WUXI BIOLOGICS (CAYMAN) INC.
藥明生物技術有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2269)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2018

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2018	2017	Change
	RMB million	RMB million	
Revenue	**1,054.4**	654.0	61.2%
Gross Profit	**414.7**	264.3	56.9%
Gross Profit Margin	***39.3%***	*40.4%*	
Net Profit	**249.6**	92.2	170.7%
Net Profit Margin	***23.7%***	*14.1%*	
Adjusted Net Profit	**296.7**	152.8	94.2%
Adjusted Net Profit Margin	***28.1%***	*23.4%*	
	RMB	RMB	
Earnings per share - Basic	**0.21**	0.09	133.3%
- Diluted	**0.19**	0.09	111.1%
Adjusted Earnings per share			
- Basic	**0.25**	0.16	56.3%
- Diluted	**0.23**	0.15	53.3%

The Board resolved not to declare any interim dividend for the six months ended June 30, 2018.

Non-IFRS Measure

To supplement the Group's condensed consolidated financial statements which are presented in accordance with the IFRS, the Company has provided adjusted net profit, adjusted net profit margin, adjusted EBITDA, adjusted EBITDA margin and adjusted basic and diluted earnings per share (excluding the share-based compensation expenses, Listing expenses and foreign exchange gains or losses) as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted financial measures 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 financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the adjusted results on a stand-alone basis or as a substitute for results under the IFRS.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Reporting Period, the Group continued to implement its "Follow-the-Molecule" strategy and enhanced efficiency in various business segments based on the principle of customer first and the highest standards of IP protection system. As at June 30, 2018, the Group had a total of 187 integrated projects, which means for each integrated project the Group provides services and achieves revenue across different divisions/departments and at various stages of the biologics development process. This number of integrated projects represents an increase of 39.6% as compared to 134 projects as of June 30, 2017. The number of early-phase (phase I & II) clinical development projects achieved a robust growth by an increase of 122.9% from 35 as at June 30, 2017 to 78 as at June 30, 2018. As more and more late-phase (phase III) clinical development projects were launched, the Group continued to gain more market share globally and take advantage of the pharmaceutical industries market growth opportunity.

The Group's revenue for the six months ended June 30, 2018 reached RMB1,054.4 million, representing an increase of 61.2% as compared to the same period of 2017. The Group realized phenomenal growth in total backlog, which comprised both service backlog and upcoming potential milestone fees. The service backlog increased steadily by 27.4% from approximately US$419.0 million for the six months ended June 30, 2017 to approximately US$534.0 million for the six months ended June 30, 2018, and the upcoming potential milestone fees surged tremendously from approximately US$33.0 million for the six months ended June 30, 2017 to approximately US$1,248.0 million for the six months ended June 30, 2018. The service backlog represents the amount which the Group has contracted but yet to perform. The upcoming potential milestone fees represent the total amount for upcoming milestone fees, which the Group has contracted but has not yet performed nor received and will take a longer term to charge at various stages of drug development.

For the six months ended June 30, 2018, the Group achieved great success in progressing projects from pre-IND stage to post-IND stage. As at June 30, 2018, 98 projects were in pre-clinical development stage and 78 projects were in early-phase (phase I & II), out of which 43 projects were added to early-phase stage. The number of late-phase (phase III) projects also increased from 6 as at June 30, 2017 to 10 as at June 30, 2018. The first commercial manufacturing project has commenced production at the Wuxi site (Manufacturing 1, **"MFG1"**). **MFG1** is the first U.S. FDA-certified cGMP biologics manufacturing facility in China. This milestone fully validated the Company's global quality assurance program and its pioneering use of disposable bioreactors for commercial manufacturing.

The following table sets forth the status of the on-going integrated projects of the Group as at June 30, 2018:

Biologics development process stage	Number of on-going integrated projects[1]	Typical duration	Typical Service Revenue[2]
Pre-IND			
– Drug discovery	—	2 years	US$1.5-2.5 mm
– Pre-clinical development	98	2 years	US$4-6 mm
Post-IND			
– Early-phase (phases I & II) clinical development	78	3 years	US$4-6 mm
– Late-phase (phase III) clinical development	10	3-5 years	US$20-50 mm
– Commercial manufacturing	1	Annually	US$50-100 mm[3]
Total	187		

Notes:

(1) Integrated projects are projects that required the Group to provide service across different divisions/ departments within the Group and across various stages of the biologics development process.

(2) Milestone fee can be paid at different research and development ("R&D") stages, while royalty fee will be charged once the new drug launches in the market.

(3) Estimated value when biologic drug reaches its peak sales. A biologic drug typically reaches its peak sales after a ramp-up period.

During the Reporting Period, the Group continued to diversify its customer base, which included leading global pharmaceutical companies as well as virtual, start-up companies and small-to-medium sized biotechnology companies. As at June 30, 2018, the Group had worked with 13 out of the 20 largest pharmaceutical companies in the world as measured by their respective pharmaceutical sales in 2017. The Group provided services to 168 customers for six months ended June 30, 2018, compared with 151 customers for the six months ended June 30, 2017. The average revenue per customer among the top ten customers grew 54.1% from RMB39.4 million for the six months ended June 30, 2017 to RMB60.7 million for the six months ended June 30, 2018, thus supporting the Group's "Follow-the-Molecule" strategy. The Group believes that continued cooperation and commitment with its existing customers could allow it to further enhance its value chain and capture the growing market opportunity in the future.

In January 2018, 5 internationally-recognized scientists, entrepreneurs and visionary thinkers were appointed as the members of the Company's newly formed Scientific Advisory Board ("**SAB**"). The SAB will support the Company's mission of becoming a technology leader and a trusted partner for biopharmaceutical companies worldwide to advance the science and technology of biologics development and ultimately benefiting patients worldwide.

On March 6, 2018, the Company's partner (**TaiMed**) received U.S. FDA's approval for Ibalizumab (**Trogarzo™**) and the Company became one of the biologics development and manufacturing service providers who have obtained the U.S. FDA cGMP manufacturing approval, thus officially initiating the Group's first commercial manufacturing project and validating the Company's single-source integrated service model. During the Reporting Period, the Company completed several GMP batches of Trogarzo™ drug substance ("**DS**") and drug product ("**DP**"). It is the first commercial manufacturing project of the Company and showcases the success of the "Follow-the-Molecule" strategy.

To realize its globalization strategy, the Group successively announced new capacity expansion plans in China and globally to enable both local and overseas partners to expedite the development of biologics. This will be the start and integral part of the Group's globalization strategy to ensure that biologics are manufactured by the Group with highest quality standards to benefit patients worldwide through a robust supply chain network.

Our Facilities

During the Reporting Period, we had three operational sites in Wuxi, Shanghai and Suzhou, respectively, all conveniently located within driving distance from each other.

Wuxi Site

The Wuxi site houses part of our clinical and commercial manufacturing facilities, and also provides services such as assay, formulation and process development and validation, lot release testing, stability studies, drug product formulation, fill and finish, and regulatory support services for recombinant protein, monoclonal antibodies ("**mAbs**") and antibody drug conjugate ("**ADC**").

The Group's Manufacturing 2 ("**MFG2**") site began cGMP biologics manufacturing in December 2017. The site utilizes fourteen 2,000L-capacity and two 1,000L-capacity disposable bioreactors primarily dedicated to manufacturing of existing late-phase projects or future commercial products.

MFG1, the first commercial manufacturing facility at the Wuxi site, passed the U.S. FDA pre-license inspection ("**PLI**") for production of Ibalizumab (**Trogarzo™**) in August of 2017 and subsequently has commenced to manufacture commercial products since the medicine's approval by the U.S. FDA in March 2018.

On May 18, 2018, the Group started construction of the WuXi Biologics Life Science and Technology Park and held the ground breaking ceremony in Wuxi. The park will be one of the world's largest integrated centers for the research, development and manufacturing of biologics. The gross floor area of WuXi Biologics Life Science and Technology Park is approximately 66 acres (equivalent to approximately 266,660 square meters) and the site will become the Group's global headquarters for integrated R&D, manufacturing, training, international cooperation and exchange and business support.

Shanghai Site

The Group's Shanghai site houses the drug discovery and pre-clinical development facilities and part of the Group's cGMP clinical manufacturing facilities. Services provided include novel mAb discovery, bispecific antibody engineering, ADC discovery, cell line engineering and development, assay, formulation and process development, assay and process validation, product analytical characterization, and cGMP cell banking.

The R&D team in the Shanghai site continues to improve and expand the scope of services, capabilities and capacities leveraging the booming growth of the antibody therapeutics market. The Company updated various technology platforms to help its customers to improve their products, starting from studies that require milligram levels of proteins or antibodies for early stage product evaluation to gram level quantities required for critical druggability and developability studies as well as purification, formulation and analytical method development to support early Chemical, Manufacturing and Control ("**CMC**") activities. The Group has also developed 253 cell lines for therapeutic protein purpose and 103 cell-based bioassays thus becoming one of the world's largest cell culture development laboratories.

MFG3, the new facility for clinical manufacturing at the Shanghai site with total bioreactor capacity of 7,000L and both next-generation fed-batch and perfusion lines, will double the Group's existing cGMP capacity for clinical trial material and thus allows the Group to concurrently run 10 GMP campaigns of different products to enable its global customers and accelerate their R&D process.

Suzhou Site

The Suzhou site houses the biosafety testing facilities, providing services such as viral clearance and cell line characterization studies. The Company has built state-of-the-art biosafety testing facilities at the Suzhou site that can support all biosafety testing requirements for biologics manufacturing.

The Suzhou site has optimized internal operations and management during the Reporting Period and combined with recent laboratory expansions, further shortened the delivery time of projects for the Group's clients and completed multiple virus clearance validation and critical cell line characterization studies required for projects applying for product registration.

Research and Development ("R&D")

During the Reporting Period, the Group continuously focused on (i) developing next generation technologies to continue to enhance our single-source integrated services, in particular next generation mAb discovery platform, next generation production cell line platform, novel ADC linker and payload system and continuous biologics manufacturing technologies; (ii) improving the quality and efficiency of the services and costs control and (iii) further improving the existing human antibody, bispecific antibody and nanobody/VHH antibody discovery technologies. Through R&D activities, the Group generates proprietary technologies, which enable it to receive milestone and royalty fees from customers utilizing such technologies.

For the six months ended June 30, 2018, the R&D expenditure was RMB56.2 million, which was 5.3% of the Company's revenue. The R&D team of the Company has over 190 scientists, many of whom have multiple years of biologics discovery experience at multinational pharmaceutical companies.

The Company's R&D team is committed to our mission of enabling our partners to address unmet medical needs both at home and abroad and our goal to strengthen our innovation capabilities, by adopting the approach of (i) acquiring advanced technologies and (ii) developing novel discovery technologies via internal research and development.

The Company hopes to continuously enhance operational efficiency, continue to resource and build our integrated service capabilities and capacities and strive for excellence and ongoing innovation of the technology platform, which has ensured that the Company can provide optimal technical solutions according to different demands of customers to greatly accelerate the R&D process of novel biologics, while the excellent quality of novel biologics has also greatly reduced future R&D risks of customers.

Sales and Marketing

The Group takes a multichannel approach to its marketing efforts. The objectives of the marketing plan are to build awareness of the Company's brand and its single-use open-access technology platforms and to communicate to the market the key technical, operational and business strategies of the Group by influencing existing and potential clients to develop positive two-way communication with the Group in addition to furthering our overall business growth objectives.

The multichannel marketing approach involves both academic and sales presence at various global industry trade conferences. In the first half of 2018, the Group invited C-level and other senior management in the industry to meet in January during the week of the JP Morgan Healthcare Conference in San Francisco and then again six months later at the annual "BIO" conference in Boston. Both of these conferences brought together over 16,000 executives and other key industry leaders from biopharma/pharma companies worldwide and allowed the Group's business development and senior management staff to discuss with key and potential clients how the Group can help them in their critical drug development efforts. The Group also attended more regional venues like BioEurope, BioKorea and CPhI Japan and attended or presented its various platform technologies at technology-centric conferences dedicated to biologics development and manufacturing, including the Bioprocess International West Conference, Biologics Manufacturing Asia and PEGS (Protein Engineering Summit).

To enhance its brand recognition and promote its brand, the Group creates publicity by placing advertisements through various industry-leading print and digital publications and social media, such as Biopharm International and Bioprocess International, and highly-trafficked blogs like the Cell Culture Dish. The Group also takes advantage of webinars and white papers to carry out its marketing initiatives. For example, a white paper written by one of the Group's key scientist discussing the industries' use of continuous bioprocessing technologies and another covering the Group's "Scale-out" GMP manufacturing strategy helped solidify the Group as technical leaders in the bioprocessing field. In addition, a series of bioprocessing educational videos were created and promoted to establish our technical team as experts in the CMC and manufacturing fields that comprise biologics development. Moreover, by consistently utilizing social media outlets such as LinkedIn and WeChat, we continuously publicize our business, major milestones, technologies, recruitment and training videos to enhance the Company's awareness to a larger market.

During the Reporting Period, the Group once again established itself as a premier supplier and partner in the biopharmaceutical industry by utilizing a global multichannel marketing approach to highlight its differentiated competitive strengths.

Quality Assurance

The Group is committed to ensuring and maintaining the highest standard of regulatory compliance while providing high quality services and products that meet customers' needs. The quality assurance department's 155 employees implement our well-established quality system, supervise the daily quality operations and ensure GMP compliance within the manufacturing environments.

During the U.S. FDA's PLI in August 2017, both drug substance and drug product facilities passed the inspection with no critical observations, which validated that the Group has established a global quality standard.

In January 2018, Dr. Chiang Syin joined the Group as Chief Quality Officer and is responsible for the Group's global quality management system, Quality Assurance, Quality Control and Regulatory Affairs. Dr. Syin has 30 years' experiences in U.S. FDA regulatory review and cGMP certification of biological products and biological medicines. In April 2018, Dr. Gang Wang, another former FDA inspector, joined the Group as Vice President of Quality, reporting to Dr. Chiang Syin. Dr. Wang worked for the U.S. FDA and China Drug Administration ("**CDA**") (formerly China Food and Drug Administration ("**CFDA**")) for 13 years and was a peer-review expert on cGMP and manufacturing of biologics, with particular expertise in cellular and gene therapy products. Their leadership will bring the Group's quality and compliance management system to an even higher level.

Capacity Expansion Plan

The Group's increasing late-phase projects, long-term globalization strategy and a growing global demand has led the Group not only to expand capacity at our existing sites in China, but also to build and diversify both globally and regionally. The Group's well-planned capacity expansions will also lay a solid foundation for the Group to sustain its favourable position in biologics industry and continue to seize emerging opportunities from the biologics outsourcing market. In the first half of 2018, the Group approved the following rapid capacity expansion plans:

Factory No.	**Designed Capacity**	**Location**	**Usage**
MFG4	10,000L fed-batch/CFB	Wuxi	Clinical/Commercial
MFG5	60,000L fed-batch	Wuxi	Commercial
MFG6	6,000L perfusion	Ireland	Commercial
MFG7	48,000L fed-batch	Ireland	Commercial
MFG8	48,000L fed-batch	Shijiazhuang	Commercial
MFG9	5,000L fed-batch/perfusion	Shijiazhuang	Clinical/Commercial
MFG10	4,500L fed-batch/perfusion	Singapore	Clinical/Commercial
MFG11	4,500L fed-batch/perfusion	Worcester, US	Clinical/Commercial

Most of the new capacity expansion plans will start in 2018. Once implemented, the Group will maintain more than 220,000L manufacturing bioreactor capacity across four countries and thus offer a robust global supply chain system for our clients.

These new sites will enable the Group to continue to implement the "Follow-the-Molecule" and "globalization" strategies and maintain fast-track growth compared to its competitive peers. Accordingly, the Group will be able to establish comprehensive capabilities to realize the full drug development and manufacturing cycles. The capacity expansion plans will be reviewed regularly to align with future client needs and market conditions.

Future and Outlook

The global biologics market has increased over the years and it is predicted that the market will continue to grow at a steady pace over the next few years, particularly due to the increasing rate of successful biologics approvals and the growing incidence of chronic diseases resulting from the aging population. Therefore, the growth of the global biologics market shall benefit from: the popularity of advanced diagnostics, increasing rates of auto-immune diseases, significant increased usage of mAbs for the treatment of different diseases and general advancements in healthcare & biotechnology. Accordingly, the biopharmaceutical industry has become one of the fastest-growing subsectors in the pharmaceutical industry. According to a report published by EvaluatePharma, from 2016 to 2017, there were at least 7 biologics appearing in the Top 10 Best-selling Drugs list. The efficacy and safety of biologics, in addition to the ability to treat previously untreatable diseases, is also the single largest influencing factor for the growth of this market. It is expected that the biopharmaceutical industry will continue its growth trend with more innovative technologies and therapies coming to the market.

It is expected that there will be more potential for the future growth of the biopharmaceutical market, which will be driven by the continuous investments in R&D activities in the biotechnology and pharmaceutical sector and the soaring demand for novel therapies for various rare diseases. Recent intensive research in novel therapies and combination therapies have established the efficacy of biologics for treating a wide range of chronic diseases such as cancer, rheumatoid arthritis, macular degeneration, and hematological malignancies. The increasing rate of approval of biologics by various regulatory agencies such as the U.S. FDA and European Medicines Agency ("**EMA**") has also positively impacted the market. Five new Biologics License Applications ("**BLA**") are approved by the U.S. FDA in the first half of 2018 and some of those drugs are expected to be the "blockbusters" and generate peak annual sales of at least US$1 billion. Given the historically high 74% Phase III-to-approval success rate of biologics in late-phase development, it is envisaged that during the next decade, the biologics pipeline will experience exponential increase.

Due to the increasing demand for biologics and the increased regulatory approvals for these drugs, there is thus a huge demand for outsourcing services from pharmaceutical companies and the biotechnological industries. Currently, as an important component of the biologics market, antibody drugs thus create tremendous business opportunities for the biologics outsourcing market. Globalization of the pharmaceutical industry has resulted in outsourcing options becoming more international in nature, driving growth in outsourcing services both domestically and internationally. Moreover, the robust supply chain ensured by contract manufacturers makes outsourcing more attractive to drug development companies.

China has become the world's second largest pharmaceutical market. As the Chinese government further deepens reforms of the drug regulatory system, China's pharmaceutical market will become more diversified. Meanwhile, China has experienced a trend of pharmaceutical innovation and a relatively strong business environment for pharmaceutical R&D innovation, resulting from supportive policy at the government level, the recruitment and training of experienced and innovative R&D personnel, and a robust investment and financing environment for innovative drugs. Policies encouraging innovation successively introduced from the second half of 2017 to the present included the "Opinions on Deepening the Reform of the Evaluation and Approval Systems to Encourage Innovation on Drugs and Medical Devices" (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》), the "Provisions for Drug Registration (Revised Draft)" (《藥品註冊管理辦法(修訂稿)》) and the "Technical Guidelines for the Acceptance of Overseas Clinical Trial Data of Drugs" (《接受藥品境外臨床試驗資料的技術指導原則》). These policies will simplify the overseas drug evaluation and approval procedures for innovative drugs, optimize drug clinical trial evaluation and approval procedures, improve the innovation environment and stimulate market vitality. The investment and financing environments of innovative drugs are also becoming more friendly. Venture funds are highly enthusiastic for investment in biologics, while the Stock Exchange has opened a green channel for the listing of biotech companies with no revenue. Innovative drugs will bring about opportunities in the pharmaceutical outsourcing market. In the future, it is expected that more companies will choose CDMOs versus attempting to build infrastructure and manufacturing capabilities. Large pharmaceutical companies will continue to outsource to focus resources and strengths on their core R&D technologies while reducing assets and risks, and at the same time, take advantage of CDMO streamlined process development platforms to reduce cost and improve efficiency.

China's demand for biologics medicines has grown at a fast pace in the past decade. It is anticipated in the next 10 years that both production and demand will maintain continuous growth. Riding on the fact that the China Drug Administration ("**CDA**") has become a member of The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use ("**ICH**"), China now begins to truly integrate into the international drug regulatory system, and China's biologics outsourcing industry has also ushered in a new peak. As a global leading enabling platform with open-access and integrated biologics capabilities and technologies, the Company will benefit from the relevant policy changes and leverage China's fast-growing market.

Riding on the growth of to the global industry and the Chinese biologics outsourcing market, the Company has maintained strong growth. As a leading global biologics service provider that offers comprehensive, integrated and highly customizable services, the Company offers multinational pharmaceutical and biotechnological companies in the world end-to-end solutions empowering anyone and any company to discover, develop and manufacture biologics from concept to commercial manufacturing. The Company's services are designed to help the worldwide clients to shorten the discovery and development period and lower the cost of biologics. The Group will as always strengthen the sustainable innovation and continuous upgrading capabilities of its technology platforms to help improve R&D efficiency and reduce R&D costs so as to enhance competitiveness of customers. Meanwhile, the Group will seize the momentum of the booming industry to strengthen internal management and start from the second venture to ensure the sustainable development of the Group's business with the execution of fast action.

Grateful to the past and looking into the future. The Group's commitment has always remained the same –"every drug can be made and every disease can be treated", which is not only the greatest ambition but also the challenge of the healthcare industry. The new era has given us a great development opportunities and also endowed the Group with unique missions and duties. The Group has a fresh start to embrace evolution and innovation across biologics industry to create more values for its customers, employees and shareholders.

Financial Review

Revenue

The revenue of the Group increased by 61.2% from approximately RMB654.0 million for the six months ended June 30, 2017 to approximately RMB1,054.4 million for the six months ended June 30, 2018. The growth of sales was mainly attributed to (i) a steady growth in number of integrated projects from 134 as at June 30, 2017 to 187 as at June 30, 2018; (ii) more projects of pre-IND stage progressing into next stages such as early phase (phase I and II) and late-phase (phase III) successfully by implementing the "Follow-the-Molecule" strategy; and (iii) production expansion of new fed-batch facility of **MFG2**, which commenced from the fourth quarter of 2017, enabling higher revenue for more projects in late-phase (phase III).

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

	Six months ended June 30,			
	2018		2017	
Revenue	**RMB million**	**%**	RMB million	%
– United States of America	**547.6**	**51.9%**	342.3	52.3%
– PRC	**370.4**	**35.1%**	255.6	39.1%
– Europe	**52.9**	**5.0%**	19.4	3.0%
– Rest of the World (Note)	**83.5**	**8.0%**	36.7	5.6%
Total	**1,054.4**	**100.0%**	654.0	100.0%

Note: Rest of the world primarily includes Canada, Israel, Japan, India and South Korea.

Regarding the revenue of the Group generated from different stages, since the Group has adopted "Follow-the-Molecule" strategy, most of its projects are currently under the pre-IND stage and therefore, the pre-IND service revenue of the Group accounted for a larger proportion of the revenue of the Group. For the six months ended June 30, 2018, the pre-IND revenue of the Group increased by 46.4% to approximately RMB656.3 million, accounting for 62.2% of the revenue of the Group. On the other hand, the post-IND service revenue of the Group showed a rapid increase of 93.5% to approximately RMB398.1 million, accounting for 37.8% of the total revenue of the Group, as the projects moved to later stages.

The following table sets forth a breakdown of the revenue of the Group by pre-IND services and post-IND services for the periods indicated:

	Six months ended June 30,			
	2018		2017	
	RMB million	**%**	RMB million	%
Pre-IND services	**656.3**	**62.2%**	448.3	68.5%
Post-IND services	**398.1**	**37.8%**	205.7	31.5%
Total	**1,054.4**	**100.0%**	654.0	100.0%

Cost of Services

The cost of services of the Group increased by 64.1% from approximately RMB389.8 million for the six months ended June 30, 2017 to approximately RMB639.7 million for the six months ended June 30, 2018. The increase of the cost of services was in line with the growth of the business.

The cost of services of the Group consists of direct labor costs, cost of raw materials and overhead. Direct labor costs primarily consist of salaries, bonus, social security costs and share-based compensation for the employees in the Group's business units. Cost of raw materials primarily consists of costs incurred for the purchase of raw materials used in the rendering of the Group's services, such as reagents and chromatograph columns. Overhead primarily consists of depreciation charges of the facilities and equipment used in the rendering of the Group's services, utilities and maintenance.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by 56.9% from approximately RMB264.3 million for the six months ended June 30, 2017 to approximately RMB414.7 million for the six months ended June 30, 2018. The increase in the gross profit was mainly attributed to the Group's strong growth in the number of integrated projects as a result of its rapid business growth.. The Group's gross profit margin was 39.3% for the six months ended June 30, 2018, compared to 40.4% for the same period of 2017, driven by the combined effect of: (i) better capacity utilization and (ii) more efficient business operation; partially offset by (iii) strong depreciation of USD against RMB in the first half of 2018 while significant part of the Group's revenue is denominated in USD.

Other Income

The other income of the Group increased by 153.4% from approximately RMB16.1 million for the six months ended June 30, 2017 to approximately RMB40.8 million for the six months ended June 30, 2018, primarily due to an increased interest income by bank deposits as a result of the receipts of IPO proceeds in June 2017 and placement proceeds in March 2018.

Other Gains and Losses/Impairment losses, net of reversal

As a result of the application on IFRS 9 Financial Instruments, impairment losses, net of reversal, has been individually presented in the Group's financial statement, started January 1, 2018.

Impairment losses, net of reversal, represent the loss allowance on the Group's financial assets (including trade and other receivables and contract assets) under Expected Credit Loss ("ECL") model. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings, based on the consideration of the credit risk for each grouping. Comparatively the impairment losses for the six months ended June 30, 2017 were assessed based on the management's judgment including the assessment of changes in credit quality and the past collection history of each customer (instead of each grouping).

The Group has recorded RMB19.6 million net impairment losses during the Reporting Period under ECL model, representing 2.0% of trade and other receivables and contract assets. Following the application of IFRS 9, the comparative period result of RMB4.0 million was not restated through ECL model (If restated under ECL model for the six months ended June 30, 2017: RMB12.5 million, representing 2.0% of trade and other receivables). As a result, the unfavorable change of the net impairment losses were mainly due to the change of assessment method following IFRS 9, coupled with the increased trade receivable balance as a result of the Group's growing business. The management of the Group considers the impairment loss under ECL model to be in a more conservative view and has been continuously managing the credit risk through periodic review and monitoring on the doubtful debts.

The Group recorded net other gains of approximately RMB12.3 million for the six months ended June 30, 2018, compared with net other losses of approximately RMB11.9 million for the six months ended June 30, 2017, as a net effect of (i) a net foreign exchange gain of RMB5.0 million for the six months ended June 30, 2018 as compared to a net loss of RMB13.8 million for the six months ended June 30, 2017; and (ii) a gain from investments in money market fund for unused IPO proceeds during the Reporting Period.

Selling and Marketing Expenses

The selling and marketing expenses of the Group represent a relatively stable percentage of the revenue of the Group (1.9% for the six months ended June 30, 2018, as compared to 2.0% for the six months ended June 30, 2017) and increased by 49.6% from approximately RMB13.3 million for the six months ended June 30, 2017 to approximately RMB19.9 million for the six months ended June 30, 2018, primarily because (i) more talents were recruited for enhancement of the Group's capability in business development to meet the requirements of continuous rapid business growth; and (ii) more promotions through advertising and maintenance of its premier positioning with industry leading technical content media.

Administrative Expenses

The administrative expenses of the Group increased by 70.5% from approximately RMB51.1 million for the six months ended June 30, 2017 to approximately RMB87.1 million for the six months ended June 30, 2018, primarily due to (i) workforce expansion for enhancement of capability of operation and business supporting to meet the increasing requirements of rapid growth business and support long term development of the Group; (ii) an increase in its corporate governance related costs as the Shares were listed on the Stock Exchange in June 2017; such as cost of legal services, compliance advisory and audit services; and (iii) an increase in administrative staff cost, management's share-based compensation cost and insurance fee, etc., which are in line with the Group's business growth.

Research and Development Expenses

The research and development expenses of the Group increased by 54.4% from approximately RMB36.4 million for the six months ended June 30, 2017 to approximately RMB56.2 million for the six months ended June 30, 2018, primarily due to (i) an increase in its research and development activities in connection with the development of next generation technologies; and (ii) the Group's continuous efforts made to improve its service efficiency.

Other Expenses

No other expenses was recorded for the six months ended June 30, 2018.

Finance Cost

No finance cost was recorded for the six months ended June 30, 2018, as compared to approximately RMB31.3 million for the six months ended June 30, 2017, representing the interest expenses on bank borrowings and finance lease.

Income Tax Expense

The income tax expense of the Group increased by 47.9% from approximately RMB24.0 million for the six months ended June 30, 2017 to approximately RMB35.5 million for the six months ended June 30, 2018, as a result of the growth of the Group's business. The effective income tax rate decreased from 20.7% for the six months ended June 30, 2017 to 12.5% for the six months ended June 30, 2018, primarily because (i) an increase of year 2017 enterprise income tax refund of RMB7.3 million and (ii) a decreased weight of non-tax-deductible share-based compensation.

Net Profit and Net Profit Margin

As a result of the foregoings, the net profit of the Group increased 170.7% from approximately RMB92.2 million for the six months ended June 30, 2017 to approximately RMB249.6 million for the six months ended June 30, 2018. The net profit margin of the Group for the six months ended June 30, 2018 was 23.7%, compared to 14.1% for the six months ended June 30, 2017. The significantly higher net profit margin compared to the six months ended June 30, 2017 was primarily due to (i) the Group's strong growth in the number of integrated projects and as a result, strong growth in revenue; (ii) solid cost control and business operation efficiency enhancement; (iii) an increase in government subsidy; (iv) an increased interest income in the first half of 2018 from bank deposits as a result of the receipts of IPO proceeds in June 2017 and placement proceeds in March 2018 instead of interest cost in first half of 2017; partially offset by (v) strong depreciation of USD against RMB through second half of 2017 to first half of 2018 while a significant part of the Group's revenue is denominated in USD.

The adjusted net profit[1] of the Group increased 94.2% from approximately RMB152.8 million for the six months ended June 30, 2017 to approximately RMB296.7 million for the six months ended June 30, 2018. The adjusted net profit margin of the Group for the six months ended June 30, 2018 was 28.1%, compared to 23.4% for the six months ended June 30, 2017. The higher adjusted net profit margin of the Group for the six months ended June 30, 2018 follows the same set of reasons as in above discussion.

EBITDA

The EBITDA[2] of the Group increased by 85.5% from approximately RMB205.5 million for the six months ended June 30, 2017 to approximately RMB381.1 million for the six months ended June 30, 2018. The EBITDA margin of the Group for the six months ended June 30, 2018 was 36.1%, compared to 31.4% for the six months ended June 30, 2017. The higher EBITDA margin of the Group for the six months ended June 30, 2018 was primarily due to a higher net profit margin as discussed above.

---

1 The adjusted net profit is calculated as net profit for the Reporting Period, excluding share-based compensation, foreign exchange gains or losses and Listing expenses.

2 EBITDA represents net profit before (i) interest expense, income tax expenses and (ii) amortization and depreciation.

The adjusted EBITDA[3] of the Group increased by 61.0% from approximately RMB266.1 million for the six months ended June 30, 2017 to approximately RMB428.3 million for the six months ended June 30, 2018. The adjusted EBITDA margin of the Group for the six months ended June 30, 2018 was 40.6%, compared to 40.7% for the six months ended June 30, 2017. The adjusted EBITDA margin of the Group for the six months ended June 30, 2018 maintained similar level with the six months ended June 30, 2017.

Basic and diluted earnings per share

The basic earnings per share of the Group increased 133.3% from RMB0.09 for the six months ended June 30, 2017 to RMB0.21 for the six months ended June 30, 2018. The diluted earnings per share of the Group increased 111.1% from RMB0.09 for the six months ended June 30, 2017 to RMB0.19 for the six months ended June 30, 2018. The increase in the basic and diluted earnings per share was primarily due to the increase in the net profit resulting from the strong business growth of the Group.

The adjusted diluted earnings per share[4] of the Group for the six months ended June 30, 2018 amounted to RMB0.23, representing an increase of 53.3% when compared with that of RMB0.15 for the six months ended June 30, 2017. The increase in the adjusted diluted earnings per share was primarily due to the increase in the adjusted net profit resulting from the strong business growth of the Group as discussed in the above section headed "Net profit and Net Profit Margin".

Plant and equipment

The plant and equipment balance of the Group increased by 21.7% from RMB1,780.2 million as at December 31, 2017 to RMB2,166.2 million as at June 30, 2018. During the six months ended June 30, 2018, the Group acquired approximately RMB480.1 million (during the six months ended June 30, 2017: approximately RMB200.6 million) of plant and equipment for the expansion of research, development and manufacturing capacities.

Other intangible assets

During the six months ended June 30, 2018, the Group acquired approximately US$51 million (equivalent to approximately RMB333.3 million) (during the six months ended June 30, 2017: nil) of licenses in provision of discovery, development and manufacturing of biologics services.

---

3 Adjusted EBITDA is calculated as the EBITDA for the Reporting Period, excluding (i) interest expense, income tax expenses; (ii) certain non-cash expenses, consisting of share-based compensation, amortization and depreciation; (iii) Listing expenses and (iv) foreign exchange gains or losses.

4 Adjusted diluted earnings per share is calculated as adjusted net profit divided by weighted average number of ordinary shares for the purpose of calculating diluted earnings per share.

Prepaid lease payments (Current portion & Non-current portion)

Prepaid lease payments represent the land use rights the Group acquired by approximately RMB137.2 million during the six months ended June 30, 2018 (during the six months ended June 30, 2017: nil).

Equity instruments at FVTOCI

On May 10, 2018, the Group entered into an agreement to purchase 266,666 Series Mezzanine 2 Preferred Shares of Inhibrx, Inc. ("**Inhibrx**"), a Delaware corporation, with a consideration of US$3.0 million (equivalent to approximately RMB19.9 million). Inhibrx is a privately held bio-therapeutic company, which has developed an efficient and productive scientific and business approach to rapidly develop transformative therapeutics for patients in need.

On June 25, 2018, the Group subscribed 19.9% of the equity interest of Tysana Pte. Ltd. ("**Tysana**"), a private company limited by shares in Singapore, with a consideration of US$9.95 million (equivalent to approximately RMB65.8 million). Tysana focuses on the business of infectious diseases drug research, development and commercialization in respect of the monoclonal antibodies in relation to Viruses of Zika EV71, and Yellow Fever.

The Group has no controlling power or significant influence over the management and the operation of the two investments. At the date of initial recognition, the Group made an irrevocable election to designate the two investments in equity instruments as at FVTOCI. Following this election, the Group will present in other comprehensive income the subsequent changes in the fair value of the two investments. As a result, any fair value change of the two investments would be reflected in the Group's statement of fiancial position, instead of the profit & loss statement.

Inventories

The inventories of the Group increased by 79.6% from approximately RMB135.5 million as at December 31, 2017 to approximately RMB243.3 million as at June 30, 2018, primarily as a result of the Group's business growth.

Service work in progress/Contract costs

As a result of the application on IFRS 15 Revenue from Contracts with Customers, service work in progress has been reclassified to contract costs as at January 1, 2018. Contract costs increased by 15.5% from approximately RMB202.4 million of service work in progress as at December 31, 2017 to approximately RMB233.7 million of contract costs as at June 30, 2018, primarily due to the growth of the Group's business.

Trade and other receivables/Contract assets

As a result of the application on IFRS 15 Revenue from Contracts with Customers, unbilled revenue previously included in trade and other receivables was reclassified to contract assets as at January 1, 2018. Trade and other receivables increased by 51.1% from RMB614.3 million as at December 31, 2017 to RMB928.1 million as at June 30, 2018, primarily due to the growth of the Group's business.

Trade and other payables/Contract liabilities

As a result of the application on IFRS 15 Revenue from Contracts with Customers, advances from customers of approximately RMB254.7 million in respect of contracts with customers previously included in trade and other payables were reclassified to contract liabilities as at January 1, 2018. The Group has recorded 50.3% increase in contract liabilities (advances from customers) along with its business growth and the improved credit control. Excluding the advances from customers, trade and other payables have been kept at a stable balance.

Liquidity and Capital Resources

The Group's bank balances and cash, time deposits and financial assets as at fair value through profit or loss amounted to approximately RMB4,371.9 million in total as at June 30, 2018, as compared to approximately RMB2,060.0 million as at December 31, 2017, as a result of placement proceeds received in March 2018 of RMB3,186.7 million; partially offset by working capital funding and payments for the purchase of plant and equipment and others. The cash and cash equivalents held by the Company are composed of RMB and U.S. dollar. Currently, the Company follows a set of funding and treasury policies to manage its capital resources and prevent risks involved.

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2018, there were no significant investment held by the Company, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Indebtedness

Borrowings

There was no bank borrowing drawn by the Group as at June 30, 2018. During the first half of 2017, the Group incurred new borrowings to (i) repay the loans borrowed from related parties, which were primarily used to fund the working capital needs of the Group; and (ii) fund the on-going construction of the new facilities at the Wuxi site. All these borrowings were subsequently repaid by the end of September 2017.

Contingent Liabilities and Guarantees

As at June 30, 2018, the Group did not have any material contingent liabilities or guarantees.

Currency Risk

The Group principally operates in the PRC with a major portion of the procurements being settled in RMB, which is the functional currency of the Group's entities. The Group also has certain subsidiaries in foreign operations. Foreign exchange risk arises from the recognized revenue and expenses, assets and liabilities and net investments in foreign operations. The Group's entities are exposed to foreign exchange risk of foreign currencies other than their functional currencies, primarily with respect to the U.S. dollar.

During the Reporting Period, a majority of the Group's revenue was generated from sales denominated in U.S. dollar, while most of the cost of services and operation costs and expenses of the Group were settled in RMB. As a result, the Group's margins are pressured when Renminbi appreciates against the U.S. dollar. The monetary assets and liabilities denominated in U.S. dollar are exposed to foreign exchange risk through revaluation at the end of each reporting period, when the Renminbi appreciates or depreciates against the U.S. dollar.

The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. Since January 2018, the Group has engaged into a series of forward contracts in order to manage the Group's currency risk.

Charges of Assets

As at June 30, 2018, the Group pledged bank deposits with an amount of approximately RMB21.5 million, which kept stable with approximately RMB21.2 million as at December 31, 2017. The balance mainly represented deposits placed in banks as collaterals for the banks to issue letters of credit for the Group's imported raw materials and equipment.

Contractual Obligations

As at June 30, 2018, the Group had contractual obligations in an amount of approximately RMB1,181.7 million, which increased by 163.6% from approximately RMB448.3 million as at December 31, 2017, primarily due to (i) an approximately RMB691.6 million increase in capital commitments; and (ii) an approximately RMB41.8 million increase in operating lease commitments.

Gearing Ratio

Gearing ratio is calculated using interest-bearing borrowings less cash and cash equivalents divided by total equity and multiplied by 100%. As at June 30, 2018, the Group had no borrowing and thus, gearing ratio is not applicable.

Employees and Remuneration Policies

As at June 30, 2018, the Group had a total of 3,059 employees, of whom 1,455 were located in Shanghai, 1,450 were located in Wuxi, Jiangsu Province, 132 were located in Suzhou, Jiangsu Province, and 22 were located overseas. The staff costs, including Directors' emoluments but excluding any contributions to retirement benefit scheme contributions and share-based payment expenses, were approximately RMB266.7 million for the six months ended June 30, 2018, as compared to approximately RMB147.8 million for the six months ended June 30, 2017. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund as applicable to the countries where the Group operates.

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

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

Interim Dividend

The Board resolved not to declare any interim dividend for the six months ended June 30, 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with all the code provisions as set out in the CG Code throughout the six months ended June 30, 2018. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Written Guidelines on no less exacting terms than the Model Code as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines throughout the six months ended June 30, 2018. No incident of non-compliance of the Guidelines for Securities Transactions by Employees by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

USE OF NET PROCEEDS

The total proceeds from the issue of new Shares by the Company in its Listing (after deducting the underwriting fees and related expenses) amounted to approximately RMB3,437.8 million[(1)], and the balance of unutilized net proceeds of approximately RMB1,278.2 million was kept at the bank accounts of the Group as at June 30, 2018.

The net proceeds from the Listing (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in accordance with the purposes set out in the Prospectus. The below table sets out the planned applications of the net proceeds and actual usage up to June 30, 2018:

Use of proceeds	Planned applications (RMB Million)	Percentage of total net proceeds	Actual usage up to June 30, 2018 (RMB Million)	Unutilized net proceeds as at June 30, 2018 (RMB Million)
To repay all of the Group's outstanding bank facilities	1,238.6	37%	1,238.6	—
To construct new facilities and existing facility improvement and maintenance	1,739.7	52%	756.1	983.6
For the Group's working capital and other general corporate purposes	275.9	8%	95.0	180.9
To improve and maintain the Group's existing facilities	113.7	3%	—	113.7
Total	3,367.9[(1)]	100%	2,089.7	1,278.2

Note:

(1) It included approximately RMB69.9 million which forms part of the Listing expenses payable settled after the receipt of IPO proceeds. By excluding this portion, the net proceeds planned for applications amount to approximately RMB3,367.9 million.

The net proceeds from the placing of new Shares by the Company were approximately RMB3,186.7 million, which have been and will be used for the future expansion of the Group, including the capital requirements to increase its laboratory and manufacturing capacity, as disclosed in the announcement of the Company dated March 22, 2018.

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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM RESULTS

The independent auditors of the Company, namely Deloitte Touche Tohmatsu, have carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2018) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

EVENTS AFTER THE REPORTING PERIOD

The Group has the following events taken place subsequent to June 30, 2018:

- On July 9, 2018, the Company concluded a development and manufacturing agreement with NASDAQ listed company Immune Pharmaceuticals (stock code: IMNP) ("**Immune**") for the production of bertilimumab, Immune's first-in-class anti-eotaxin-1 monoclonal antibody. The new partnership combines Immune's leading expertise in immunology research and development with the Company's expertise in biologics late-stage development and commercial manufacturing to expedite the development of bertilimumab towards potential global product approval.

- On July 18, 2018, the Company entered into a joint venture agreement with Shanghai Hile Bio-pharmaceutical Co., Ltd. (上海海利生物技術股份有限公司) in relation to the formation of a joint venture with total registered capital proposed to be RMB500 million, which shall primarily engage in human vaccine (e.g. cancer vaccine) CDMO business and provision of end-to-end integrated service and solution platform covering the discovery, development and manufacturing of human vaccine from concept to commercial manufacturing. Details of the joint venture agreement are set out in the announcement of the Company dated July 18, 2018.

- On July 25, 2018, **MFG3** has successfully completed its first cGMP run. With **MFG3**'s newly added capacity, the Company boasts the largest mammalian cell culture capacity in China and globally unparalleled capacities.

- On July 31, 2018, a process validation campaign at the 6,000L scale has been initiated to support global product registration and launch for a key partner in the fed-batch facility of **MFG2**.

PUBLICATION OF THE 2018 CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of HKEx (www.hkexnews.hk) and the Company's website (www.wuxibiologics.com.cn). In accordance with the requirements under the Listing Rules which are applicable to the Reporting Period, the interim report for the six months ended June 30, 2018 containing all the information about the Company set out in this preliminary announcement of results for the six months ended June 30, 2018 will be despatched to the Shareholders and published on the respective websites of HKEx and the Company in due course.

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2018

The Board of Directors of the Company is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2018

		Six months ended June 30,	
	NOTES	**2018**	2017
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	**1,054,385**	654,040
Cost of services		**(639,667)**	(389,771)
Gross profit		**414,718**	264,269
Other income	5	**40,815**	16,076
Other gains and losses	6	**12,349**	(11,928)
Impairment losses, net of reversal	8	**(19,562)**	(3,993)
Selling and marketing expenses		**(19,943)**	(13,286)
Administrative expenses		**(87,083)**	(51,132)
Research and development expenses		**(56,219)**	(36,409)
Other expenses		**—**	(16,143)
Finance cost	7	**—**	(31,261)
Profit before tax	8	**285,075**	116,193
Income tax expense	9	**(35,505)**	(23,996)
Profit for the period attributable to the owners of the Company		**249,570**	92,197
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(56)**	—
Total comprehensive income for the period attributable to the owners of the Company		**249,514**	92,197
		RMB	RMB
Earnings per share – Basic	11	**0.21**	0.09
– Diluted	11	**0.19**	0.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	NOTES	**June 30, 2018**	December 31, 2017
		RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current assets			
Plant and equipment		**2,166,201**	1,780,172
Deferred tax assets		**14,176**	6,855
Other intangible assets		**331,866**	—
Deposits paid for acquisition of a land use right		**—**	17,128
Prepaid lease payments		**133,449**	—
Equity instruments at fair value through other comprehensive income ("FVTOCI")	12	**85,685**	—
Other long-term deposits and prepayments		**16,950**	11,378
Derivative financial assets	19	**135**	—
		2,748,462	1,815,533
Current assets			
Inventories		**243,336**	135,547
Service work in progress		**—**	202,389
Contract costs		**233,673**	—
Trade and other receivables	13	**928,082**	614,302
Contract assets	14	**28,468**	—
Prepaid lease payments		**2,743**	—
Financial assets designated as at fair value through profit or loss ("FVTPL")	15	**801**	641,333
Pledged bank deposits	16	**21,495**	21,189
Time deposits	16	**—**	914,788
Bank balances and cash	16	**4,371,148**	503,881
Derivative financial assets	19	**549**	—
		5,830,295	3,033,429

	NOTES	**June 30, 2018**	December 31, 2017
		RMB'000 (Unaudited)	RMB'000 (Audited)
Current liabilities			
Trade and other payables	17	**535,772**	784,669
Contract liabilities	18	**382,890**	—
Derivative financial liabilities	19	**29,954**	—
Income tax payable		**41,556**	13,405
		990,172	798,074
Net current assets		**4,840,123**	2,235,355
Total assets less current liabilities		**7,588,585**	4,050,888
Non-current liabilities			
Deferred revenue		**65,106**	19,711
Deferred tax liabilities		**3,923**	6,817
		69,029	26,528
Net assets		**7,519,556**	4,024,360
Capital and Reserves			
Share capital	20	**201**	192
Reserves		**7,519,355**	4,024,168
Total equity		**7,519,556**	4,024,360

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2018

1. GENERAL INFORMATION

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

As at the date of issuance of these condensed consolidated financial statements, the immediate and ultimate holding company of the Company is WuXi Biologics Holdings Limited ("Biologics Holdings"), a company incorporated in the British Virgin Islands, which is ultimately controlled by Dr. Ge Li ("Dr. Li"); Dr. Ning Zhao, the spouse of Dr. Li; Mr. Xiaozhong Liu and Mr. Zhaohui Zhang who are all acting in concert (collectively known as "Controlling Shareholders").

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of the reporting period, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidation financial statements for the six months ended June 30, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs which are mandatory effective for the annual period beginning on or after January 1, 2018 for the preparation of the Group's condensed consolidated financial statements:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers and the related Amendments*
IFRIC - Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IAS 28	*As part of the Annual Improvements to IFRSs 2014-2016 Cycle*
Amendments to IAS 40	*Transfers of Investment Property*

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table shows the adjustments recognized for each individual line item.

	December 31, 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	IFRS9 *RMB'000*	January 1, 2018 (Restated) *RMB'000*
Non-current assets				
Deferred tax assets	6,855	—	871	7,726
Current assets				
Service work in progress	202,389	(202,389)	—	—
Contract costs	—	202,389	—	202,389
Trade and other receivables	614,302	66,697	(4,653)	676,346
Contract assets	N/A	24,447	(3,816)	20,631
Financial assets designated as at FVTPL	641,333	—	(641,333)	—
Financial assets at FVTPL	N/A	—	641,333	641,333
Current liabilities				
Trade and other payables	784,669	(254,746)	—	529,923
Contract liabilities	N/A	345,890	—	345,890

4. REVENUE AND SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Group) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is present.

Entity-wide disclosure

Geographical information

The Group's operations are primarily located in the PRC. An analysis of the Group's revenue from external customers, analyzed by their respective country/region of operation, is detailed below:

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
– United States of America	**547,563**	342,298
– PRC	**370,380**	255,581
– Europe	**52,945**	19,450
– Canada	**48,884**	3,678
– Rest of the world	**34,613**	33,033
	1,054,385	654,040

As at June 30, 2018, the Group's non-current assets located in Ireland amount to RMB331,866,000, the rest of the non-current assets are primarily located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**109,940**	N/A*
Customer B	**N/A***	89,772
Customer C	**N/A***	74,578

* The corresponding revenue did not contribute over 10% of total revenue of the Group for the period concerned.

5. OTHER INCOME

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	**26,264**	732
Government grants and subsidies related to		
– Assets (i)	**1,745**	654
– Income (ii)	**12,806**	14,690
	40,815	16,076

i. The Group has received certain government grants and subsidies to invest in laboratory equipment. The grants and subsidies were recognized in profit or loss over the useful lives of the relevant assets.

ii. The government grants have been received for the Group's contribution to the local high-tech industry and economy. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets.

6. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net foreign exchange gain (loss)	**44,356**	(13,795)
Loss on changes in fair value of derivative financial instruments, net	**(39,313)**	—
Investment income from financial assets at FVTPL	**6,194**	—
Others	**1,112**	1,867
	12,349	(11,928)

7. FINANCE COST

	Six months ended June 30,	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Interest expense	**—**	31,950
Interest on finance lease	**—**	277
Less: amounts capitalized	**—**	(966)
	—	31,261

Borrowing costs capitalized during the six months ended June 30, 2017 arose on bank borrowings and are calculated by applying a capitalization rate of 4.75%. The bank borrowings were fully repaid by the Group by the end of September 2017 and no finance cost incurred for the six months ended June 30, 2018.

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended June 30,	
	2018	2017
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Depreciation for plant and equipment	**93,702**	58,810
Less: capitalized in contract costs/service work in progress	**(36,845)**	(16,439)
	56,857	42,371
Staff cost (including directors' emoluments):		
– Salaries and other benefits	**266,650**	147,755
– Retirement benefit scheme contributions	**42,297**	22,452
– Share-based payment expenses	**52,146**	30,658
	361,093	200,865
Less: capitalized in contract costs/service work in progress	**(51,343)**	(21,943)
	309,750	178,922
Impairment losses, net of reversal		
– financial assets measured at amortized cost	**23,220**	3,993
– contract assets	**(3,658)**	—
	19,562	3,993
Amortization of other intangible assets	**1,388**	—
Amortization of prepaid lease payments	**982**	—
Minimum operating lease payment in respect of rented premises	**21,960**	13,186
Initial public offering expenses (included in other expenses)	**—**	16,143
Reversal of inventory provision (included in cost of services)	**(14)**	—
Loss on disposal of plant and equipment	**408**	440
Cost of inventories recognized as expense	**198,917**	129,773

9. INCOME TAX EXPENSE

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**51,598**	23,410
– Hong Kong profits tax	**—**	445
– the US Federal and State Income taxes	**536**	703
– the UK Income taxes	**22**	69
Over provision in prior years		
– EIT	**(7,307)**	(10)
Deferred tax:		
– current year	**(9,344)**	(621)
	35,505	23,996

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

Hong Kong profits tax for the Hong Kong subsidiaries is calculated at 16.5% of the estimated assessable profit for the periods presented in the condensed consolidated financial statements.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%, with the exception of WuXi AppTec Biopharmaceuticals Co., Ltd. ("WuXi Biopharma") and Shanghai Biologics.

WuXi Biopharma was accredited as a "High and New Technology Enterprise" on August 5, 2013. In 2016, WuXi Biopharma renewed its High and New Technology Enterprise status, which has been approved by the relevant government authorities, and it is entitled to a preferential tax rate of 15% for a three-year period commencing from the beginning of 2016.

Shanghai Biologics was accredited as a High and New Technology Enterprise in November 2016 and therefore is entitled to a one year's exemption from EIT followed by three years of 50% tax reduction with effect from the beginning of 2016 in accordance with Guo Fa No. 40. Accordingly, the applicable EIT rate of Shanghai Biologics for the six months ended June 30, 2018 is 12.5% (six months ended June 30, 2017: 12.5%).

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

10. DIVIDENDS

No dividends were declared or paid by the Company during the six months ended June 30, 2018.

11. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	**249,570**	92,197

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

	Six months ended June 30,	
	2018	2017
	(Unaudited)	(Unaudited)
Number of Shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,195,738,888**	983,636,597
Effect of dilutive potential ordinary shares:		
Share options	**102,717,854**	45,919,209
Restricted shares	**1,041,461**	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,299,498,203**	1,029,555,806

The computation of diluted earnings per share for the six months ended June 30, 2017 did not assume the exercise of certain pre-IPO share options since their prices plus fair value of services yet to be rendered were higher than the average share prices of the Company.

The computation of diluted earnings per share for the six months ended June 30, 2018 does not assume the vest of certain restricted shares granted since their prices plus fair value of services yet to be rendered are higher than the average share prices of the Company.

12. EQUITY INSTRUMENTS AT FVTOCI

On May 10, 2018, the Group entered into an agreement to purchase 266,666 Series Mezzanine 2 Preferred Shares of Inhibrx, Inc. ("Inhibrx"), a Delaware corporation, for a cash consideration of US$3,000,000 (equivalent to approximately RMB19,850,000).

On June 25, 2018, the Group subscribed 19.9% of the equity interest of Tysana Pte. Ltd. ("Tysana"), a Singapore corporation, for a cash consideration of US$9,950,000 (equivalent to approximately RMB65,835,000).

The Group has no controlling power or significant influence over the management and the operation of Inhibrx and Tysana. At the date of initial recognition, the Group made an irrevocable election to designate the investments in equity instruments as at FVTOCI. In the opinion of the directors of the Company, the fair value of the Group's investments in Inhibrx and Tysana as at June 30, 2018 approximates to its carrying amount on that date.

13. TRADE AND OTHER RECEIVABLES

	As at	
	June 30, 2018	December 31, 2017
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade receivables		
– related parties	**5,291**	6,425
– third parties	**607,188**	293,650
– loss allowance	**(35,803)**	(10,218)
Unbilled revenue		
– related parties	**—**	1,645
– third parties	**—**	29,948
– loss allowance	**—**	(7,146)
	576,676	314,304
Receivables for purchase of raw materials on behalf of customers	**101,941**	108,295
– loss allowance	**(2,288)**	—
	99,653	108,295
Other receivables	**14,661**	15,012
Advances to suppliers	**10,328**	12,256
Prepayments	**8,219**	927
Customer duty recoverable (Note)	**1,694**	30,285
Value added tax recoverable	**208,913**	127,626
Interest receivable	**7,938**	5,597
	251,753	191,703
Total trade and other receivables	**928,082**	614,302

Note: WuXi Biopharma has been recognized by the relevant government authority as a foreign-invested research and development center, which makes it eligible for a waiver of import tax on imported raw materials and equipment. The related import tax has been levied by way of "paid and refund" basis. The amount represents the related import tax paid by Wuxi Biopharma to PRC Customs which shall be refunded upon the application documents of the import tax refund have been validated by the PRC Customs.

The Group allows a credit period ranging from 30 to 60 days to its customers. The following is an age analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice dates, at the end of the reporting period:

	As at	
	June 30, 2018	December 31, 2017
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within 60 days	**395,216**	217,573
61 to 180 days	**122,172**	68,570
181 days to 1 year	**59,288**	3,714
	576,676	289,857

The movement in the allowance for impairment in respect of trade receivables in accordance with the simplified approach set out in IFRS 9 during the current interim period was as follows:

	RMB'000
Balance at December 31, 2017 (audited)	(10,218)
Remeasurement of loss allowance under ECL	(3,635)
Adjusted balance at January 1, 2018*	(13,853)
Net measurement in of loss allowance	(21,950)
Balance at June 30, 2018 (unaudited)	(35,803)

* The Group has initially applied IFRS 9 at January 1, 2018. Under the transition method chosen, comparative information is not restated.

The movement in the allowance for impairment in respect of receivables for purchase of raw materials on behalf of customers in accordance with the simplified approach set out in IFRS 9 during the current interim period was as follows:

	RMB'000
Balance at December 31, 2017 (audited)	—
Remeasurement of loss allowance under ECL	(1,018)
Adjusted balance at January 1, 2018*	(1,018)
Net measurement of loss allowance	(1,270)
Balance at June 30, 2018 (unaudited)	(2,288)

* The Group has initially applied IFRS 9 at January 1, 2018. Under the transition method chosen, comparative information is not restated.

14. CONTRACT ASSETS

	As at June 30, 2018 RMB'000 (Unaudited)
Contract assets	
- third parties	35,772
- loss allowance for contract assets	(7,304)
	28,468

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date on biologics services.

The movement in the allowance for impairment in respect of contract assets in accordance with the simplified approach set out in IFRS 9 during the current interim period was as follows:

	RMB'000
Balance at December 31, 2017 (audited)	(7,146)
Remeasurement of loss allowance under ECL	(3,816)
Adjusted balance at January 1, 2018*	(10,962)
Net measurement in of loss allowance	3,658
Balance at June 30, 2018 (unaudited)	(7,304)

* The Group has initially applied IFRS 9 at January 1, 2018. Under the transition method chosen, comparative information is not restated.

15. FINANCIAL ASSETS AT FVTPL

Since 2017, the Group has entered into several contracts of funds (the "Funds") with a financial institution. The Funds invest primarily in debt securities including but not limited to the US treasury securities, securities issued or guaranteed by the US government or by its agencies, corporate securities and asset-backed securities, with the objective of achieving returns in excess of those achieved by holding a portfolio of the US money market instruments over a comparable period. The entire contracts have been designated as at financial assets at FVTPL on initial recognition. During the current interim period, the Group withdrew most of the Funds along with its cash management strategy. As at June 30, 2018, the fair value of the Funds is US$130,000 (December 31, 2017: US$87,750,000) per the investment statement of the financial institution, equivalent to RMB801,000 (December 31, 2017: RMB573,378,000).

During 2017, the Group also entered into a contract of financial product (the "Financial Product") with a bank for a period of six months, which has been designated as at financial assets at FVTPL on initial recognition. The return of the Financial Product was determined by reference to the performance of the underlying instruments in the currency market, the interbank market, the bond market, the security and equity market and the derivative financial assets. The principle of the Financial Product is US$10,400,000, equivalent to RMB 67,955,000 as at December 31, 2017; and the expected return rate stated in the contract is 2.45% per annum. In March 2018, the Group withdrew the Financial Product as it expired.

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

Bank balances and cash of the Group comprised of cash and short term bank deposits with an original maturity of three months or less. The short-term bank deposits carried interest at market rates which ranged from 0.001% to 3.008% per annum as at June 30, 2018 (December 31, 2017: from 0.001% to 1.650% per annum).

Certain deposits are pledged to banks as collateral for the issue of letter of credit by the bank in connection with the purchase of raw materials, and plant and equipment by the Group.

The time deposits as at December 31, 2017 carried fixed interests rate from 1.93% to 2.53% per annum.

17. TRADE AND OTHER PAYABLES

	As at	
	June 30, 2018	December 31, 2017
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade payables		
– third parties	**142,236**	137,293
Other payables		
– related parties	**—**	13,919
– third parties	**108,313**	50,927
	108,313	64,846
Advances from customers		
– related parties	**—**	11,064
– third parties	**—**	243,682
	—	254,746
Option fee received (Note)	**26,467**	26,136
Payable for purchase of plant and equipment	**168,198**	213,022
Salary and bonus payables	**86,111**	85,240
Other taxes payable	**4,447**	3,386
	535,772	784,669

Note:

The amount represents a US$4 million non-refundable option fee received from an independent third party for granting the party an option to purchase certain of the Group's assets. In December 2015, an agreement (hereafter referred to as the "Option to Purchase Agreement") was entered into between the Company and a Company's strategic customer, pursuant to which the Company granted the customer an option to acquire certain of its biologics manufacturing facilities. The total consideration for the option was US$8 million, 50% of which had been paid in March 2016 and the remaining 50% would be payable upon the Company completing certain required documentations. Pursuant to the Option to Purchase Agreement, the customer has a right to exercise the purchase option on or before June 30, 2020, which upon mutual agreement between the Company and the customer, may be extended until no later than June 30, 2023. Should the customer choose to exercise the purchase option, it has to pay the Company an acquisition price for the biologics manufacturing facilities determined on the basis as specified in the Option to Purchase Agreement; and the Company has to fulfill certain stipulated conditions including completing the transfer of the title of the biologics manufacturing facilities to the customer or its designated person, and obtaining all necessary regulatory approvals and consents in relation to the transfer of the facilities. The option fee would then be applied for part payment for the manufacturing facilities acquisition price. Should the customer choose to terminate the agreement without exercising the purchase option, the customer could apply the option fee to pay for any service fees due and payable to the Group for services rendered by the Group, up to a maximum of 50% of the option fee paid.

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 presented based on invoice date at the end of the reporting period:

	As at	
	June 30, 2018	December 31, 2017
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within three months	**131,439**	129,184
Over three months but within one year	**8,931**	6,660
Over one year but within two years	**1,866**	1,449
	142,236	137,293

18. CONTRACT LIABILITIES

	As at
	June 30, 2018
	RMB'000 (Unaudited)
Contract Liabilities	
- related parties	**113**
- third parties	**382,777**
	382,890

19. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the Group held certain derivatives at fair value through profit or loss and not under hedge accounting as follows:

	Assets		Liabilities	
	June 30, 2018 RMB'000 (unaudited)	December 31, 2017 *RMB'000* (audited)	**June 30, 2018 RMB'000 (unaudited)**	December 31, 2017 *RMB'000* (audited)
Foreign current forward contracts	**684**	—	**29,954**	—
Less: current portion	**549**	—	**29,954**	—
Non-current portion	**135**	—	**—**	—

During the six months ended June 30, 2018, the Group entered into several USD/RMB foreign currency forward contracts with banks in order to manage the Group's currency risk. Under the foreign currency forward contracts, the Group will pay to the bank notional amount of USD and receive from the bank an amount in RMB equal to the product of the relevant notional amount of USD and the relevant forward rate as specified within the respective contracts.

Except for above, the Group also entered into USD/RMB foreign currency forward contract of European Knockout with conditional payment structured forward with certain bank. The strike price of the forward contract is 6.5250 (the "Strike Price") and the European Knockout barrier is 6.1900 (the "KO Barrier") which means the Group is entitled to the right of selling US dollar to the bank at the Strike Price when the mid spot exchange rate of USD/RMB on the relevant expiration date is above the KO Barrier. The bank shall pay the Group one additional payment of RMB65,000 if the mid spot exchange rate of USD/RMB on the relevant expiration date is at or below the KO Barrier.

20. SHARE CAPITAL

	Number of shares	**Amount US$**
ORDINARY SHARES OF US$0.000025 EACH		
AUTHORIZED:		
At June 30, 2018, December 31, 2017 and January 1, 2017	**2,000,000,000**	50,000

Issued and fully paid:

	Number of shares	Amount US$	Shown in the financial statements as RMB'000
At January 1, 2017 (Audited)	964,000,000	24,100	158
Issue of shares by initial public offerings	170,118,057	4,253	29
Issue of shares by exercise of over-allotment option	28,947,000	724	5
At December 31, 2017 (Audited)	1,163,065,057	29,077	192
Issue of new shares (note (a))	57,000,000	1,425	8
Exercise of pre-IPO share options	4,514,318	113	1
At June 30, 2018 (Unaudited)	1,224,579,375	30,615	201

Notes:

(a) On March 29, 2018, the Company issued 57,000,000 primary placing shares placed to certain investors, independent third parties, at a price of HK$70.00 per share.

(b) All the shares issued by the Company ranked pari passu in all respects.

DEFINITIONS

"Audit Committee"	the audit committee of the Board
"Biologics Holdings"	WuXi Biologics Holdings Limited, a company incorporated under the laws of the British Virgin Islands on December 17, 2015 with limited liability, and a controlling shareholder of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"CDMO"	Contract development and manufacturing organization
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"cGMP"	Current Good Manufacturing Practice regulations, regulations enforced by the Food and Drug Administration of the United States on pharmaceutical and biotech firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity

"Chairman"	the Chairman of the Board
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Company" or "the Company" or "our" or "our Company" or "we"	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on February 27, 2014
"Director(s)"	the director(s) of the Company
"Founding Individuals"	Dr. Ge Li, Dr. Ning Zhao, Mr. Xiaozhong Liu and Mr. Zhaohui Zhang
"Group"	the Company and its subsidiaries
"H.K. dollar(s)" or "HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKEx"	Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug, an experimental drug for which a pharmaceutical company obtains permission to ship across jurisdictions (usually to clinical investigators) before a marketing application for the drug has been approved
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange on June 13, 2017
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company on January 5, 2016, and amended on August 10, 2016, the principal terms of which are summarised in "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus

"Prospectus"	the prospectus issued by the Company dated May 31, 2017
"Restricted Share Award Scheme"	the restricted share award scheme adopted by the Company on January 15, 2018
"Reporting Period"	the six-month period from January 1, 2018 to June 30, 2018
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.000025 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. dollar(s)" or "US$" or "USD"	United States dollar(s), the lawful currency of the United States of America
U.S. FDA	The Food and Drug Administration of the United States of America
"Written Guidelines"	the Written Guidelines for Securities Transactions by Directors adopted by the Company

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

By order of the Board
WuXi Biologics (Cayman) Inc.
Dr. Ge Li
Chairman

Hong Kong, August 20, 2018

As at the date of this announcement, the Board comprises Dr. Zhisheng Chen and Dr. Weichang Zhou as executive Directors; Dr. Ge Li, Mr. Edward Hu, Mr. Yibing Wu and Mr. Yanling Cao as non-executive Directors; and Mr. William Robert Keller, Mr. Teh-Ming Walter Kwauk and Mr. Wo Felix Fong as independent non-executive Directors.

* *For identification purpose only*