Award
“2022 Connected Selected Participants”	2022 Selected Participants under the 2022 Scheme who are connected persons of the Group
“2022 Delegatee(s)”	the Executive Committee or person(s) or board committee(s) to which the Board will delegate its authority in connection with matters pertaining to the 2022 Scheme
“2022 Eligible Employee(s)”	eligible employees of the 2022 Scheme pursuant to the 2022 Scheme Rules

Definitions

“2022 H Share Award and Trust Scheme” or “2022 Scheme”	the 2022 H Share award and trust scheme proposed to be adopted by the Company in accordance with the 2022 Scheme Rules
“2022 Independent Selected Participants”	2022 Selected Participants who are not connected persons of the Group
“2022 Profit Distribution”	the proposed distribution of cash dividend of RMB8.9266 for every 10 Shares (inclusive of tax) under the 2022 Profit Distribution Plan
“2022 Profit Distribution Plan”	the profit distribution plan of the Company for the year ended December 31, 2022 which includes the 2022 Profit Distribution
“2022 Scheme Limit”	means the maximum size of the 2022 Scheme, being the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than HK\$2 billion, and in any event the maximum number of H Shares to be so acquired by the Trustee shall be determined by the Board and/or the 2022 Delegatee which shall not exceed 10% (including 10%) above the total number of H Shares acquired by the trustee of the 2021 Scheme in accordance with the instructions of the Company for the purpose of satisfying the 2021 Awards
“2022 Scheme Rules”	the rules governing the operation of the 2022 Scheme as well as the implementation procedures (as amended from time to time)
“2022 Selected Participant(s)”	any eligible employee of the 2022 Scheme pursuant to the 2022 Scheme Rules who is approved for participation in the 2022 Scheme and has been granted any 2022 Award in accordance with the 2022 Scheme Rules
“2022 Trustee”	the trustee appointed by the Company for the purpose of the trust to service the 2022 Scheme, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“2023 Actual Selling Price”	the actual price at which the 2023 Award Shares are sold (net of brokerage, stamp duty, any taxes, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of a 2023 Award pursuant to the 2023 Scheme or in the case of a vesting when there is an event of change in control or privatization of the Company pursuant to the 2023 Scheme Rules, the consideration receivable under the related scheme or offer
“2023 Award”	an award granted by the Board to a 2023 Selected Participant, which may vest in the form of 2023 Award Shares or the 2023 Actual Selling Price of the 2023 Award Shares in cash, as the Board may determine in accordance with the terms of the 2023 Scheme Rules

“2023 Award Period”	the period commencing on the date on which the Shareholders approved the 2023 Scheme, and ending on the Business Day immediately prior to the 10th anniversary of the date on which the Shareholders approved the 2023 Scheme
“2023 Award Shares”	the H Shares granted to a 2023 Selected Participant in a 2023 Award
“2023 Connected Selected Participants”	2023 Selected Participants under the 2023 Scheme who are connected persons of the Group
“2023 Delegatee(s)”	the Executive Committee or person(s) or board committee(s) to which the Board will delegate its authority in connection with matters pertaining to the 2023 Scheme
“2023 Eligible Employee(s)”	eligible employees of the 2022 Scheme pursuant to the 2023 Scheme Rules
“2023 H Share Award and Trust Scheme” or “2023 Scheme”	the 2023 H Share award and trust scheme proposed to be adopted by the Company in accordance with the 2023 Scheme Rules
“2023 Scheme Limit”	means the maximum size of the 2023 Scheme, being the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than HK\$2 billion, and in any event the maximum number of H Shares to be so acquired by the Trustee shall be determined by the Board and/or the 2023 Delegatee which shall not exceed 15% (including 15%) above the total number of H Shares acquired by the trustee of the 2023 Scheme in accordance with the instructions of the Company for the purpose of satisfying the 2023 Awards
“2023 Scheme Rules”	the rules governing the operation of the 2023 Scheme as well as the implementation procedures (as amended from time to time)
“2023 Selected Participant(s)”	any eligible employee of the 2023 Scheme pursuant to the 2023 Scheme Rules who is approved for participation in the 2022 Scheme and has been granted any 2023 Award in accordance with the 2023 Scheme Rules
“2023 Trustee”	the trustee appointed by the Company for the purpose of the trust to service the 2023 Scheme, and Maples Trustee Services (Cayman) Limited, a company incorporated in the Cayman Islands and having its registered office at Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands
“A Share(s)”	domestic shares of our Company, with a nominal value of RMB1.00 each, which are listed for trading on the Shanghai Stock Exchange and traded in RMB

Definitions

“A Share Listing”	issuance of 104,198,556 A Shares by the Company to the public on April 13, 2018, which were listed on Shanghai Stock Exchange on May 8, 2018
“A Share Prospectus”	the prospectus issued by the Company under the A Share Listing
“Actual Selling Price”	the actual price at which the Award Shares are sold (net of brokerage, Stock Exchange trading fee, Securities and Futures Commission transaction levy and any other applicable costs) on vesting of an Award pursuant to the Scheme or in the case of a vesting when there is an event of change in control or privatization of the Company pursuant to the Scheme Rules, the consideration receivable under the related scheme or offer
“AGM”	annual general meeting of the Company
“Articles” or “Articles of Association”	The articles of association of the Company as amended from time to time
“Audit Committee”	the audit committee of the Board
“Award”	an award granted by the Board to a Selected Participant, which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the terms of the Scheme Rules
“Award Shares”	the H Shares granted to a Selected Participant in an Award
“Bonds”	USD300 million zero coupon convertible bonds due 2024 of the Company which were previously listed on the Stock Exchange (former Bond name: WXAT B2409; former Bond Stock Code: 6015) up to the closure of business on April 17, 2023
“Board of Directors” or “Board”	our board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“CAGR”	compound annual growth rate
“CDMO”	Contract Development and Manufacturing Organization, a CMO that in addition to comprehensive drug manufacturing services, also provide process development and other drug development services in connection with its manufacturing services
“CG Code”	the “Corporate Governance Code” as contained in Appendix 14 to the Listing Rules
“cGMP”	Current Good Manufacturing Practice regulations, 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

“Changzhou STA”	Changzhou STA Pharmaceutical Co., Ltd.* (常州合全藥業有限公司)
“Changzhou STA Centre Project”	New drug manufacturing and research and development centre project of Changzhou STA
“Changzhou STA Integrated Project”	New drug manufacturing and research and development integrated project of Changzhou SynTheAll Pharmaceutical Co., Ltd.
“China” or “PRC”	the People’s Republic of China, which for the purpose of this interim report and for geographical reference only, excludes Hong Kong Macau and Taiwan
“CMC”	Chemical Manufacturing and Control
“CMO”	Contract Manufacturing Organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive drug manufacturing services
“Company”, “our Company”, “WuXi AppTec”, “We”, “our”, “us”	WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the predecessor of which, WuXi AppTec Ltd. (無錫藥明康德新藥開發有限公司) (formerly known as WuXi PharmaTech Co., Ltd. (無錫藥明康德組合化學有限公司)) was established under the laws of the PRC as an enterprise legal person in December 2000, the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 603259) and the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 02359) and if the context requires, includes its predecessor
“Connected Selected Participant(s)”	Selected Participants who are connected persons of the Group
“Conversion Price”	the price per H Share(s) to be issued upon conversion of the Convertible Bonds pursuant to the relevant agreements (subject to adjustments) at which the Convertible Bonds may be converted into H Shares
“Convertible Bonds”	US\$300 million zero coupon convertible bonds due 2024 convertible at the option of the holder thereof into fully paid ordinary H Shares of the Company of par value RMB1.00 each at the initial Conversion Price of HK\$111.80 per H Share, adjusted to the Conversion Price of HK\$79.85 per H Share, and further adjusted to the Conversion Price of HK\$66.17 per H Share
“COVID-19”	novel coronavirus pneumonia
“CRDMO”	Contract Research Development and Manufacturing Organization
“CRO”	Contract Research Organization
“CTDMO”	Contract Testing Development and Manufacturing Organization

Definitions

“D&M”	development and manufacturing
“DEL”	DNA-encoded library
“Delegatee”	the management committee or person(s) or board committee(s) to which the Board will delegate its authority in connection with matters pertaining to the 2020 Scheme
“Director(s)”	the director(s) of the Company or any one of them
“DMPK”	Drug Metabolism and Pharmacokinetics, refers to studies designed to determine the absorption and distribution of an administered drug, the rate at which a drug takes effect, the duration a drug maintains its effects and what happens to the drug after being metabolized by the body
“EBITDA”	Earnings before Interest, Taxes, Depreciation and Amortization
“Executive Committee”	the executive committee of the Company, to whom the Board has delegated its authority to administer the 2022 Scheme and the 2023 Scheme
“FDA”	Food and Drug Administration in the U.S.
“FVTPL”	Fair Value Through Profit or Loss
“Group”, “our Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
“H Share Listing”	the listing of the H Shares on the Main Board of the Stock Exchange on December 13, 2018
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“incentive participants”	the persons to be granted Restricted A Shares, Share Options or share appreciation rights under the 2019 Share Incentive Plan, including the Company’s Directors, senior management, mid-level management, backbone members of technicians, basic-level management and other technicians, and incentive participants under the 2019 A Share Incentive Plan
“IND”	Investigational New Drug
“Listing” or “IPO”	initial public offering

“Independent Selected Participant(s)”	Selected Participants who are not the Connected Selected Participants
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended from time to time)
“Management Committee”	the management committee of the 2021 Scheme to whom the Board has delegated its authority to administer the 2021 Scheme
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules
“NASDAQ”	National Association of Securities Dealers Automated Quotations
“NDA”	New Drug Application
“NMPA”	National Medical Products Administration
“Nomination Committee”	the nomination committee of the Board
“Non-public Issuance of A Shares”	the non-public issuance of 62,690,290 A Shares by the Company to specific subscribers
“Prospectus”	the prospectus issued by the Company dated December 3, 2018
“PROTAC”	the proteolysis targeting chimera
“R&D”	research and development
“Remuneration and Appraisal Committee”	The remuneration and appraisal committee of the Board
“Reporting Period”	the six months ended June 30, 2023
“Restricted A Shares”	the restricted A Shares granted by the Company under the 2018 A Share Incentive Plan and/or the 2019 Share Incentive Plan
“RMB”	Renminbi, the lawful currency of the PRC
“SAI Award”	an award granted by the Board to a SAI Selected Participant under any of the SAI Award Pools which may vest in the form of SAI Award Shares or the 2021 Actual Selling Price of the SAI Award Shares in cash, as the Board may determine in accordance with the terms of the 2021 Shareholder Alignment Incentive H Share Scheme Rules
“SAI Award Letter”	a letter issued by the Company to each SAI Selected Participant in such form as the Board or the SAI Delegatee may from time to time determine

Definitions

“SAI Award Period”	the period commencing on the date on which the Shareholders approved the 2021 Shareholder Alignment Incentive H Share Scheme, and ending on the Business Day immediately prior to the 10th anniversary of the date on which the Shareholders approved the 2021 Shareholder Alignment Incentive H Share Award Scheme
“SAI Award Pools”	the four (4) award pools under the 2021 Shareholder Alignment Incentive H Share Scheme with monetary values of HK\$1 billion, HK\$1.5 billion, HK\$2 billion and HK\$3 billion, respectively, which may be released upon the fulfilment of relevant release conditions for the grant of SAI Awards to the SAI Selected Participants under these award pools
“SAI Award Shares”	the H Shares granted to a SAI Selected Participant in a SAI Award granted under any of the SAI Award Pools
“SAI Connected Selected Participants”	SAI Selected Participants who are connected persons of the Group
“SAI Delegatee”	the SAI Management Committee or person(s) or board committee(s) to which the Board will delegate its authority in connection with matters pertaining to the 2021 Shareholder Alignment Incentive H Share Scheme
“SAI Eligible Employees”	eligible employees of the 2021 Shareholder Alignment Incentive H Share Scheme pursuant to the rules of the 2021 Shareholder Alignment Incentive H Share Scheme
“SAI Management Committee”	the management committee of the 2021 Shareholder Alignment Incentive H Share Scheme
“SAI Selected Participant(s)”	any eligible employee who is approved for participation in the 2021 Shareholder Alignment Incentive H Share Scheme and has been granted any SAI Award under any of the SAI Award Pools in accordance with the 2021 Shareholder Alignment Incentive H Share Scheme Rules
“SAI Vesting Period(s)”	the vesting period(s) of the SAI Awards granted under the 2021 Shareholder Alignment incentive H Share Scheme
“Scheme Limit”	the maximum size of the H Share Award and Trust Scheme
“Scheme Rules”	the rules governing the operation of the 2020 Scheme as well as the implementation procedures (as amended from time to time)
“Selected Participant(s)”	any Eligible Employee who is approved for participation in the 2020 Scheme, 2021 Scheme and 2022 Scheme and has been granted any Award in accordance with the Scheme Rules
“SFO”	Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)

“Shanghai STA Project”	Global research and development centre and ancillary facilities project of Shanghai STA Pharmaceutical Co., Ltd.
“Shanghai STA R&D Project”	Small molecule new drug manufacturing skill platform technical capability upgrade project of Shanghai STA Pharmaceutical R&D Co., Ltd.
“Shanghai Stock Exchange”	The Shanghai Stock Exchange (上海證券交易所)
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Share Options”	share options granted under the 2018 A Share Incentive Plan and/or the 2019 A Share Incentive Plan
“Shareholder(s)”	holder(s) of Shares
“SMO”	Site Management Organization
“STA”	Shanghai SynTheAll Pharmaceutical Co., Ltd* (上海合全藥業股份有限公司)
“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 under the laws of Hong Kong
“STA Shares”	Shares of STA
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board
“Supervisor(s)”	member(s) of our Supervisory Committee
“Supervisory Committee”	the supervisory committee of our Company
“Trustee”	the trustee appointed by the Company for the purpose of the trusts under each of the 2020 Scheme, the 2021 Scheme and the 2022 Scheme, and initially, Computershare Hong Kong Trustees Limited, a company incorporated in Hong Kong and having its registered office at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“U.S.”	the United States of America, its territories, its possession and all areas subject to its jurisdiction
“USD”	United States dollars, the lawful currency of the United States

Definitions

“WuXi AppTec (Shanghai) Project”	Research and development platform technical capability upgrade project of WuXi AppTec (Shanghai) Co., Ltd.
“WuXi ATU”	CTDMO business of the Company
“WuXi Biology”	biology business of the Company
“WuXi Chemistry”	chemistry business of the Company
“WuXi DDSU”	domestic new drug discovery service unit of the Company
“Wuxi STA”	Wuxi STA Pharmaceutical Co., Ltd. (無錫合全藥業有限公司)
“WuXi STA Project”	Phase I new drug development services and drug manufacturing project of WuXi STA Pharmaceutical Co., Ltd.
“WuXi Testing”	testing business of the Company
“YoY”	year-over-year
“%”	percentage