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**WUXI APPTEC CO., LTD.\***  
**無錫藥明康德新藥開發股份有限公司**

(A joint stock company incorporated in the People's Republic of China with limited liability)  
 (Stock Code: 2359)

**ANNOUNCEMENT OF THE ANNUAL RESULTS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<i>RMB million (except for percentages)</i>	<i>RMB million (except for percentages)</i>	
Revenue	<b>40,340.8</b>	39,354.8	2.5%
Gross Profit	<b>16,372.5</b>	14,506.5	12.9%
<i>Gross Profit Margin</i>	<b>40.6%</b>	36.9%	
Net Profit Attributable to the Owners of the Company	<b>10,690.2</b>	8,813.7	21.3%
<i>Margin of Net Profit Attributable to the Owners of the Company</i>	<b>26.5%</b>	22.4%	
Adjusted Non-IFRS Net Profit Attributable to the Owners of the Company	<b>10,854.6</b>	9,399.3	15.5%
<i>Margin of Adjusted Non-IFRS Net Profit Attributable to the Owners of the Company</i>	<b>26.9%</b>	23.9%	
	<b>RMB</b>	<b>RMB</b>	
Earnings per Share			
— Basic	<b>3.64</b>	3.01	20.9%
— Diluted	<b>3.61</b>	2.82	28.0%
Adjusted Non-IFRS Earnings per Share			
— Basic	<b>3.70</b>	3.21	15.3%
— Diluted	<b>3.68</b>	3.18	15.7%

## **FINAL DIVIDEND**

The Board proposes a profit distribution plan for the year ended December 31, 2023 as follows: a cash dividend of RMB9.8336 (inclusive of tax) for every 10 shares (representing an aggregate amount of RMB2,882,031,329.68 (inclusive of tax) based on the remaining number of shares after deducting the number of repurchased shares in the Company's repurchase designated account as of March 15, 2024 from the total issued share capital of the Company as of the date of this announcement) to be paid to all shareholders. As of March 15, 2024, the Company is implementing the Plan of Repurchase of A Shares through Bidding. If there are changes to the total issued share capital of the Company which is entitled to the profit distribution during the period from March 15, 2024 to the record date for the implementation of the profit distribution, the distribution will be conducted on the basis that the total amount of the profit distribution remaining unchanged and the per share distribution amount being adjusted accordingly. Further announcement(s) will be made in relation to such adjustment. The 2023 Profit Distribution Plan is subject to, amongst others, approval by Shareholders at the forthcoming AGM.

In this announcement, “we”, “us”, “our” and “WuXi AppTec” refer to the Company and where the context otherwise requires, the Group (as defined below).

## **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 RMB40,340.8 million, representing a YoY growth of 2.5%. During the Reporting Period, we realized net profit attributable to the owners of the Company of RMB10,690.2 million, representing a YoY growth of 21.3%.

As a global company with operations across Asia, Europe, and North America, we provide a broad portfolio of R&D and manufacturing services that enable the pharmaceutical and life sciences industry around the world to advance discoveries and deliver groundbreaking treatments to patients. Through its unique business models, our integrated, end-to-end services include chemistry drug CRDMO, biology discovery, preclinical testing and clinical research services, and advanced therapies CTDMO, helping customers improve the productivity of advancing healthcare products through cost-effective and efficient solutions.

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 2023, we added over 1,200 new customers, and in total we served more than 6,000 active customers over the past 12 months. Demand from customers across regions globally continued to grow. As of December 31, 2023, backlog grew 18% YoY excluding COVID-19 commercial projects. During the Reporting Period, revenue from US-based customers was RMB26.13 billion, excluding COVID-19 commercial projects, revenue grew 42% YoY; revenue from Europe-based customers grew 12% to RMB4.70 billion; revenue from China-based customers grew 1% to RMB7.37 billion; and revenue from other regions grew 8% to RMB2.14 billion. We have built a large and growing customer base with very strong customer stickiness. During the Reporting Period, 98% of total revenue was generated from existing customers, reaching RMB39.63 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 RMB0.71 billion. We continued to execute our “long-tail” strategy and increase our support to large pharmaceutical companies. During the Reporting Period, revenue from the top 20 global pharmaceutical companies was RMB16.11 billion, which grew by 44% YoY excluding COVID-19 commercial projects. Revenue generated from all other customers maintained growth momentum and grew by 18% YoY to RMB24.23 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 RMB37.47 billion in revenue, growing by 27% YoY excluding COVID-19 commercial projects, accounting for an increased proportion of the Company’s revenue at 93%.

### ***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	Year ended December 31,		Revenue Change
	2023 Revenue <i>RMB million</i>	2022 Revenue <i>RMB million</i>	
WuXi Chemistry	29,171.5	28,849.7	1.1%
WuXi Testing	6,539.7	5,718.7	14.4%
WuXi Biology	2,552.6	2,475.1	3.1%
WuXi ATU	1,309.6	1,308.0	0.1%
WuXi DDSU	726.5	969.6	(25.1)%
Others	41.0	33.6	22.1%
Total	<u>40,340.8</u>	<u>39,354.8</u>	<u>2.5%</u>

*Note:* The sum of the data may be inconsistent with the total due to rounding.

During the Reporting Period, the Company realized revenue of RMB40,340.8 million, representing an increase of 2.5% as compared with 2022. The increase was mainly due to the following factors:

(1) *WuXi Chemistry*

Revenue from WuXi Chemistry grew 1.1% YoY to RMB29.17 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 6% YoY, generating opportunities for downstream business units. 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 12% YoY. Development and manufacturing (D&M) services delivered strong growth. In 2023, D&M services revenue declined 0.1% YoY to RMB21.62 billion. Excluding COVID-19 commercial projects, D&M services revenue grew strongly by 55.1%. In 2023, we added 1,255 new molecules to our D&M pipeline. By the end of 2023, our D&M pipeline has reached 3,201 molecules, including 61 commercial projects, 66 in Phase III, 326 in Phase II and 2,748 in Phase I and preclinical stages, among which 20 commercial and phase III projects were added. We partially

commenced operation at the new Taixing API manufacturing site in January 2024 preparing for future business growth. Specifically, TIDES business (mainly oligo and peptides) continued to expand. TIDES revenue grew strongly by 64.4% YoY to RMB3.41 billion during the Reporting Period. By the end of 2023, backlog of TIDES grew significantly by 226% YoY. In 2023, the number of TIDES D&M customers increased 36% YoY to 140, and the number of TIDES molecules increased 41% YoY to 267. We completed capacity expansion in Changzhou and Taixing. The expanded workshops commenced operations in January 2024, with the total reactor volume of solid phase peptide synthesizers increasing to 32,000L.

(2) *WuXi Testing*

Revenue from WuXi Testing grew 14.4% YoY to RMB6.54 billion. Revenue from lab testing services grew 15.3% YoY to RMB4.78 billion. Among which, revenue from drug safety evaluation services grew 27.3% YoY. We maintained our industry leadership position in Asia-Pacific region. The 55,000m<sup>2</sup> new facilities in Qidong and Suzhou ramped up smoothly. In 2023, additional 20,000m<sup>2</sup> facilities were GLP-qualified. Moreover, new modality business continue to develop, while new vaccine capabilities continued to improve, and market share of nucleic acids, conjugates, and mRNA further expanded. Revenue from clinical CRO & SMO grew 11.8% YoY to RMB1.76 billion. SMO revenue grew 26.1% YoY, maintaining an industry leading position in China. In 2023, SMO supported 54 new drug approvals for customers. SMO business sustained rapid growth, and gained market share in multiple therapeutic areas (lung cancer, breast cancer, dermatology, cardiovascular disease, ophthalmology, rheumatology, nervous system, endocrinology, medical aesthetics and vaccines etc.). In 2023, clinical CRO enabled our customers to obtain 21 IND approvals and submit 5 NDA filings.

(3) *WuXi Biology*

Revenue from WuXi Biology grew 3.1% YoY to RMB2.55 billion. The Company has one of the largest discovery biology enabling platforms, with approximately 3,000 experienced scientists (across 9 sites in 3 countries), covering all stages of drug discovery and all major therapeutic areas. The Company focused on improving capabilities related to new modalities. Number of customers and projects served by our nucleic acid platform continued to increase. Cumulatively, we have provided services to over 200 customers, and have successfully delivered over 900 projects since 2021. In 2023, WuXi Biology revenue from new modalities grew 26% YoY, contributing 27.5% 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 customers. Meanwhile, the Company established the automated high-throughput protein production platform, and launched DELvision, which is a new service that empowers customers to effectively decipher the mechanism of protein-small molecule interactions. In addition, the Company completed the Suzhou Guoxiang research platform in 23Q4, strengthening the new capabilities of in vitro biology and in vivo pharmacology. In 2023, it continued to generate downstream opportunities and contributed more than 20% of the Company's new customers.

(4) *WuXi ATU*

Revenue from WuXi ATU grew 0.1% YoY to RMB1.31 billion. The Company focused on improving our CTDMO integrated enabling platform and strengthening capabilities and capacities. By the end of 2023, we provided development, testing and manufacturing services to 64 projects, including 1 commercial project, 5 Phase III projects (1 project in BLA review stage, and 2 projects in BLA preparation stage), 9 Phase II projects and 49 preclinical and Phase I projects. In February 2024, the second commercial project obtained approval. In 2023, we supported a customer to file BLA for Plasmid and Lenti-viral Vector (LVV) used in a CAR-T product and passed China's Center for Food and Drug Inspection (CFDI) LVV on-site inspection. Our customer's product obtained approval in November 2023. In addition, we supported a customer to complete the BLA filing for the world's first innovative Tumor Infiltrating Lymphocyte (TIL)-based therapy, and our facilities in Philadelphia (U.S.) successfully passed the FDA pre-license inspection (PLI). Our customer's product obtained approval in February 2024. In June 2023, we signed an LVV manufacturing contract used in a commercial CAR-T product. With the process performance qualification now in progress, it is expected to start manufacturing in the first half of 2024. Moreover, we are preparing for the BLA filing for the manufacture of a blockbuster commercial CAR-T product, the process performance qualification of which is expected to be completed in the first half of 2024, and we expected to file pre-approval submission (PAS) to FDA in the second half of 2024.

(5) *WuXi DDSU*

Revenue from WuXi DDSU declined 25.1% YoY to RMB0.73 billion due to business transition. In 2023, 3 new drugs developed for our customers have obtained NMPA approvals, including 2 for COVID-19 infection treatment and 1 for tumor treatment. We continued to receive the royalty income from costumers for the approved new drugs. Moreover, 2 new drug candidates are in the NDA review stage. In November 2023, for the first time, we supported a customer to reach a licensing agreement with one of the top 10 global pharmaceutical



companies in the field of oncology. In 2023, we supported customers to file INDs for 18 drug candidates and obtain 25 Clinical Trial Approvals (CTAs). Cumulatively, we have submitted 190 new chemical entity IND filings and obtained 169 CTAs for customers, among which 3 projects have obtained NDA approvals, 2 projects are in the NDA review stage, 4 projects are in Phase III, 32 projects are in Phase II, and 73 projects are in Phase I, covering multiple therapeutic areas. Currently, we are supporting 17 new modality projects for customers covering Peptide/Peptide-Drug-Conjugation (PDC), protein degraders and oligo. Multiple projects have completed preclinical development and filed INDs, among which 5 projects have entered clinical stage.

Despite uncertainties in the external environment, revenue is expected to reach RMB38.3–40.5 billion in 2024, and maintain positive growth of 2.7–8.6% excluding COVID-19 commercial projects.

The abovementioned operating performance forecast for the full year of 2024 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 2024 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***

	Year ended December 31,				
	2023		2022		
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit Change
	<i>RMB million</i>		<i>RMB million</i>		
WuXi Chemistry	12,794.8	43.9%	11,404.3	39.5%	12.2%
WuXi Testing	2,429.5	37.2%	1,984.0	34.7%	22.5%
WuXi Biology	1,026.5	40.2%	955.9	38.6%	7.4%
WuXi ATU	(157.6)	(12.0)%	(106.1)	(8.1)%	N/A
WuXi DDSU	258.2	35.5%	252.7	26.1%	2.2%
Gross profit of core business	16,351.5	40.6%	14,490.8	36.9%	12.8%
Gross profit of other business	21.0	51.1%	15.7	46.7%	33.6%
Comprehensive gross profit	16,372.5	40.6%	14,506.5	36.9%	12.9%

*Note:* The sum of the data may be inconsistent with the total due to rounding.

During the Reporting Period, the Company realized RMB16,372.5 million in gross profit, representing a YoY growth of 12.9%. Gross profit margin of core business was 40.6%, representing an increase of 3.7 percentage points as compared with the same period of 2022, mainly due to comprehensive impact of efficiency improvement, favorable project mix and foreign exchange impact.

(1) *WuXi Chemistry*

During the Reporting Period, the gross profit was RMB12,794.8 million and the gross profit margin increased by 4.3 percentage points as compared with the same period of 2022, mainly due to foreign exchange impact, while efficiency continued to improve.

(2) *WuXi Testing*

During the Reporting Period, the gross profit was RMB2,429.5 million and the gross profit margin increased by 2.5 percentage points as compared with the same period of 2022, mainly due to foreign exchange impact, while efficiency continued to improve.

(3) *WuXi Biology*

During the Reporting Period, the gross profit was RMB1,026.5 million and the gross profit margin increased by 1.6 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 RMB157.6 million and the gross profit margin decreased by 3.9 percentage points as compared with the same period of 2022, mainly due to the revenue decline from high-margin projects and under-utilization of capacity.

(5) *WuXi DDSU*

During the Reporting Period, the gross profit was RMB258.2 million and the gross profit margin increased by 9.5 percentage points as compared with the same period of 2022, mainly due to favorable project mix.

***Other Income***

Other income increased from RMB644.3 million for the year 2022 to RMB962.5 million for the year 2023, representing a YoY growth of 49.4%. The increase in other income was primarily due to: (1) increase in interest income of RMB253.6 million; and (2) increase in dividend income arising from financial assets at FVTPL of RMB34.9 million.



### ***Other Gains and Losses***

Other gains and losses increased from gains of RMB1,211.7 million for the year 2022 to gains of RMB1,350.3 million for the year 2023. The increase in other gains and losses was due primarily to: (1) gain of RMB1,097.6 million with deemed disposal from IPO completion of an associate, WuXi XDC Cayman Inc.; (2) turn-around from gain to loss in derivate financial instruments of RMB549.7 million mainly due to completion of early redemption of Convertible Bonds; (3) decrease in fair value gain of biological assets of RMB275.8 million; and (4) decrease in net foreign exchange gain of RMB155.1 million.

### ***Impairment Losses under Expected Credit Losses (“ECL”) Model, net of Reversal***

Impairment losses under ECL model, net of reversal increased from RMB117.3 million for the year 2022 to RMB240.9 million for the year 2023, representing a YoY growth of 105.4%. The increase was primarily due to the increasing trade receivables driven by revenue growth as business expands during the Reporting Period, as well as change in parameters such as composite discount rate, leading to the increase in provision calculated by the ECL model.

### ***Cash Flows***

	<b>2023</b>	2022
	<b><i>RMB million</i></b>	<i>RMB million</i>
Net cash generated from operating activities	<b>12,641.2</b>	10,229.7
Net cash used in investing activities	<b>(6,817.0)</b>	(9,311.2)
Net cash used in financing activities	<b>(3,939.2)</b>	(1,270.6)
Free cash flow	<b>7,124.7</b>	264.0

For the year 2023, net cash generated from operating activities of the Company amounted to RMB12,641.2 million, representing a growth of 23.6% as compared with the year 2022. The increase was primarily due to foreign exchange impact, steady collection of receivables and continuous improvement on working capital management.

For the year 2023, net cash used in investing activities of the Company amounted to RMB6,817.0 million, representing a decrease of 26.8% as compared with the year 2022. The decrease was primarily due to the decrease in capital expenditures caused by timing difference in settlements of construction projects.

For the year 2023, net cash used in financing activities of the Company amounted to RMB3,939.2 million, representing a growth of 210.0% as compared with the year 2022. The increase was mainly due to the increase in cash dividend payments and the increase in repayments of bank loans during the Reporting Period.

## ***Indebtedness***

As at December 31, 2023, total liabilities of the Company amounted to RMB18,151.9 million (December 31, 2022: RMB17,763.7 million), the composition of which was 40.4% trade and other payables, 24.3% bank borrowings, 10.8% contract liabilities and 24.5% other items.

### *(1) Bank Borrowings (current and non-current)*

As at December 31, 2023, the Company had aggregated bank borrowings of RMB4,408.7 million, with fixed interest rate.

### *(2) Charges on Assets*

As at December 31, 2023, the Company pledged bank deposits with an amount of RMB1.6 million, which decreased by 12.4% from RMB1.8 million as at December 31, 2022. The balance mainly represented deposits in restricted bank balance related to collateral for letters of guarantee for the purchase of raw materials and plant and equipment by the Group.

### *(3) Contingent Liabilities*

As at December 31, 2023, the Company has no significant contingent liabilities.

### *(4) Gearing Ratio*

As at December 31, 2023, the gearing ratio, calculated as total liabilities over total assets, was 24.6%, as compared with 27.5% as at December 31, 2022. The lower ratio was primarily due to stable increasing free cash flow and retention of profits.

## ***Treasury Policies***

Currently, the Group follows a set of treasury policies to manage its capital resources, foreign exchange and cash flows to 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, adjusted non-IFRS gross profit 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 gross profit and adjusted non-IFRS net profit attributable to the owners of the Company as set out in the table below. Adjusted EBITDA, adjusted non-IFRS gross profit 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, adjusted non-IFRS gross profit 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, adjusted non-IFRS gross profit 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, adjusted non-IFRS gross profit 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*

	<b>Year Ended December 31, 2023</b>	Year Ended December 31, 2022
	<i>RMB Million (except for percentages)</i>	<i>RMB Million (except for percentages)</i>
<b>Profit before tax</b>	<b>12,929.6</b>	10,618.5
<b>Add:</b>		
Interest expense	<b>193.2</b>	157.6
Depreciation and amortization	<b>2,511.9</b>	1,916.7
	<hr/>	<hr/>
<b>EBITDA</b>	<b><u>15,634.6</u></b>	<b><u>12,692.8</u></b>
<i>EBITDA margin</i>	<b>38.8%</b>	32.3%
<b>Add:</b>		
Share-based compensation expenses	<b>750.3</b>	820.6
Issuance expenses of Convertible Bonds	<b>0.4</b>	2.2
Fair value gain from derivative component of Convertible Bonds	<b>(40.2)</b>	(508.6)
Foreign exchange related losses	<b>372.4</b>	136.0
Non-financial assets impairment and disposal	<b>135.7</b>	131.3
Realized and unrealized gains from venture capital investments	<b>(1,247.0)</b>	(50.2)
Realized and unrealized share of losses (gains) from joint ventures	<b>32.5</b>	(6.3)
Talent incentives and retention expenses funded by cash donation from shareholders	<b>180.0</b>	82.0
	<hr/>	<hr/>
<b>Adjusted EBITDA</b>	<b><u>15,818.8</u></b>	<b><u>13,299.8</u></b>
<i>Adjusted EBITDA margin</i>	<b>39.2%</b>	33.8%

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

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

	<b>Year Ended December 31, 2023 RMB Million</b>	Year Ended December 31, 2022 RMB Million
<b>Net profit attributable to the owners of the Company</b>	<b>10,690.2</b>	8,813.7
<b>Add:</b>		
Share-based compensation expenses	<b>622.0</b>	684.2
Issuance expenses of Convertible Bonds	<b>0.3</b>	1.7
Fair value gain from derivative component of Convertible Bonds	<b>(40.2)</b>	(508.6)
Foreign exchange related losses	<b>294.4</b>	136.1
Amortization of acquired intangible assets from merge and acquisition	<b>57.9</b>	56.7
Non-financial assets impairment and disposal losses	<b>129.1</b>	131.3
Talent incentive and retention expenses funded by cash donation from shareholders	<b>151.5</b>	69.7
	<hr/>	<hr/>
<b>Non-IFRS net profit attributable to the owners of the Company</b>	<b><u>11,905.2</u></b>	<b><u>9,384.7</u></b>
<b>Add:</b>		
Realized and unrealized (gains) losses from venture capital investments	<b>(1,083.0)</b>	20.8
Realized and unrealized share of losses (gains) from joint ventures	<b>32.5</b>	(6.3)
	<hr/>	<hr/>
<b>Adjusted non-IFRS net profit attributable to the owners of the Company <sup>(Note 1)</sup></b>	<b><u>10,854.6</u></b>	<b><u>9,399.3</u></b>
<b>Adjusted non-IFRS gross profit <sup>(Note 2)</sup></b>	<b>16,937.8</b>	15,227.9
<i>Adjusted non-IFRS gross profit margin</i>	<b>42.0%</b>	38.7%

*Note 1:* The discrepancies between the total and sums of amounts in the table above are due to rounding.

*Note 2:* The adjustments made to the adjusted non-IFRS gross profit mentioned above are the same as those made to the adjusted non-IFRS net profit attributable to the owners of the Company at the gross profit level.

## C. Assets and Liabilities Analysis

Items	Amount as at December 31, 2023 <i>(In RMB million)</i>	Percentage of the amount to the total assets as at December 31, 2023 <i>(%)</i>	Amount as at December 31, 2022 <i>(In RMB million)</i>	Percentage of the amount to the total assets as at December 31, 2022 <i>(%)</i>	Ratio of change for the amount as at December 31, 2023 as compared with the amount as at December 31, 2022 <i>(%)</i>	Reasons
<b>Assets</b>						
Interests in associates	2,180.4	3.0	1,135.7	1.8	92.0	Primarily due to increasing in equity pickup and deemed disposal gain of WuXi XDC Cayman Inc. during the Reporting Period.
Other non-current assets	105.8	0.1	1,054.9	1.6	(90.0)	Primarily due to the reclassification of certificates of deposits due in one year to current assets.
Derivative financial instruments	414.0	0.6	135.6	0.2	205.3	Primarily due to the settlement and fair value change of forward foreign exchange contracts.
Other current assets	785.8	1.1	1,427.8	2.2	(45.0)	Primarily due to the withdrawal of certificates of deposits.
Term deposits with initial term of over three months	3,761.4	5.1	—	—	N/A	Primarily due to investment in short-term deposits during the Reporting Period.



Items	Amount as at December 31, 2023 <i>(In RMB million)</i>	Percentage of the amount to the total assets as at December 31, 2023 <i>(%)</i>	Amount as at December 31, 2022 <i>(In RMB million)</i>	Percentage of the amount to the total assets as at December 31, 2022 <i>(%)</i>	Ratio of change for the amount as at December 31, 2023 as compared with the amount as at December 31, 2022 <i>(%)</i>	Reasons
<b>Liabilities</b>						
Derivative financial instruments	501.9	0.7	115.4	0.2	334.7	Primarily due to the fair value change of forward foreign exchange contracts.
Income tax payables	991.9	1.3	517.8	0.8	91.6	Primarily due to the increase of assessable income of subsidiaries during the Reporting Period.
Bank borrowings (non-current)	687.0	0.9	279.1	0.4	146.2	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 during the Reporting Period.
Convertible bonds-embedded derivative component	—	—	147.9	0.2	(100.0)	Primarily due to completion of early redemption of Convertible Bonds during the Reporting Period.

## **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 December 31, 2023, the balance of current-financial assets at FVTPL amounted to RMB11.0 million which was invested in financial products.

### ***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, investment in other equities aside from joint ventures and associates amounted to a total of RMB560.1 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	<b>8,954.3</b>
Transfer from non-listed companies	58.6	—	(58.6)	—
Addition	—	449.0	111.1	<b>560.1</b>
Fair value change during the Reporting Period	(258.0)	(8.1)	(216.4)	<b>(482.4)</b>
Disposal of shares	(339.1)	(5.8)	(159.7)	<b>(504.5)</b>
Dividends	—	(43.8)	—	<b>(43.8)</b>
Others	8.6	—	—	<b>8.6</b>
Foreign exchange effects	34.1	14.8	84.8	<b>133.7</b>
<b>Ending Balance</b>	<b><u>483.9</u></b>	<b><u>1,541.7</u></b>	<b><u>6,600.5</u></b>	<b><u>8,626.0</u></b>

*Note:* The discrepancies between 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 December 31, 2023.

#### ***Genesis Medtech Group Limited (“Genesis”)***

Genesis provides high-quality research, production and sales services on medical device. As at December 31, 2023, the fair value of the equity interests held by our Group in Genesis amounted to RMB1,597.2 million (representing 2.2% of our total assets).

Genesis aspires to become China’s largest medical technology company, an integrated platform with comprehensive product portfolio and extensive sales network with a business focus in the high-value medical device area. As at December 31, 2023, Genesis has over 1,544 employees and covers over 2,000 hospitals, of which more than 50% are Class III Grade A hospitals in China.

### ***iKang Healthcare Group (“iKang”)***

iKang is a leading medical examination and health management group in China, providing high-quality medical services including medical examination, disease detection, dental services, private doctors, vaccination and anti-aging. As at December 31, 2023, the fair value of equity interests held by our Group in iKang amounted to RMB473.4 million (representing 0.6% 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 December 31, 2023, iKang operated 166 medical examination 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, a national key high-tech enterprise focusing on the chromatography-related products, contributes on providing professional chromatographic technology products and services to pharmaceutical and life science industries. As at December 31, 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).

Hanbon focuses on the field of chromatographic separation and purification products. Through the independent research and development and long-term investment, it has been built a rich chromatography product matrix and also launched two categories line of small molecule drug and large molecule separation and purification equipment for industrial production and laboratory research and development. It forms a full product system that can meet the needs of laboratory research and development to industrial production, and provides high-quality purification equipment and application solutions to domestic and foreign pharmaceutical companies.

### ***Cyagen (Suzhou) Biotechnology Co., Ltd. (“Cyagen”)***

Founded in 2011, Cyagen is a model animal CRO platform for scientific research and drug development. As at December 31, 2023, the fair value of the equity interests held by our Group in Cyagen amounted to RMB185.6 million (representing 0.3% of our total assets).

Cyagen is committed to providing a wide range of drug development services, including animal model libraries, model customization, breeding, aseptic mouse technology services, and phenotype function verification, to fully meet the needs of customers in basic research and new drug development for animal models. At the same time, Cyagen continues to enrich its product line, including platforms for target prediction and verification, virus vector development, evaluation model construction, and effectiveness evaluation.

***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 December 31, 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 focuses on the discovery and development of new generation of radionuclide drug conjugates (RDC). There are various potential FIC/BIC drug candidates in the pipeline, including diagnosis and therapeutic products for multiple solid tumors. The IND of Boomray’s PET-CT tracer, BR-02, for brain tumors has been approved by FDA and CDE, respectively. Multiple IITs for diagnosis and treatment of RDC are currently underway with clinical trails. In addition, Boomray has obtained the Radiation Safety License and established the in-house radio-labelling, pre-clinical studies and preliminary clinical supply capability. BoomRay is developing multiple new targets RDCs and new isotope technology platforms.

***Significant Investment Held***

As at December 31, 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 announcement, 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 new drug 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 peptide, oligonucleotide, PROTAC, conjugate, advanced therapies, to capture new business opportunities and enable global medical innovation.



Moreover, we put efforts in exploring various cutting-edge technologies that can be applied to the new drug research and development process, and help customers to improve 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, enhance its capabilities and capacities globally, and improve the efficiency of asset utilization. During the Reporting Period, the 55,000m<sup>2</sup> new facilities in Qidong and Suzhou have ramped up smoothly. In 2023, additional 20,000m<sup>2</sup> facilities have been GLP-qualified. We completed capacity expansion in Changzhou and Taixing. The expanded workshops have commenced operations in January 2024, with the total reactor volume of peptide solid phase synthesizers increasing to 32,000L. We partially commenced operation at the new Taixing API manufacturing site in January 2024 preparing for the business future growth.

**(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 40% of the Company's overall revenue. As our service offerings and platform capabilities continue to expand, the number of new and existing customers grows steadily. 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 five forum events, including the WuXi Global Forum, WuXi BOLD Series Forum, and WuXi Innovation Day in Singapore. In total, over 100 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 over 10,000 registered attendees. During the Reporting Period, the Company also launched the "WuXi On Air" online activities, completing 65 live broadcasts involving 16 series, covering introductions to all five major operating 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 180,000.

**(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 our management, we are able to deeply understand market and industry development trends, policy changes and their impacts on customer needs, quickly adjust our business models, 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 the 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 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 fulfilment 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 was 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 was 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 was 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 was 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 December 31, 2023, 333 incentive participants have exercised an aggregate of 1,904,555 units of Share Options granted under the 2019 Adjusted Initial Grant for the second vesting period and 253 incentive participants have exercised an aggregate of 1,240,437 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 announcements of the Company dated July 3, 2023 and January 2, 2024 for further details.

**(3) *Adjustment to the repurchase price of the Restricted A Shares granted 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.

**(4) *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.

**(5) *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 of 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 Initial Grant at the repurchase price of RMB17.45 per A Share. Please refer to the relevant announcements of the Company dated June 27, 2023 and October 20, 2023 for further details.

**(6) *Completion of the full redemption and withdrawal of listing of the US\$300 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 US\$104,519.38 for each US\$100,000 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 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.

**(7) *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.



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

During the Reporting Period, 2021 Awards with 103,699 underlying 2021 Award Shares have been further granted to 21 2021 Independent Selected Participants, accounting for approximately 0.0262% of the total then 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.

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

During the Reporting Period, 2022 Awards with 122,878 underlying 2022 Award Shares have been further granted to 26 2022 Independent 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.

**(10) *Adoption of and the termination 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.

As the performance growth of the Company is not as anticipated, the management of the Company has proposed to the Board to terminate the 2023 H Share Award and Trust Scheme. On December 12, 2023, the Board has approved the “Proposal on the Direct Repurchase of H Shares in relation to the 2023 H Share Award and Trust Scheme from the Scheme Trustee and the Cancellation of such H Shares” to (i) effect the repurchase of the Acquired Award Shares in the amount of 15,467,500 H Shares by directly repurchasing the same from the Scheme Trustee; and (ii) cancel such 15,467,500 H Shares following the completion of the repurchase and decrease the registered capital of the Company by RMB15,467,500 accordingly.

On January 5, 2024, the “Proposal on the Direct Repurchase of H Shares in relation to the 2023 H Share Award and Trust Scheme from the Scheme trustee and the Cancellation of such H Shares” was considered and approved by way of special resolutions at the 2024 EGM, 2024 First A Share Class Meeting and 2024 First H Share Class Meeting. Completion of the repurchase of the Acquired Award Shares under the SPA took place on January 15, 2024. The Acquired Award Shares have been cancelled by the Company’s H Share Registrar on January 18, 2024.

Please refer to the relevant announcements of the Company dated April 24, 2023, October 30, 2023, December 12, 2023 and January 18, 2024, the circulars of the Company dated April 27, 2023 and December 13, 2023 and poll results announcements dated May 31, 2023 and January 5, 2024 for further details.

## **THE MANAGEMENT’S DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY**

### **A. Industry Landscape and Trends**

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 life science 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. According to the latest Frost & Sullivan report published in July 2023, global pharmaceutical industry R&D investment will increase from US\$241.5 billion in 2022 to US\$335.7 billion in 2027, with a CAGR of approximately 6.8%.

Platform companies with global new drug R&D and production service capabilities, are expected to benefit from the rapid growth of global new drug R&D investment and outsourcing rates. According to the Frost & Sullivan report, the outsourcing ratio of the global pharmaceutical R&D investment is expected to increase from 47.1% in 2022 to 57.0% in 2027. The report also predicts that the market for global outsourcing services provided by pharmaceutical R&D service companies (excluding large-molecule CDMO) will increase from USD133.0 billion in 2022 to USD252.0 billion in 2027, with a CAGR of approximately 13.6%.

## **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 pharmaceutical industry with comprehensive and integrated new drug R&D and production services. Through empowering pharmaceutical, life science 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 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) enhance customer stickiness, 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 2024, 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, the Company will further enhance the capabilities and scale of our R&D service platform as well as the asset utilization efficiency. The Company continues the design and construction of facilities in Taixing, U.S. and Singapore, 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 worldwide, 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, international trade compliance, sales management, financial and accounting management, business continuity plan, etc. In 2024, 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 peptide, oligonucleotide, proteolysis targeting chimera (PROTAC), conjugate, bi-specific antibody, advanced therapies, to capture new business opportunities and empower global pharmaceutical innovation.

On such basis, we put efforts in exploring various cutting-edge technologies that can be applied to the new drug research and development process, and help customers to improve their R&D efficiency, while minimizing the entry barrier of pharmaceutical R&D.

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, life science companies, start-ups, and scholars and non-profit research organizations, etc.) on outsourcing services, i.e., discovery, analytical testing, development and manufacturing of pharmaceuticals, advanced 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 the proportion of 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 greater financial strength, more effective business channels or stronger R&D capabilities 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 the 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 a significant proportion 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.



In a revised draft bill S.3558 of the Prohibiting Foreign Access to American Genetic Information Act of 2024 which was voted by the U.S. Senate Committee on Homeland Security to report to the Senate on March 6, 2024 (together with the draft bill of the Biosecure Act that was introduced to the U.S. House of Representatives, the “**Draft Legislation**”), WuXi AppTec’s name was included in definition of “biotechnology company of concern”, which would preemptively designate the Company as a named biotechnology company of concern. The Draft Legislation has not been enacted into law and will continue to go through the legislative process at U.S. Senate and House of Representatives. As such, the contents of the Draft Legislation, including the reference to WuXi AppTec, remain subject to further review and changes. For further details, please refer to the relevant announcements of the Company dated January 26, 2024, January 29, 2024, February 4, 2024, February 13, 2024 and March 7, 2024.

The Company strongly disagrees with any preemptive and unfair designation without due process. The Company does not have a human genomics business and we do not collect human genomic data in our businesses. In addition, the Company does not have any connections with any government or military organizations. The Company firmly believes that WuXi AppTec has not posed, does not pose, and will not pose a security risk to the United States or any other country, and as such should not be preemptively designated as a “biotechnology company of concern” in the Draft Legislation. The Company will work closely with its advisors to continue our engagement and dialogue with the relevant stakeholders involved in the ongoing legislative process for the Draft Legislation.

The Company has been committed to abiding by laws and regulations in all of the countries in which we operate, including in both China and the United States. By adhering to our core value of “doing the right thing and doing it right”, we have served as a trusted partner in the global pharmaceutical and life sciences industries, where for more than twenty years the Company has helped thousands of American and global customers with discovery, development, and manufacturing efforts to deliver innovative medicines that save and improve patients’ lives. The Company will continue to serve customers and help patients around the world. Given the Company may continue to face geopolitical uncertainties and risks in the foreseeable future, we will closely monitor relevant developments and promptly take responsive actions.

**(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.

## **HUMAN RESOURCES**

As at December 31, 2023, the Group had 41,116 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.

## **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 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 of 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 announcements of the Company dated June 27, 2023 and October 20, 2023 for further details.

### **Completion of full redemption and withdrawal of listing of the US\$300 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 US\$104,519.38 for each US\$100,000 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.

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.

## **FINAL DIVIDEND**

The Board proposes a profit distribution plan for the year ended December 31, 2023 as follows: a cash dividend of RMB9.8336 (inclusive of tax) for every 10 shares (representing an aggregate amount of RMB2,882,031,329.68 (inclusive of tax)) based on the remaining number of shares after deducting the number of repurchased shares in the Company's repurchase designated account as of March 15, 2024 from the total issued share capital of the Company as of the date of this announcement) to be paid to all shareholders. As of March 15, 2024, the Company is implementing the Plan of Repurchase of A Shares through Bidding. If there are changes to the total issued share capital of the Company which is entitled to the profit distribution during the period from March 15, 2024 to the record date for the implementation of the profit distribution, the distribution will be conducted on the basis that the total amount of the profit distribution remaining unchanged and the per share distribution amount being adjusted accordingly. Further announcement(s) will be made in relation to such adjustment. The 2023 Profit Distribution Plan is subject to, amongst others, approval by Shareholders at the forthcoming AGM. Subject to the approval of the Shareholders at the AGM, the 2023 Profit Distribution is expected to be paid to the eligible Shareholders by no later than June 30, 2024.

A circular containing further details as to, amongst others, the applicable foreign exchange rate for the proposed cash dividend, the relevant record date and book closure period will be despatched to the Shareholders in due course.

## **AGM AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS**

The Company will arrange the time of convening the forthcoming AGM as soon as practicable, and the notice of the AGM will be published and despatched to the Shareholders in a timely manner in accordance with the requirements of the Listing Rules and the Articles of Association. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of H Shares of the Company in a separate announcement and in the notice of the AGM.

## **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 announcement, 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**

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. 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.

## **REVIEW OF FINANCIAL STATEMENTS**

### **Audit Committee**

As at December 31, 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 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 figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.wuxiaptec.com.cn](http://www.wuxiaptec.com.cn)). The annual report of the Company for the Reporting Period will be despatched to the Shareholders and published on the aforesaid websites in due course.

The Board is pleased to announce that the consolidated annual results of the Group for the Reporting Period with the comparative figures in the corresponding period in 2022 are as follows:



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

		Year ended December 31, 2023	Year ended December 31, 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	5	<b>40,340,807</b>	39,354,778
Cost of services		<u>(23,968,335)</u>	<u>(24,848,257)</u>
<b>Gross profit</b>		<b>16,372,472</b>	14,506,521
Other income	6	<b>962,499</b>	644,270
Other gains and losses	7	<b>1,350,277</b>	1,211,731
Impairment losses under expected credit losses (“ECL”) model, net of reversal		<b>(240,893)</b>	(117,279)
Impairment losses of non-financial assets		<b>(67,400)</b>	—
Impairment losses of goodwill		<b>(49,606)</b>	(131,285)
Selling and marketing expenses		<b>(701,030)</b>	(731,587)
Administrative expenses		<b>(2,994,946)</b>	(2,943,833)
Research and development expenses		<b>(1,440,630)</b>	(1,613,953)
<b>Operating profit</b>		<b>13,190,743</b>	10,824,585
Share of results of associates		<b>(35,076)</b>	(52,532)
Share of results of joint ventures		<b>(32,484)</b>	6,261
Finance costs	8	<b>(193,581)</b>	(159,837)
<b>Profit before tax</b>		<b>12,929,602</b>	10,618,477
Income tax expense	9	<b>(2,131,731)</b>	(1,715,866)
<b>Profit for the year</b>	10	<b><u>10,797,871</u></b>	<b><u>8,902,611</u></b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>10,690,153</b>	8,813,713
Non-controlling interests		<b>107,718</b>	88,898
		<b><u>10,797,871</u></b>	<b><u>8,902,611</u></b>
<b>Earnings per Share (expressed in RMB per Share)</b>			
— Basic	12	<b>3.64</b>	3.01
— Diluted	12	<b>3.61</b>	2.82

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Year ended December 31, 2023 RMB'000	Year ended December 31, 2022 RMB'000
<b>Profit for the year</b>	<b>10,797,871</b>	8,902,611
<b>Other comprehensive income (expense) for the year</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation or financial statements of foreign operations	177,454	467,611
Fair value loss on hedging instrument designated in cash flow hedges	(90,533)	(174,503)
<b>Other comprehensive income for the year, net of income tax</b>	<b>86,921</b>	293,108
<b>Total comprehensive income for the year</b>	<b><u>10,884,792</u></b>	<b><u>9,195,719</u></b>
<b>Attributable to:</b>		
Owners of the Company	10,778,457	9,109,138
Non-controlling interests	106,335	86,581
	<b><u>10,884,792</u></b>	<b><u>9,195,719</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

		As at December 31, 2023	As at December 31, 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		25,844,429	23,444,883
Right-of-use assets		2,348,338	1,857,486
Goodwill		1,820,873	1,822,102
Other intangible assets		906,676	926,331
Interests in associates		2,180,396	1,135,669
Interests in joint ventures		35,234	67,262
Deferred tax assets		366,691	492,111
Financial assets at fair value through profit or loss ("FVTPL")	13	8,626,009	8,954,330
Other non-current assets		105,755	1,054,942
Biological assets		1,012,478	937,985
<b>Total Non-current Assets</b>		<b>43,246,879</b>	<b>40,693,101</b>
<b>Current Assets</b>			
Inventories		2,886,094	3,952,560
Contract costs		695,583	678,759
Biological assets		1,154,553	1,037,275
Amounts due from related parties		86,702	122,955
Trade and other receivables	14	9,372,741	7,590,361
Contract assets	14	1,234,394	1,048,155
Income tax recoverable		17,526	15,989
Financial assets at FVTPL	13	11,003	2,000
Derivative financial instruments	18	414,035	135,636
Other current assets		785,780	1,427,795
Pledged bank deposits	15	1,610	1,837
Term deposits with initial term of over three months		3,761,410	—
Bank balances and cash	15	10,001,039	7,983,904
<b>Total Current Assets</b>		<b>30,422,470</b>	<b>23,997,226</b>
<b>Total Assets</b>		<b>73,669,349</b>	<b>64,690,327</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

		As at December 31, 2023	As at December 31, 2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	16	7,333,527	7,253,439
Amounts due to related parties		11,547	14,498
Derivative financial instruments	18	501,871	115,443
Contract liabilities		1,955,363	2,496,637
Bank borrowings		3,721,645	3,874,120
Lease liabilities		240,452	205,335
Income tax payables		991,891	517,797
Other current liabilities		—	22,092
<b>Total Current Liabilities</b>		<b>14,756,296</b>	<b>14,499,361</b>
<b>Non-current Liabilities</b>			
Bank borrowings		687,017	279,086
Deferred tax liabilities		530,107	440,462
Deferred income		1,079,932	910,922
Lease liabilities		1,098,552	983,819
Convertible bonds-debt component	17	—	501,990
Convertible bonds-embedded derivative component	17	—	147,934
Other long-term liabilities		—	80
<b>Total Non-current Liabilities</b>		<b>3,395,608</b>	<b>3,264,293</b>
<b>Total Liabilities</b>		<b>18,151,904</b>	<b>17,763,654</b>
<b>Capital and Reserves</b>			
Share capital	19	2,968,845	2,960,527
Reserves		52,153,609	43,629,426
Equity attributable to owners of the Company		55,122,454	46,589,953
Non-controlling interests		394,991	336,720
<b>Total Equity</b>		<b>55,517,445</b>	<b>46,926,673</b>
<b>Total Equity and Liabilities</b>		<b>73,669,349</b>	<b>64,690,327</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended December 31, 2023*

## 1. GENERAL INFORMATION

WuXi AppTec Co., Ltd. (the “**Company**”) was incorporated in the 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**”) (stock code: 603259.SH) in May 2018, The Company completed its public offering and listing of 116,474,200 ordinary shares of the Company (“**H Shares**”) (stock code: 2359.HK) in December 2018.

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 de facto controllers of the Company are Dr. Ge Li, Mr. Zhaohui Zhang and Mr. Xiaozhong Liu.

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, advanced therapies, development of computer software and databases as well as consulting services for combinatorial chemistry and pharmaceuticals.

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

## 2. BASIC OF PREPARATION

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

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 amendments to IFRS, the accounting policies and methods of computation used in the condensed consolidated financial statements for the year ended December 31, 2023 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2022.

### **3. APPLICATION OF AMENDMENTS TO IFRSs**

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

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments 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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

#### 4. OPERATING SEGMENT INFORMATION

The Group's revenue streams are categorized as follows:

WuXi Chemistry	Integrating the chemistry business-related resources and capabilities, including WuXi STA (“合全藥業”) and the Research Chemistry Services (“RCS”) business units to offer new drug Contract Research Development and Manufacturing Organization (“CRDMO”) services to customers.
WuXi Testing	Integrating the pre-clinical and clinical resources and capabilities, 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 for pharmaceutical, medical device, and in vitro diagnostic sectors.
WuXi Biology	Integrating the technologies in DNA-encoded library (“DEL”), biology, oncology and immunology to provide global customers with integrated drug discovery and research services.
WuXi ATU	Capitalizing on global resources and capabilities to provide customers with integrated advanced therapies CTDMO services including process development, manufacturing and testing.
WuXi DDSU	Based on customers' needs, providing customers with integrated new drug R&D services with a focus on patent creation, empowering the product development of first-class small molecule new drugs for customers.
Others	Others mainly including the income streams from administrative services, sales of raw materials and sales of scrap materials.



## Segment revenue and results

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

	Year ended December 31, 2023						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	29,171,488	6,539,667	2,552,554	1,309,597	726,453	
Segment results	<u>12,794,844</u>	<u>2,429,519</u>	<u>1,026,518</u>	<u>(157,570)</u>	<u>258,172</u>	<u>20,989</u>	<u>16,372,472</u>
<b>Unallocated amount:</b>							
Other income							962,499
Other gains and losses							1,350,277
Impairment losses under ECL model, net of reversal							(240,893)
Impairment losses of non- financial assets							(67,400)
Impairment losses of goodwill							(49,606)
Selling and marketing expenses							(701,030)
Administrative expenses							(2,994,946)
R&D expenses							(1,440,630)
Share of results of associates							(35,076)
Share of results of joint ventures							(32,484)
Finance costs							<u>(193,581)</u>
Profit before tax							<u><u>12,929,602</u></u>

Year ended December 31, 2022

	WuXi Chemistry <i>RMB'000</i>	WuXi Testing <i>RMB'000</i>	WuXi Biology <i>RMB'000</i>	WuXi ATU <i>RMB'000</i>	WuXi DDSU <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	28,849,732	5,718,653	2,475,147	1,308,002	969,629	33,615	39,354,778
Segment results	<u>11,404,292</u>	<u>1,983,992</u>	<u>955,886</u>	<u>(106,059)</u>	<u>252,703</u>	<u>15,707</u>	<u>14,506,521</u>
<b>Unallocated amount:</b>							
Other income							644,270
Other gains and losses							1,211,731
Impairment losses under ECL model, net of reversal							(117,279)
Impairment losses of goodwill							(131,285)
Selling and marketing expenses							(731,587)
Administrative expenses							(2,943,833)
R&D expenses							(1,613,953)
Share of results of associates							(52,532)
Share of results of joint ventures							6,261
Finance costs							<u>(159,837)</u>
Profit before tax							<u>10,618,477</u>

The chief operating decision maker (“**CODM**”) makes decisions according to operating results of each segment. No analysis of segment asset and liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

## Entity-wide disclosure

### *Geographical information*

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

	<b>Year ended December 31, 2023 RMB'000</b>	Year ended December 31, 2022 RMB'000
Revenue		
— USA	<b>26,132,194</b>	25,893,211
— PRC	<b>7,371,545</b>	7,286,356
— Europe	<b>4,697,769</b>	4,198,488
— Rest of the world	<b>2,139,299</b>	1,976,723
	<b><u>40,340,807</u></b>	<b><u>39,354,778</u></b>

*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 year's presentation.

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

	<b>As at December 31, 2023 RMB'000</b>	As at December 31, 2022 RMB'000
— PRC	<b>26,901,974</b>	24,890,891
— Rest of the world	<b>7,352,205</b>	5,599,453
	<b><u>34,254,179</u></b>	<b><u>30,490,344</u></b>

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

## 5. 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 segments in Note 4.

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

	<b>Year ended December 31, 2023 RMB'000</b>	Year ended December 31, 2022 RMB'000
Revenue		
— WuXi Chemistry	<b>29,171,488</b>	28,849,732
— WuXi Testing	<b>6,539,667</b>	5,718,653
— WuXi Biology	<b>2,552,554</b>	2,475,147
— WuXi ATU	<b>1,309,597</b>	1,308,002
— WuXi DDSU	<b>726,453</b>	969,629
— Others	<b>41,048</b>	33,615
	<b><u>40,340,807</u></b>	<b><u>39,354,778</u></b>

### Timing of revenue recognition

	<b>Year ended December 31, 2023 RMB'000</b>	Year ended December 31, 2022 RMB'000
Over time		
— WuXi Chemistry	<b>5,691,053</b>	5,638,627
— WuXi Testing	<b>6,539,667</b>	5,718,653
— WuXi Biology	<b>2,552,554</b>	2,475,147
— WuXi ATU	<b>1,306,279</b>	1,301,078
— WuXi DDSU	<b>726,453</b>	969,629
— Others	<b>34,433</b>	22,556
At a point in time		
— WuXi Chemistry	<b>23,480,435</b>	23,211,105
— WuXi ATU	<b>3,318</b>	6,924
— Others	<b>6,615</b>	11,059
	<b><u>40,340,807</u></b>	<b><u>39,354,778</u></b>

One single customer of WuXi Chemistry and other segments contributed more than 10 per cent of the Group's revenue in 2023.

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) are RMB35,242 million as at December 31, 2023. The expected amount of revenue recognized in 2024 will be RMB23,388 million.

## 6. OTHER INCOME

	<b>Year ended December 31, 2023 RMB'000</b>	Year ended December 31, 2022 RMB'000
Interest income on bank balances	<b>444,470</b>	190,846
R&D grants and others related to		
— assets (i)	<b>130,999</b>	100,207
— income (ii)	<b>341,568</b>	342,675
Dividend income arising from financial assets at FVTPL	<b>45,462</b>	10,542
	<b><u>962,499</u></b>	<b><u>644,270</u></b>

### 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 and the Group receives acknowledge of compliance. 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 in which they become receivable.

## 7. OTHER GAINS AND LOSSES

	Year ended December 31, 2023 <i>RMB'000</i>	Year ended December 31, 2022 <i>RMB'000</i>
Net foreign exchange gain	108,447	263,513
Gain on financial assets at FVTPL (realized)	683,522	496,551
Loss on financial assets at FVTPL (unrealized)	(482,353)	(433,013)
Gain on deemed disposal of associates	1,097,611	—
Gain on deemed disposal of subsidiaries	—	125,445
Gain on disposal of associates	53,269	—
Gain on biological assets (unrealized)	398,698	674,523
Loss on disposal of plant and equipment and biological assets	(78,809)	(20,995)
Gain on financial liabilities at FVTPL	5,673	20,004
Loss on derivative financial instruments (realized)	(480,844)	(399,558)
Gain on derivative financial instruments (unrealized)	40,174	508,563
Others	4,889	(23,302)
	<u>1,350,277</u>	<u>1,211,731</u>

## 8. FINANCE COSTS

	Year ended December 31, 2023 <i>RMB'000</i>	Year ended December 31, 2022 <i>RMB'000</i>
Interest expense on borrowings	147,067	81,010
Interest expense on lease liabilities	53,604	52,340
Effective interest expense on Convertible bonds	3,940	21,636
Imputed interest expense on payable for acquisition of a subsidiary	—	6,480
	<u>204,611</u>	<u>161,466</u>
Total borrowing cost	204,611	161,466
Less: amounts capitalised in the cost of qualifying assets	(11,030)	(1,629)
	<u>193,581</u>	<u>159,837</u>

## 9. INCOME TAX EXPENSES

	Year ended December 31, 2023 <i>RMB'000</i>	Year ended December 31, 2022 <i>RMB'000</i>
Current tax:		
— PRC	1,682,745	1,457,377
— Hong Kong	218,701	154,176
— USA	1,668	26,026
— Rest of world	8,836	8,671
	<u>1,911,950</u>	<u>1,646,250</u>
Under (over) provision in respect of prior years:		
— PRC	31,397	25,172
— Hong Kong	(23,041)	(3,862)
— USA	(13,652)	—
— Rest of world	(7,497)	—
	<u>(12,793)</u>	<u>21,310</u>
Deferred tax:		
— Current year	232,574	48,306
	<u>2,131,731</u>	<u>1,715,866</u>



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

	<b>Year ended December 31, 2023 RMB'000</b>	Year ended December 31, 2022 RMB'000
Profit before tax	<b>12,929,602</b>	10,618,477
Tax at the applicable tax rate of 25%	<b>3,232,401</b>	2,654,619
Tax effect of expenses not deductible for tax purpose	<b>99,237</b>	114,301
Tax effect of income that is exempt from taxation	<b>(678,414)</b>	(218,401)
(Over) under provision in respect of prior years	<b>(12,793)</b>	21,310
Effect of unused tax losses and other deductible temporary differences not recognised as deferred tax assets	<b>476,601</b>	196,491
Utilization of tax losses and other deductible temporary differences previously not recognised as deferred tax assets	<b>(7,853)</b>	(4,314)
Effect on opening deferred tax assets or liabilities resulting from change in applicable tax rate	<b>68,849</b>	19,367
Effect of different tax rate of subsidiaries operating in other jurisdictions and tax concession	<b>(1,045,813)</b>	(1,059,251)
Others	<b>(484)</b>	(8,256)
Income tax expense	<b><u>2,131,731</u></b>	<b><u>1,715,866</u></b>

## 10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended December 31, 2023 <i>RMB'000</i>	Year ended December 31, 2022 <i>RMB'000</i>
Depreciation for property, plant and equipment	2,121,161	1,555,405
Depreciation of right-of-use assets	237,708	216,394
Amortization of other intangible assets and other non-current assets	152,982	144,866
Expense relating to short-term leases	1,656	3,765
Expense relating to leases of low-value assets that are not shown above as short-term leases	6,596	3,439
Impairment losses recognized on inventory include in cost of sales	37,013	42,297
Staff cost (including directors' emoluments):		
— Salaries and other benefits	9,735,518	9,304,841
— Retirement benefit scheme contributions	1,227,110	1,072,702
— Equity-settled share-based payments	756,006	859,086
— Cash-settled share-based payments	(5,673)	(18,487)
Less: capitalised in inventories and contract costs capitalised in construction in progress	(1,262,869)	(1,499,984)
	<u>12,996,178</u>	<u>11,682,695</u>
Auditor's remuneration	<u>7,679</u>	<u>7,559</u>

## 11. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year as follows:

	Year ended December 31, 2023 <i>RMB'000</i>	Year ended December 31, 2022 <i>RMB'000</i>
2022 Final-RMB0.89266 (inclusive of tax) per ordinary share (2021: RMB0.5174)	<u>2,649,084</u>	<u>1,529,442</u>

Subsequent to the end of the Reporting Period, the Board of the Company proposes the 2023 Profit Distribution Plan as follows: a cash dividend of RMB9.8336 (2022: RMB8.9266) (inclusive of tax) for every 10 shares (representing an aggregate amount of RMB2,882,031,329.68 (2022: RMB2,649,083,545.14) (inclusive of tax) based on the remaining number of shares after deducting the number of repurchased shares in the Company's repurchase designated account as of March 15, 2024 from the total issued share capital of the Company as of the date of this announcement) to be paid to all shareholders. As of March 15, 2024, the Company is implementing the Plan of Repurchase of A Shares through Bidding. If there are changes to the total issued share capital of the Company which is entitled to the profit distribution during the period from March 15, 2024 to the record date for the implementation of the profit distribution, the distribution will be conducted on the basis that the total amount of the profit distribution remaining unchanged and the per share distribution amount being adjusted accordingly. Further announcement(s) will be made in relation to such adjustment. The 2023 Profit Distribution Plan is subject to, amongst others, approval by Shareholders at the forthcoming AGM.

## 12. EARNINGS PER SHARE

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

	<b>Year ended December 31, 2023 RMB'000</b>	Year ended December 31, 2022 RMB'000
<b>Earnings:</b>		
Profit attributable to the owners of the Company	<b>10,690,153</b>	8,813,713
Less: Cash dividends attribute to the shareholders of restricted shares expected to be unlocked in the future	<b>(149)</b>	(2,868)
Earnings for the purpose of calculating basic earnings per share	<b>10,690,004</b>	8,810,845
Effect of dilutive potential ordinary shares:		
Add: Cash dividends attribute to the shareholders of restricted shares expected to be unlocked in the future	<b>149</b>	2,868
Effect of share options issued by a subsidiary	<b>(360)</b>	(1,224)
Effect of convertible bonds after tax interest	<b>(36,337)</b>	(487,482)
Earnings for the purpose of calculating diluted earnings per share	<b>10,653,456</b>	8,325,007

	<b>Year ended December 31, 2023 RMB'000</b>	Year ended December 31, 2022 RMB'000
<b>Number of Shares ('000):</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>2,934,188</b>	2,931,932
Effect of dilutive potential ordinary shares:		
Effect of restricted shares and share options issued by the Company	<b>13,926</b>	13,686
Effect of the conversion of the convertible bonds	<b>1,773</b>	8,547
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b><u>2,949,887</u></b>	<b><u>2,954,165</u></b>

The computation of diluted earnings per share for the year ended December 31, 2023 and December 31, 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.

### 13. FINANCIAL ASSETS AT FVTPL

	<b>As at December 31, 2023 RMB'000</b>	As at December 31, 2022 RMB'000
<b>Current asset</b>		
Financial products	<b>11,003</b>	2,000
	<b><u>11,003</u></b>	<b><u>2,000</u></b>
<b>Non-current assets</b>		
Listed equity securities	<b>483,868</b>	979,673
Unlisted equity investments	<b>6,600,451</b>	6,839,202
Unlisted fund investments	<b>1,541,690</b>	1,135,455
	<b><u>8,626,009</u></b>	<b><u>8,954,330</u></b>

## 14. TRADE AND OTHER RECEIVABLES/CONTRACT ASSETS

### Trade and Other Receivables

	As at <b>December 31,</b> <b>2023</b> <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Trade receivables		
— third parties	<b>8,197,486</b>	6,021,006
Less: Allowance for credit losses	<b>(373,169)</b>	(160,253)
	<u><b>7,824,317</b></u>	<u>5,860,753</u>
Other receivables	<u><b>122,431</b></u>	<u>141,066</u>
Note receivable	<b>20,197</b>	74,621
Prepayments	<b>243,663</b>	290,613
Interest receivables	<b>10,175</b>	—
Prepaid expenses	<b>29,521</b>	33,280
Value added tax recoverable	<b>1,096,507</b>	1,172,714
Deposits	<u><b>25,930</b></u>	<u>17,314</u>
	<u><b>1,425,993</b></u>	<u>1,588,542</u>
Total trade and other receivables	<u><b>9,372,741</b></u>	<u>7,590,361</u>

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:

	As at <b>December 31,</b> <b>2023</b> <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Within 180 days	<b>6,742,842</b>	5,273,918
181 days to 1 year	<b>489,381</b>	363,683
1 year to 2 years	<b>477,383</b>	232,599
More than 2 years	<u><b>134,908</b></u>	<u>65,174</u>
	<u><b>7,844,514</b></u>	<u>5,935,374</u>

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date on which the credit was initially granted up to the reporting date.

### Contract Assets

	<b>As at December 31, 2023</b>	As at December 31, 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets	1,244,817	1,056,154
Less: Allowance for credit losses	<u>(10,423)</u>	<u>(7,999)</u>
	<u><b>1,234,394</b></u>	<u><b>1,048,155</b></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.

## 15. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At the end of each reporting period, bank balances and cash of the Group comprised of cash and short term bank deposits with an original maturity of three months or less. The short term bank deposits carry interest at market rates which range from 0.00% to 5.25% per annum as at December 31, 2023 (December 31, 2022: 0.00% to 5.30%)

Pledged bank deposits represent collateral deposits placed in banks as collateral for letters of guarantee for the purchase of raw materials and plant and equipment by the Group. The pledged bank deposits will be released upon the repayment of relevant letter of guarantee.

## 16. TRADE AND OTHER PAYABLES

	As at <b>December 31,</b> <b>2023</b> <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Trade payables	<b>1,633,775</b>	1,630,634
Salary and bonus payables	<b>2,125,636</b>	1,913,154
Payables for acquisition of plant and equipment	<b>2,127,166</b>	2,309,727
Accrued expenses	<b>752,458</b>	650,895
Other taxes payable	<b>381,850</b>	364,252
Interest payable	<b>22,293</b>	3,409
Note payable	—	18,620
Others	<b>282,112</b>	238,550
Considerations received from employees for subscribing restricted A shares of the Company under the WuXi AppTec A Share Incentive Schemes	<b>8,237</b>	124,198
	<b><u>7,333,527</u></b>	<b><u>7,253,439</u></b>

Payment terms with suppliers are mainly on credit within 90 days from the time when the goods are received from the suppliers. The following is an age analysis of trade payables and note payable presented based on invoice date at the end of each reporting period:

	As at <b>December 31,</b> <b>2023</b> <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Within one year	<b>1,569,471</b>	1,612,932
1 year to 2 years	<b>33,014</b>	21,986
2 years to 3 years	<b>18,465</b>	8,223
More than 3 years	<b>12,825</b>	6,113
	<b><u>1,633,775</u></b>	<b><u>1,649,254</u></b>



## 17. 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 capitalization 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 capitalization 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.

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

	<b>Debt component</b> <i>RMB'000</i>	<b>Embedded derivative component</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Balance at January 1, 2023	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)
Conversion due to exercise the early redemption option	(74,161)	(2,689)	(76,850)
Conversion of convertible bonds into shares	(425,122)	(103,117)	(528,239)
	<u>—</u>	<u>—</u>	<u>—</u>
As at December 31, 2023	<u>—</u>	<u>—</u>	<u>—</u>

During the Reporting Period, 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 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.

## 18. DERIVATIVE FINANCIAL INSTRUMENTS

	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
<b>Current assets</b>		
<i>Derivatives under hedge accounting</i>		
Cash flow hedges — Foreign currency forward contracts	<u>414,035</u>	<u>135,636</u>
<b>Current liabilities</b>		
<i>Derivatives under hedge accounting</i>		
Cash flow hedges — Foreign currency forward contracts	<u>501,871</u>	<u>115,443</u>

### 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 December 31, 2023	Notional value as at December 31, 2023 USD'000	Fair value assets as at December 31, 2023 RMB'000
<b>Sell USD</b>			
Less than 3 months	7.3789	772,555	234,586
3 to 6 months	7.0451	225,830	5,646
7 to 12 months	7.1030	1,406,410	173,803

	<b>Average strike rate as at December 31, 2023</b>	<b>Notional value as at December 31, 2023 <i>USD'000</i></b>	<b>Fair value liabilities as at December 31, 2023 <i>RMB'000</i></b>
<b>Sell USD</b>			
Less than 3 months	6.5780	478,056	239,914
3 to 6 months	6.8684	820,083	129,302
7 to 12 months	6.8042	546,305	132,655

**Year ended December 31, 2023**

	<b>Fair value change of derivative financial instruments recognised in other comprehensive income <i>RMB'000</i></b>	<b>Reclassification from other comprehensive income into profit or loss <i>RMB'000</i></b>	<b>Profit or loss items</b>
<b>Cash flow hedges</b>			
Anticipated future sales	(215,537)	107,508	Revenue
	<u>(215,537)</u>	<u>107,508</u>	

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.

The ineffective part of the hedge mainly comes from basis risk, risk of change of supply and demand in spot markets and forward markets, and other uncertainty risk of spot markets and forward markets. The amount of the ineffective part of the hedge in the current period and the previous period is not significant.

## 19. SHARE CAPITAL

	<i>RMB'000</i>
Ordinary shares of RMB1.00 each At December 31, 2021 and January 1, 2022	<u>2,955,827</u>
Conversion of convertible bonds	3,165
Issue of A shares under the 2019 WuXi AppTec A Share Incentive Scheme	1,752
Repurchase and cancellation of restricted A shares	<u>(217)</u>
At December 31, 2022 and January 1, 2023	<u>2,960,527</u>
Conversion of convertible bonds	7,278
Issue of A shares under the 2019 WuXi AppTec A Share Incentive Scheme	1,726
Repurchase and cancellation of restricted A shares	<u>(686)</u>
At December 31, 2023	<u><u>2,968,845</u></u>

## 20. SUBSEQUENT EVENTS

The Group has the following events taken place subsequent to December 31, 2023.

### **Proposal of 2023 Profit Distribution Plan**

Subsequent to the end of the Reporting Period, the Board proposes the 2023 Profit Distribution Plan as follows: a cash dividend of RMB9.8336 (inclusive of tax) for every 10 shares (representing an aggregate amount of RMB2,882,031,329.68 (inclusive of tax) based on the remaining number of shares after deducting the number of repurchased shares in the Company's repurchase designated account as of March 15, 2024 from the total issued share capital of the Company as of the date of this announcement) to be paid to all shareholders. As of March 15, 2024, the Company is implementing the Plan of Repurchase of A Shares through Bidding. If there are changes to the total issued share capital of the Company which is entitled to the profit distribution during the period from March 15, 2024 to the record date for the implementation of the profit distribution, the distribution will be conducted on the basis that the total amount of the profit distribution remaining unchanged and the per share distribution amount being adjusted accordingly. Further announcement(s) will be made in relation to such adjustment. The 2023 Profit Distribution Plan is subject to, amongst others, approval by the Shareholders at the forthcoming AGM.

## **Direct repurchase of H Shares from the 2023 Scheme Trustee and cancellation of such H Shares**

Completion of the repurchase of the 15,467,500 Acquired Award Shares at the aggregate purchase price of approximately HK\$1.288 billion under the “Proposal on the Direct Repurchase of H Shares in relation to the 2023 H Share Award and Trust Scheme from the Scheme trustee and the Cancellation of such H Shares” took place on January 15, 2024 pursuant to the SPA. The Acquired Award Shares have been cancelled by the Company’s H Share Registrar on January 18, 2024 and the registered capital of the Company was decreased by RMB15,467,500 accordingly.

## **Repurchase of A Shares Through Bidding**

On February 5, 2024, the Company implemented the A Share Repurchase through bidding and repurchased 20,275,407 A Shares. The maximum price for the A Share Repurchase was RMB51.72 per A Share. The minimum price for the A Share Repurchase was RMB46.50 per A Share. The average price for the A Share Repurchase was RMB49.321 per A Share. The total amount of funds utilized was RMB1,000,000,738.60 (exclusive of transaction fees).

On March 8, 2024, the Company held the tenth meeting of the third session of the Board, where the Board approved the Resolution on Repurchase of A Shares of the Company through Bidding and agreed to implement the repurchase plan.

## DEFINITIONS

In this announcement, 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 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 Initial Grant”	the initial grant of Restricted A Shares and Share Options upon adoption of the 2019 A Share Incentive Plan
“2019 Reserved Grant”	the grant of reserved interests subsequent to the initial grant under the 2019 A Share Incentive Plan
“2019 Special Grant”	the special grant of the 2019 A Share Incentive Plan
“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 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 Shares”	the H Shares granted to a 2021 Selected Participant in a 2021 Award
“2021 Eligible Employee(s)”	eligible employee(s) of the 2021 Scheme pursuant to the 2021 Scheme Rules
“2021 H Share Award and Trust Scheme” or “2021 Scheme”	the H Share award and trust scheme adopted by the Company in accordance with the 2021 Scheme Rules on August 30, 2021
“2021 Independent Selected Participant(s)”	2021 Selected Participants who are not connected persons of the Group



“2021 Scheme Rules”	the rules of the 2021 Scheme (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
“2022 AGM”	the 2022 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 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 Shares”	the H Shares granted to a 2022 Selected Participant in a 2022 Award
“2022 Eligible Employee(s)”	eligible employee(s) of the 2022 Scheme pursuant to the 2022 Scheme Rules
“2022 H Share Award and Trust Scheme” or “2022 Scheme”	the 2022 H Share award and trust scheme adopted by the Company in accordance with the 2022 Scheme Rules on August 18, 2022
“2022 Scheme Rules”	the rules of the 2022 Scheme (as amended from time to time)
“2022 Selected Participants”	any 2022 Eligible Employee who is approved for participation in the 2022 Scheme and has been granted any 2022 Award in accordance with the 2022 Scheme Rules
“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

“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 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 Shares”	the H Shares granted to a 2023 Selected Participant in a 2023 Award
“2023 Eligible Employee(s)”	eligible employee(s) of the 2023 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 adopted by the Company in accordance with the 2023 Scheme Rules on May 31, 2023 and which was subsequently terminated on October 30, 2023
“2023 Scheme Rules”	the rules of the 2023 Scheme (as amended from time to time)
“2023 Selected Participant(s)”	any 2023 Eligible Employee who is approved for participation in the 2023 Scheme and has been granted any 2023 Award in accordance with the 2023 Scheme Rules
“2023 Profit Distribution”	the proposed distribution of cash dividend of RMB9.8336 for every 10 Shares (inclusive of tax) under the 2023 Profit Distribution Plan
“2023 Profit Distribution Plan”	the profit distribution plan of the Company for the year ended December 31, 2023 which includes the 2023 Profit Distribution
“2024 EGM”	the first extraordinary general meeting of the Company in 2024, held on January 5, 2024
“2024 First A Share Class Meeting”	the first A Share class meeting of the Company in 2024, held on January 5, 2024
“2024 First H Share Class Meeting”	the first H Share class meeting of the Company in 2024, held on January 5, 2024

“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
“A Share Repurchase”	Repurchase of 20,275,407 A Shares from the Shanghai Stock Exchange through bidding
“Acquired Award Shares”	the 15,467,500 H Shares of the Company acquired by the Scheme Trustee through on-market transaction as the source of the award shares
“AGM”	the 2023 annual general meeting to be convened by the Company
“API”	active pharmaceutical ingredient
“Articles of Association”	the articles of association of the Company as amended from time to time
“ASMS”	Affinity Selection Mass Spectrometry (ASMS) takes advantage of the ability of active small molecules to bind to target proteins, and identifies small molecules with affinity through size exclusion chromatography and high-resolution and sensitive mass spectrometry
“Audit Committee”	the audit committee of the Board
“BLA”	biologics license application
“Board”	our board of Directors
“Bonds” or “Convertible 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
“CADD”	Computer Aided Drug Design (CADD) implements methods including computer simulation, algorithm and statistics to efficiently screen compounds with potential efficacy and predict their drug properties, thus accelerating the drug development process
“CDE”	Centre for Drug Evaluation

“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 C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which for the purpose of this annual results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “our Company”, “WuXi AppTec”, “We”, “our”, or “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
“COVID-19”	the novel coronavirus pneumonia
“CRDMO”	Contract Research Development and Manufacturing Organization
“CRO”	Contract Research Organization
“CTDMO”	Contract Testing, Development, Manufacturing Organization
“DEL”	The DNA Encoded Library (DEL) is a library of small molecule compounds that are covalently linked to a specific DNA sequence and can be used for efficient screening of biological targets
“Director(s)”	the director(s) of the Company or any one of them
“EBITDA”	Earnings before Interest, Tax, Depreciation and Amortization

“FBDD”	Fragment-based Drug Discovery (FBDD) is the introduction of small molecule fragments into the active site of a target protein, and then through progressive assembly and optimization of these fragments, ultimately forming a drug molecule with high potency and selectivity
“FDA”	Food and Drug Administration in the U.S.
“FVTPL”	Fair Value Through Profit or Loss
“GLP”	good laboratory practice
“Group” or “our Group”	the Company and its subsidiaries
“H Share Registrar”	Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“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
“HK\$” or “HKD”	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HTS”	High Throughput Screening (HTS) is a technology based on molecular level and cellular level experimental methods, which uses sensitive and rapid detection instruments to perform multiple sample testing and analyze the outcome
“IFRS”	International Financial Reporting Standards
“IND”	investigational new drug
“KOLs”	key opinion leaders
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 to the Listing Rules

“NDA”	new drug application
“NMPA”	the National Medical Products Administration of the PRC (國家藥品監督管理局)
“PROTAC”	Proteolysis Targeting Chimera
“R&D”	research and development
“Reporting Period”	the year ended December 31, 2023
“Restricted A Shares”	the restricted A Shares granted by the Company under the 2018 A Share Incentive Plan and/or the 2019 A Share Incentive Plan
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Trustee”	the trustee appointed by the Company for the purpose of the trust to service the 2023 Scheme, Maples Trustee Services (Cayman) Limited, a company incorporated under the laws of Cayman Islands with registered address in Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands, the entities the shares in which are held by the Trustee in its capacity as trustee of the trust to service the 2023 Scheme
“Share Options”	share options granted under the 2018 A Share Incentive Plan and/or the 2019 A Share Incentive Plan
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of Shares
“SMO”	Site Management Organization
“SPA”	the sale and purchase agreement entered into between the Company and the Scheme Trustee for the Scheme Trustee to sell, and the Company to repurchase, the Acquired Award Shares in the amount of 15,467,500 H Shares at the same purchase price the Scheme Trustee paid for the acquisition of the Acquired Award Shares. The principal terms are set out in the circular of the 2024 EGM

“STA”	Shanghai SynTheAll Pharmaceutical Co., Ltd* (上海合全藥業股份有限公司)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TESSA”	Tetracycline-Enabled Self-Silencing Adenovirus
“U.S.”	the United States of America, its territories, its possession and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“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 Testing”	testing business of the Company
“YoY”	YoY
“%”	percentage

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

Hong Kong, March 18, 2024

*As at the date of this announcement, the Board comprises Dr. Ge Li, Dr. Minzhang Chen, Mr. Edward Hu, Dr. Steve Qing Yang and Mr. Zhaohui Zhang as executive Directors, Mr. Xiaomeng Tong and Dr. Yibing Wu as non-executive Directors and Ms. Christine Shaohua Lu-Wong, Dr. Wei Yu, Dr. Xin Zhang, Ms. Zhiling Zhan and Mr. Dai Feng as independent non-executive Directors.*

\* For identification purposes only