藥明康德
WuXi AppTec

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

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

Stock Code : 2359

INTERIM REPORT 2019

*For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Ge Li (李革)
(Chairman and Chief Executive Officer)
Mr. Edward Hu (胡正國)
(Co-Chief Executive Officer)
Mr. Xiaozhong Liu (劉曉鐘)
Mr. Zhaohui Zhang (張朝暉)
Dr. Ning Zhao (趙寧)

Non-executive Directors

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

Independent Non-executive Directors

Dr. Jiangnan Cai (蔡江南)
Ms. Yan Liu (劉艷)
Mr. Dai Feng (馮岱)
Dr. Hetong Lou (婁賀統)
Mr. Xiaotong Zhang (張曉彤)

JOINT COMPANY SECRETARIES

Mr. Chi Yao (姚馳)
Ms. Yuen Wing Yan Winnie (袁頴欣)

AUTHORISED REPRESENTATIVES

Mr. Edward Hu (胡正國)
Mr. Chi Yao (姚馳)

STRATEGY COMMITTEE

Dr. Ge Li (李革) *(Chairperson)*
Mr. Edward Hu (胡正國)
Mr. Xiaomeng Tong (童小幪)
Dr. Yibing Wu (吳亦兵)
Dr. Jiangnan Cai (蔡江南)

AUDIT COMMITTEE

Dr. Hetong Lou (婁賀統) *(Chairperson)*
Mr. Xiaotong Zhang (張曉彤)
Ms. Yan Liu (劉艷)

REMUNERATION AND APPRAISAL COMMITTEE

Ms. Yan Liu (劉艷) *(Chairperson)*
Dr. Hetong Lou (婁賀統)
Dr. Ning Zhao (趙寧)

NOMINATION COMMITTEE

Dr. Jiangnan Cai (蔡江南) *(Chairperson)*
Ms. Yan Liu (劉艷)
Dr. Ge Li (李革)

AUDITOR

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JPMorgan Chase Bank (China) Company Limited
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STOCK CODE

A Share: 603259
H Share: 02359

COMPANY'S WEBSITE

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FINANCIAL HIGHLIGHTS

	Six months ended June 30, 2019 RMB million	2018 RMB million
Operating results		
Revenue	**5,894.4**	4,409.2
Gross profit	**2,283.6**	1,756.1
Operating profit	**1,261.4**	1,440.7
Net profit for the period	**1,105.0**	1,304.1
Net profit attributable to the owners of the Company	**1,056.8**	1,271.9
Adjusted non-IFRS net profit attributable to the owners of the Company	**1,178.7**	893.0
Profitability		
Gross profit margin	**38.7%**	39.8%
Operating profit margin	**21.4%**	32.7%
Net profit attributable to the owners of the Company margin	**17.9%**	28.8%
Adjusted non-IFRS net profit attributable to the owners of the Company margin	**20.0%**	20.3%
Earnings per share (RMB)		
— Basic	**0.65**	0.93
— Diluted	**0.64**	0.93
Adjusted non-IFRS earnings per share (RMB)		
— Basic	**0.72**	0.66
— Diluted	**0.72**	0.66

	June 30, 2019 RMB million	December 31, 2018 RMB million
Financial position		
Total assets	**24,428.4**	22,667.2
Equity attributable to the owners of the company	**17,756.1**	17,688.0
Total liabilities	**6,299.3**	4,502.0
Bank balances and cash	**3,699.8**	5,757.7
Gearing ratio	**25.8%**	19.9%

BUSINESS REVIEW

1. The Board's Discussion and Analysis on Operations of the Group for the Reporting Period

A. Analysis on Principal Operations

During the Reporting Period, we maintained strong growth momentum across all business segments. For the Reporting Period, we realized revenue of RMB5,894.4 million, representing a year-over-year ("YoY") growth of 33.7%. During the Reporting Period, we realized net profit attributable to the owners of the Company of RMB1,056.8 million, representing a YoY decrease of 16.9%. Our adjusted non-IFRS net profit attributable to owners of the Company for the Reporting Period amounted to approximately RMB1,178.7 million, representing a YoY growth of 32.0%. Please refer to "B. Non-IFRS Measure" below for details.

We continued to increase customer penetration, acquire new customers, especially global "long-tail" customers, and expand our services to China customers. During the Reporting Period, we acquired nearly 600 new customers and our active customer count reached more than 3,600. By leveraging the strengths of our integrated end-to-end R&D services platform, we were able to create further synergies across all our segments and continuously expand our scope of services through our "follow the project" and "follow the molecule" strategies.

We continued to enhance our capacities and capabilities across all segments and facilities. During the Reporting Period, our newly built Qidong research and development center began operation, and will become an extension of our Shanghai headquarter in the future. Three of our Laboratory Testing Division's facilities, namely drug safety testing, bioanalytical services and medical device testing, completed regulatory inspections by FDA, OECD, and CNAS, all with excellent results. Our cell and gene therapies CDMO/CMO facility in Wuxi city began operation, providing services to customers in China. New drug product manufacturing facility of our subsidiary, STA, in Shanghai passed its first GMP inspection by the European Medical Products Agency. In July 2019, STA's ASU facility in Shanghai and API process R&D and manufacturing facility in Changzhou successfully passed two inspections by the FDA, with no Form 483 (i.e. a form used by the FDA to document and communicate concerns discovered during the inspections) issued.

Revenue

During the Reporting Period, we realized revenue of RMB5,894.4 million, representing a YoY growth of 33.7%. Our China-based laboratory services realized revenue of RMB2,988.9 million, representing a YoY growth of 23.7%, our CDMO/CMO services realized revenue of RMB1,717.7 million, representing a YoY growth of 42.0%, our U.S.-based laboratory services realized revenue of RMB709.8 million, representing a YoY growth of 30.0%, while our clinical research and other CRO services realized revenue of RMB472.1 million, representing a YoY growth of 104.2%.

(1) China-based laboratory services

During the Reporting Period, our China-based laboratory services realized revenue of RMB2,988.9 million, representing a YoY growth of 23.7%. We have one of the largest and most experienced small molecule chemical drug R&D teams globally, along with a comprehensive testing platform. We assisted our global customers in pushing forward R&D progress of innovative pharmaceutical products and we continued to enable our domestic customers with our market-leading expertise.

In small molecule drug discovery, during the Reporting Period, we assisted global customers in developing many pre-clinical candidate molecules and applied for patents, with various research papers published. We have built a DNA-encoded library with approximately 90 billion compounds, enabling a growing number of customers globally to discover innovative small molecule drugs.

In laboratory testing, our services include analytical chemistry, DMPK/ADME, toxicology and bioanalytical testing. In addition, we fully leverage the advantage of the platform and combine our technical experience, program management and regulatory expertise to facilitate submission of our customers' IND package. During the Reporting Period, we provided WIND services to many global and domestic customers, and for the first time helped our customers obtain FDA clinical trial approval under eCTD format.

In addition, we provided integrated drug discovery and R&D services to Chinese customers which span from early stage drug discovery to completion of IND filings with NMPA. These projects have success-based agreements that provide us with a milestone and/or royalty fee. During the Reporting Period, we assisted Chinese customers in making 10 IND filings with NMPA for new-chemical entities and assisted our customers in obtaining 11 CTAs from NMPA. As at June 30, 2019, we have in total assisted Chinese customers in submitting 65 new-chemical entities IND filings and obtained 45 CTAs from NMPA.

(2) CDMO/CMO services

During the Reporting Period, the revenue of our CDMO/CMO services amounted to RMB1,717.7 million, representing a YoY growth of 42.0%. We continued to implement our strategy of "Follow the Project, Follow the Molecule". By establishing close collaborative relationships with our customers during the pre-clinical stage, we are able to seek opportunities for new projects from clinical stage to commercialization stage, facilitating a sustainable and rapid growth of revenue from our CDMO/CMO services. During the first half of 2019, our small molecule CDMO/CMO pipeline has grown to more than 800 active projects, including 11 under China's Marketing Authorization Holder ("MAH") pilot program. Furthermore, as at June 30, 2019, 40 projects are in Phase III and 16 projects are already in commercial manufacturing.

During the Reporting Period, our CDMO/CMO services made considerable progress. We continued to expand our biocatalysis services. Our 500 litre biocatalysis bioreactor in API manufacturing facility in Jinshan began operation. Meanwhile, we continued to strengthen our oligonucleotide and polypeptide CDMO capabilities. In early 2019, our oligonucleotide and polypeptide cGMP pilot facility began operation and completed the first cGMP campaign for clinical usage material during the Reporting Period. The commercial manufacturing oligonucleotide and polypeptide platforms are under construction and are expected to begin operation by the end of 2019 and the first half of 2020, respectively.

(3) U.S.-based laboratory services

During the Reporting Period, our U.S.-based laboratory services realized revenue of RMB709.8 million, representing a YoY growth of 30.0%. This segment comprises our cell and gene therapies CDMO services and medical device testing services. Cell and gene therapies CDMO services are an emerging business and we are still in the process of building capabilities and capacities in this field. As the utilization rate increased, our cell and gene therapies CDMO services revenue growth accelerated. As at June 30, 2019, we have provided CDMO services for 30 clinical stage cell and gene therapies projects, including 21 projects in Phase I and 9 projects in Phase II/III.

For our medical device testing services, due to strengthening of the management and sales team, we were able to actively develop new customers and improve our service business. The European Union Medical Devices Regulation (REGULATION (EU) 2017/745) has also greatly enhanced the standards on the certification of medical devices, which opened up more business opportunities. During the Reporting Period, our medical device testing services revenue experienced rapid growth.

(4) Clinical research and other CRO services

During the Reporting Period, our clinical research and other CRO services realized revenue of RMB472.1 million, representing a YoY growth of 104.2%. The revenue growth was mainly driven by continuous rapid development of the domestic new drug clinical trial market, and the acquired U.S. clinical CRO business which contributed to RMB84.5 million for the six months ended June 30, 2019. Excluding the effect of acquisition, the revenue of our clinical research and other CRO services grew 67.7%. During the Reporting Period, we continued to build our global clinical research network. By the end of the Reporting Period, our clinical development services team has more than 850 employees in China and overseas. Our SMO team had more than 2,200 clinical research coordinators distributed in more than 120 cities throughout China and provides SMO services in more than 900 hospitals. During the Reporting Period, the Company upgraded its software and hardware, training systems and clinical systems. For example, the CTMS/e-TMF/PV system has reached the leading level of international clinical systems. In April 2019, we appointed Dr. Frederick H. Hausheer as our Chief Medical Officer. With his decades of extensive clinical experience in both the U.S. and China, Dr. Frederick H. Hausheer is already having a big impact on the design of our customers' medical and clinical development programs. His skills enable us to provide a seamless integration of drug development projects from preclinical translational R&D into first-in-human studies along with Phase I-IV clinical development plans for our customers.

We are committed to strengthening our clinical development capabilities globally. Since our acquisition of ResearchPoint Global (carrying on business as WuXi Clinical Development Inc.), we have provided multi-regional clinical trial services to multiple customers. In May 2019, we acquired Pharmapace, Inc., a clinical research services company with expertise of providing high quality biometrics services, which has allowed us to further enhance our global clinical trial services capabilities.

Gross Profit

During the Reporting Period, we realized comprehensive gross profit of RMB2,283.6 million, representing a YoY growth of 30.0%. The gross profit of our core business was RMB2,281.6 million, representing a YoY growth of 30.1%. The gross profit of China-based laboratory services was RMB1,301.4 million, representing a YoY growth of 20.0%. The gross profit of our CDMO/CMO services was RMB698.0 million, representing a YoY growth of 42.7%. The gross profit of our U.S.-based laboratory services was RMB190.6 million, representing a YoY growth of 52.3%. The gross profit of our clinical research and other CRO services was RMB91.6 million, representing a YoY growth of 65.5%. The gross profit margin of our core business decreased by 1.1 percentage points compared with the same period of last year, mainly because: (1) we paid more incentives, including share-based compensation, to our employees, which led to higher costs, and (2) pass-through revenue of clinical research and other CRO services with low margin increased.

(1) *China-based laboratory services*

During the Reporting Period, our China-based laboratory services realized gross profit of RMB1,301.4 million, representing a YoY growth of 20.0%. This is because we paid more incentives, including share-based compensation, to our employees, which led to higher costs, as well as different project mix.

(2) *CDMO/CMO services*

During the Reporting Period, our CDMO/CMO services realized gross profit of RMB698.0 million, representing a YoY growth of 42.7%, in line with growth of revenue.

(3) *U.S.-based laboratory services*

During the Reporting Period, our U.S.-based laboratory services realized gross profit of RMB190.6 million, representing a YoY growth of 52.3%. With the increased utilization rate of cell and gene therapies services, as well as increased new contracts from U.S.-based medical device testing services, the gross margin of our U.S.-based laboratory services increased by 3.9 percentage points compared with the same period last year.

(4) *Clinical research and other CRO services*

During the Reporting Period, our clinical research and other CRO services realized gross profit of RMB91.6 million, representing a YoY growth of 65.5%. Gross profit growth was slightly lower than revenue growth, mainly due to the effect of pass-through revenue and amortization cost of intangible assets associated with the Company's mergers and acquisitions.

Other Income

Other income increased from RMB54.7 million for the six months ended June 30, 2018 to RMB124.9 million for the six months ended June 30, 2019. The increase was due primarily to: (1) increase in interest income of RMB46.1 million; and (2) increase in government grants and subsidies of RMB23.2 million.

Other Gains and Losses

Other gains and losses decreased from gains of RMB389.6 million for the six months ended June 30, 2018 to losses of RMB22.5 million for the six months ended June 30, 2019. The decrease was due primarily to: (1) decrease in fair-value gain of financial assets at FVTPL from invested portfolio companies (mainly Unity and Hua, which are biotechnology companies listed on NASDAQ and the Hong Kong Stock Exchange respectively) of RMB442.8 million; (2) increase in exchange loss of RMB14.2 million; partially offset by (3) increase in gain on disposal of investment of RMB6.9 million; and (4) decrease in loss on derivative financial instruments of RMB41.2 million.

Selling and Marketing Expenses

Selling and marketing expenses increased from RMB152.7 million for the six months ended June 30, 2018 to RMB208.5 million for the six months ended June 30, 2019, which was due primarily to increasing personnel costs for business expansion.

Administrative Expenses

Administrative expenses increased from RMB435.3 million for the six months ended June 30, 2018 to RMB671.2 million for the six months ended June 30, 2019. The increase was due primarily to: (1) increase in personnel costs from the 2018 WuXi AppTec A Share Incentive Scheme; (2) increase in depreciation and amortization expenses; and (3) increase in service fees to improve operation efficiency.

Research and Development Expenses

Research and development expenses increased from RMB177.5 million for the six months ended June 30, 2018 to RMB243.6 million for the six months ended June 30, 2019. The increase was due primarily to: (1) increase in personnel costs; and (2) increase in material costs for research and development projects.

Share of Profits of Associates

Share of profits of associates increased from RMB38.7 million for the six months ended June 30, 2018 to RMB73.0 million for the six months ended June 30, 2019. The increase mainly resulted from net equity income picked up from our associate, Fund II, due to its favorable fair value change from investment profiles which amounted to RMB70.7 million.

Share of Losses of Joint Ventures

Share of losses of joint ventures increased from RMB8.8 million for the six months ended June 30, 2018 to RMB20.2 million for the six months ended June 30, 2019, which mainly resulted from our joint ventures' increasing cost devoted to research projects.

Finance Costs

Finance costs mainly consist of interest expense on bank borrowings and leases liabilities. For the six months ended June 30, 2019, finance cost decreased due primarily to decrease of bank borrowings average balance during the first half of 2019.

Income Tax Expenses

Income tax expenses increased from RMB121.0 million for the six months ended June 30, 2018 to RMB176.5 million for the six months ended June 30, 2019, due primarily to tax assessable profit increased.

Profit for the Period

Profit for the period decreased from RMB1,304.1 million for the six months ended June 30, 2018 to RMB1,105.0 million for the six months ended June 30, 2019. Net profit margin decreased from 29.6% to 18.7% due primarily to: (1) decrease in fair value gain from invested portfolio companies (mainly Unity and Hua); and (2) increasing expense along with the expansion of business and growth of capacity.

Assets and Liabilities Analysis

Unit: RMB in million

Items	Amount as at the end of the Reporting Period	Percentage of the amount as at the end of the Reporting Period to the total assets (%)	Amount as at the end of last reporting period	Percentage of the amount as at the end of last reporting period to the total assets (%)	Ratio of change for the amount as at the end of the Reporting Period as compared with the amount as at the end of last reporting period (%)	Reasons
Assets						
Prepaid lease payments (current and non-current)	—	—	278.5	1.2	(100.0)	Land use rights recognized under prepaid lease payments were reclassified to right-of-use assets under the adoption of IFRS16 — Lease.
Right-of-use assets	1,111.8	4.6	—	—	/	During the Reporting Period, right-of-use assets were recognized under adoption of IFRS 16 — Lease.
Derivative financial instruments (current and non-current)	13.9	0.1	37.1	0.2	(62.6)	Partial settlement of foreign currency forward contracts during the Reporting Period lead to the decrease of the assets.
Amount due from related parties	7.6	—	13.9	0.1	(45.5)	Due primarily to the collection of receivables from related parties.

Items	Amount as at the end of the Reporting Period	Percentage of the amount as at the end of the Reporting Period to the total assets (%)	Amount as at the end of last reporting period	Percentage of the amount as at the end of last reporting period to the total assets (%)	Ratio of change for the amount as at the end of the Reporting Period as compared with the amount as at the end of last reporting period (%)	Reasons
Income tax recoverable	8.8	—	34.0	0.2	(74.3)	Due primarily to the tax refund collected from the Internal Revenue Service.
Financial assets at FVTPL (current)	3,152.4	12.9	2,125.3	9.4	48.3	Due primarily to the increasing investments in monetary funds and wealth management products during the Reporting Period to enhance capital profitability.
Bank balances and cash	3,699.8	15.1	5,757.7	25.4	(35.7)	Due primarily to purchase of non-controlling interest shares of STA (a subsidiary of the company), payment for cash dividends of year 2018, capital investments and acquisition projects during the Reporting Period.
Liabilities						
Deferred tax liabilities	158.1	0.6	111.7	0.5	41.5	Due primarily to deferred tax liabilities from intangible assets acquired upon acquisition of Pharmapace, Inc.
Other long-term liabilities	95.9	0.4	194.3	0.9	(50.7)	Deferred rent previously recognized under other long-term liabilities were reclassified to lease liabilities under the adoption of IFRS16 — Lease.
Lease liabilities (current and non-current)	842.3	3.4	—	—	/	Lease liabilities were recognized under the adoption of IFRS16 — Lease.
Derivative financial instruments	103.3	0.4	153.3	0.7	(32.6)	Partial settlement and revaluation appreciation of foreign currency forward contracts during the Reporting Period lead to the decrease of the liabilities.
Financial Liabilities at FVTPL (current and non-current)	32.4	0.1	—	—	/	Due primarily to the contingent consideration from acquisition of Pharmapace, Inc.
Borrowings (current)	1,294.9	5.3	120.0	0.5	979.1	Due primarily to the increased borrowings for daily operations, capital investments and acquisition projects.

Financial Assets at FVTPL

As at June 30, 2019, the Group had financial assets at FVTPL of RMB5,668.8 million, which mainly consist of monetary fund investment, structured deposits, financial products, listed and unlisted equity investments and unlisted fund investments.

1. *Current portion of financial assets at FVTPL*

   The current portion of the financial assets at FVTPL includes monetary fund investment, structured deposits and financial products.

   The following table summarizes the maturity date analysis of the current financial assets at FVTPL as at June 30, 2019:

Unit: RMB million

	Monetary fund investment	Structured deposits	Financial products	Total
0 day – 30 days	753.4	20.0	1,197.2	1,970.6
30 days – 60 days	—	110.8	—	110.8
60 days – 90 days	300.0	10.0	—	310.0
90 days – 180 days	—	376.0	—	376.0
180 days – 270 days	—	385.0	—	385.0
Total	**1,053.4**	**901.8**	**1,197.2**	**3,152.4**

The Group adopts 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 PRC financial institutions. All the short-term investments must have a proper tenor to match funding needs of operating and investing activities, with a view to strike a balance among principal guaranteed, liquidity and yield.

As at June 30, 2019, the balance of the current financial assets at FVTPL amounted to RMB3,152.4 million, representing 12.9% of our total assets. Products associated with 62.5% of the investment balance have a maturity date within 30 days. During the Reporting Period, the Group invested in a diversity of wealth management products mainly in the following three categories:

a. Monetary fund investments, which are primarily investments in conservatively-constructed portfolios of income-generating securities globally with low-volatility that are flexible, and of high liquidity, such as treasury bonds and certificate of deposits.

b. Structured deposits, which are conservative products with guaranteed principals and amount of yields contingent on the indicative performance of the financial market and derivatives, such as interest rate derivative, foreign exchange and commodity.

c. Financial products, which are primarily conservatively-constructed portfolios of income with high liquidity and relatively outstanding yield, such as bonds, inter-banking deposits, notes and monetary funds.

2. *Non-current portion of financial assets at FVTPL*

The following table summarizes the movement of non-current assets at FVTPL during the Reporting Period:

Unit: RMB million

	Balance as of December 31, 2018	Addition	Transfer	Change in fair value	Settlement	Exchange	Balance as of June 30, 2019
Listed equity securities	941.0	85.5	377.0	(260.2)	(21.8)	8.7	**1,130.2**
Unlisted equity investment	254.4	10.2	—	14.0	—	0.3	**278.9**
Fund investment	883.9	405.3	(377.0)	191.0	—	4.1	**1,107.3**
Total	**2,079.3**	**501.0**	**—**	**(55.2)**	**(21.8)**	**13.1**	**2,516.4**

The non-current portion of the financial assets at FVTPL includes listed equity securities, unlisted equity investments and unlisted fund investments. During the Reporting Period, the Group made further investments within the pharmaceutical and healthcare ecosystem for approximately RMB501.0 million, including Hygeia Healthcare Holdings Co., Limited (an innovative biopharmaceutical company focusing on the development of new clinical drugs), Beijing Dragon Laboratory Instruments Limited (a laboratory instruments manufacturing company integrating R&D, trade and production), and Halodoc Technologies LLP (a leading on-line health service platform in Indonesia). Pursuant to its investment strategy, the Group primarily focuses its investments in (1) targets that fit into and support its existing value chain, (2) cutting edge technologies that the Group believes will advance the healthcare industry, (3) strategic long-term investments, and (4) venture capital funds. Prior to making any investments, the Group's investment committee will assess the proposal for such investment based on its investment focus and goals and its funding resources, before the proposal is provided to the Directors for final approval. We believe our investment strategy will play an increasingly significant role in contributing to the growth of the ecosystem as we expand our portfolio of companies.

As at June 30, 2019, the Group maintained a diversified investment portfolio with 61 companies and funds (excluding its investments in joint ventures and associates). None of the Group's investment in any one of such companies or funds carried a fair value of 5.0% or more of the Group's total assets as at June 30, 2019.

As at June 30, 2019, the balance of non-current assets at FVTPL amounted to RMB2,516.4 million (representing 10.3% of our total assets), among which, balance of top five investments amounted to RMB1,352.6 million (representing 5.5% of our total assets). For the rest of our investments, none of them individually carried a fair value of 1.0% or more of the Group's total assets as at June 30, 2019. A discussion of the operating performance of the top five portfolios during the Reporting Period is set forth below:

a. *Hua Medicine ("Hua", HKEX: 02552)*

Hua is a pre-revenue drug development company currently focusing on developing dorzagliatin, a first-in-class oral drug for the treatment of Type 2 diabetes. Hua is listed on the Main Board of the Hong Kong Stock Exchange. As at June 30, 2019, our Group held approximately 7.0% equity interests in Hua with fair value amounting to RMB459.1 million (representing approximately 1.9% of our total assets).

As indicated in its interim report, during the Reporting Period, Hua was conducting two Phase III trials in China and two Phase I trials in the U.S.. The two Phase III registration trials in China include:

- the monotherapy Phase III trial (HMM0301) which completed enrollment on February 28, 2019; and

- the combination with metformin Phase III trial (HMM0302), the enrollment for which was 718 patients as at July 31, 2019.

Hua has also initiated two combination studies with dorzagliatin in clinical trials in the U.S.: DPP-4 combination trial (HMM0111) with first patient dosed in January 2019 and SGLT-2 combination trial (HMM0112) with first patient dosed in April 2019.

During the six months ended June 30, 2019, the revenue and net profit of Hua are set out below:

Unit: RMB million

	For the six months ended June 30,	
	2019	2018
Revenue	**3**	7
Net profit	**(236)**	(1,507)

Based on the public information published by Hua, within the next 12 months, Hua is expected to announce top-line 24-week data for both of the Phase III trials in China and the results of the two Phase I combination drug-drug interaction trials in the U.S..

Further details of the business and financial performance of Hua for the Reporting Period are set out in its interim report.

b. *Jinxin Fertility Group Limited ("Jinxin", HKEX: 01951)*

Jinxin provides assisted reproductive services and other ancillary medical services. Jinxin is listed on the Main Board of the Hong Kong Stock Exchange. As at June 30, 2019, our Group held approximately 2.1% equity interests in Jinxin with fair value amounting to RMB333.2 million (representing approximately 1.4% of our total assets).

As indicated in its interim report, as at June 30, 2019, Jinxin cooperated with 65 medical institutions, which involve two-way referrals or specialty alliance cooperation agreements. During the first half of 2019, Jinxin continued to adhere to its strategy of establishing a leading global assisted reproductive services platform with integrated abilities, aiming to address increasing unmet demand, in particular from Chinese patients. Chengdu Xinan Hospital provided an array of services to VIP patients to meet the increasing demand for highly personalized and private services.

During the six months ended June 30, 2019, the revenue, net profit and adjusted net profit of Jinxin are set out as follows:

Unit: RMB million

	For the six months ended June 30,	
	2019	2018
Revenue	**791**	411
Net profit	**178**	108
Adjusted net profit*	**257**	127

Note: For details of the adjusted net profit, please refer to the interim report of Jinxin.

For the six months ended June 30, 2019, Jinxin booked revenue of RMB791 million, representing a 92.1% YoY increase. This rapid growth was mainly driven by the acquisition of the Huntington Reproductive Centre business. While its administrative expenses increased to RMB99 million, up 167.6% YoY, its net profit increased by 64.8% YoY to RMB178 million in the first half year of 2019. After adjusting back the listing expenses, amortization from M&As, share-based compensation and deducting one-off gains, its adjusted net profit was RMB257 million in the first half year of 2019, up 102.1% YoY.

Based on the public information published by Jinxin, Jinxin plans to penetrate the southwest China (such as Guizhou and Yunnan provinces) and use its competitive pricing in Shenzhen to expand services to treat patients from Hong Kong. In the U.S., Jinxin plans to expand its capacity at Pasadena, California by relocating to a new location in the first half of 2020, which is expected to double the existing capacity currently at Pasadena.

Further details of the business and financial performance of Jinxin for the Reporting Period are set out in its interim report.

c. *Unity Biotechnology, Inc. ("Unity", NASDAQ: UBX)*

Unity is an early-stage biotechnology company focusing on extending health span by targeting age-related diseases. Unity is listed on NASDAQ. Using discoveries in cell biology, its management is targeting the removal of senescent cells which could lead to the reversal of certain disease processes. As at June 30, 2019, our Group held approximately 7.4% equity interests in Unity with fair value amounting to RMB204.1 million (representing approximately 0.8% of our total assets).

As indicated in its interim report, in June 2019, Unity reported first-in-human clinical data from its lead senolytic program, Phase I UBX0101 in moderate to severe osteoarthritis (OA) of the knee. The trial successfully achieved its primary goal in demonstrating UBX0101 was safe and well-tolerated and provided preliminary evidence of a signal in pain, specifically in the high dose cohort (1mg, 2mg, 4mg).

During the six months ended June 30, 2019, the revenue and net profit of Unity are set out below:

Unit: RMB million

	For the six months ended June 30,	
	2019	2018
Revenue	**—**	—
Net profit	**(292)**	(249)

Based on the public information published by Unity, Unity plans to initiate a 12-week Phase II randomized, double-blind, placebo-controlled study in the fourth quarter of 2019. The trial will enroll about 180 patients and will evaluate three doses (0.5mg, 2mg and 4mg) of UBX0101 administered via a single intra-articular injection to measure an assessment of pain at 12 weeks using the Western Ontario and McMaster Universities Arthritis Index-A instrument ("WOMAC", primary endpoint) and the topline data is expected to be available in the second half of 2020.

Further details of the business and financial performance of Unity for the Reporting Period are set out in its interim and quarterly reports.

d. *Adagene Inc. ("Adagene")*

Adagene provides services on research and development of monoclonal antibody technology. As at June 30, 2019, our Group held approximately 11.8% equity interests in Adagene. The fair value of the investment is determined by the backsolve method from recent transaction price, which was less than 1.0% of the Group's total assets as at June 30, 2019.

As at June 30, 2019, Adagene owns the product, ADG106, a fully human agonistic monoclonal antibody (mAb) targeting a novel epitope of CD137 which is currently in clinical trials conducted both in China and in the U.S., investigating its safety in advanced and/or refractory solid tumors and lymphomas. At the same time, there are also about five products under development in Adagene. To support the funding on R&D of its products, on June 20, 2019, Adagene completed C plus financing of USD19.0 million, led by China Great Bay Area Fund.

Adagene and ADC Therapeutics, an oncology drug discovery and development company that specializes in the development of proprietary antibody drug conjugates (ADCs), announced that they have entered into a discovery collaboration and license agreement. ADC Therapeutics will use Adagene's SAFEbody™ technology to generate a masked antibody that will be combined with ADC Therapeutics' pyrrolobenzodiazepine (PBD) cytotoxic payload technology for the development of a novel ADC against a solid tumor target. Adagene has developed the SAFEbody technology to produce masked antibodies that are activated to bind to an antigen in the tumor microenvironment by factors present in tumor tissues but not in healthy tissues. This enables enhanced specificity for targeting of an ADC and minimizes off-target toxicity on healthy cells, potentially enhancing the therapeutic index of the ADC.

e. *CANbridge Pharmaceuticals Inc. ("CANbridge")*

CANbridge is a biopharmaceutical company focusing on developing western drug candidates in China and North Asia. As at June 30, 2019, our Group held approximately 8.8% equity interests in CANbridge and the fair value of the investment is determined by the backsolve method from recent transaction price, which was less than 1.0% of the Group's total assets as at June 30, 2019.

On April 2, 2018, CANbridge received an Import Medical Device Market Approval from the China Food and Drug Administration (CFDA) for CAN002 as a cancer adjuvant therapy. CAN002, marketed as Caphosol® in 47 countries, is an oral rinse for the treatment of oral mucositis, the inflammation and ulceration of the mucous membranes lining the mouth that occurs frequently in cancer patients undergoing high-dose chemotherapy, radiation and hematopoietic stem cell transplants. CAN002 is CANbridge's first commercialized product. During the first half of 2019, the sale for this products was about RMB10.0 million.

As at June 30, 2019, CANbridge has licensed the exclusive rights to develop and commercialize Nerlynx in Mainland China, Taiwan, Hong Kong and Macau from Puma Biotechnology, Inc. Nerlynx is the first anti-HER2 treatment FDA-approved as extended adjuvant therapy for early-stage HER2-positive breast cancer following adjuvant trastuzumab-based therapy. Treatment with neratinib resulted in a 34.0% reduction in the risk of invasive disease recurrence or death versus placebo after patients completed one year of therapy following a trastuzumab-based regimen. Nerlynx addresses an unmet medical need, as up to 25.0% of HER2-positive early-stage breast cancer patients treated with trastuzumab-based adjuvant treatment experience a recurrence.

During the first half of 2019, CANbridge recruited Mr. Gerry Cox as its Chief Marketing Officer and Mr. Mark Bamforth as overseas advisor to support its further development.

In the future, CANbridge will continue to develop innovative drug candidates to treat underserved medical conditions in China and other markets. It has filed a New Drug Application (NDA) with the National Medical Products Administration (NMPA) for Hunterase® (idursulfase beta), a human recombinant iduronate-2-sulfatase (IDS) enzyme replacement therapy, to treat Hunter Syndrome in China. Hunter Syndrome (mucopolysaccharidosis type II) is a rare, disabling and often fatal genetic disease that occurs more frequently in Asian than in Western countries. Hunterase® has been available for the treatment of Hunter Syndrome in 10 countries. CANbridge licensed Hunterase® from its developer, GC Pharma (KRX: 006280), earlier this year for development and commercialization in greater China. The Chinese government has included mucopolysaccharidosis on the "First National List of Rare Diseases" as a disease group to target. Currently, there is no approved treatment in China.

Debt Structure, Liquidity and Sources of Funds

1. *Borrowings*

As at June 30, 2019, the Group had aggregated borrowings of RMB1,309.9 million. Floating interest rate borrowings amounted to RMB359.9 million were denominated in RMB with effective interest rate ranging from 3.83% to 6.18% and fixed rate borrowings amounted to RMB950.0 million were denominated in RMB with effective interest rate ranging from 3.30% to 3.92%, respectively. Among the total borrowings, RMB1,294.9 million will be due within one year and RMB15.0 million will be due after one year.

As at June 30, 2019, cash and bank balances of the Group denominated in foreign currencies amounted to RMB3,062.0 million (December 31, 2018: RMB5,018.4 million).

Bank balances and cash denominated in:

	June 30, 2019 *RMB million*	December 31, 2018 *RMB million*
RMB	**637.8**	739.3
USD	**3,037.1**	4,084.3
HKD	**2.2**	925.6
Others	**22.7**	8.5
	3,699.8	5,757.7

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

2. *Gearing Ratio*

As at June 30, 2019, the gearing ratio, calculated as total liabilities over total assets, was 25.8%, as compared with 19.9% as at December 31, 2018. The higher ratio is due primarily to RMB1,174.9 million short-term borrowing increased for daily operations, capital investments and acquisition projects.

3. *Charge of Assets*

As at June 30, 2019, the Group pledged bank deposits with an amount of approximately RMB4.4 million, which increased by 51.1% from approximately RMB2.9 million as at December 31, 2018. The balance mainly represented deposits placed in banks as collaterals for banks to issue bank acceptance note, letters of credit and letter of guarantee for the Group's raw materials purchasing and domestic construction projects.

As at June 30, 2019, the Group had pledged 65% (December 31, 2018: 65%) equity interests in WuXi Clinical Development Services (Chengdu) Co., Ltd., which are held by its parent company WuXi Clinical Development Services (Shanghai) Co., Ltd, one of our subsidiaries to secure the borrowings of RMB15.0 million (December 31, 2018: RMB15.0 million). In addition, a bank acceptance note, which was issued by one of our subsidiaries, was pledged to secure the borrowings of RMB80.0 million.

4. *Contingent Liabilities*

As at June 30, 2019, the Group has no significant contingent liabilities except for the contingent considerations as disclosed in Note 27 of the notes to condensed consolidated financial statements in this interim report.

Cash Flows

	Six months ended June 30,	
	2019	2018
	RMB million	*RMB million*
Net cash from operating activities	**877.7**	420.7
Net cash used in investing activities	**(2,590.7)**	(3,682.8)
Net cash (used in) from financing activities	**(307.5)**	2,201.4
Net decrease in cash and cash equivalents	**(2,020.5)**	(1,060.7)
Effects of exchange rate changes	**(37.5)**	(25.1)
Cash and cash equivalents at the beginning of period	**5,757.7**	2,466.1
Cash and cash equivalents at the end of period	**3,699.8**	1,380.4

For the six months ended June 30, 2019, net cash flows from operating activities of the Group amounted to RMB877.7 million, representing an increase of RMB457.0 million over the six months ended June 30, 2018. The increase was due primarily to the increase in net cash from operating activities resulting from the strong growth of all segments.

For the six months ended June 30, 2019, net cash flows used in investing activities of the Group amounted to RMB2,590.7 million, representing a decrease of RMB1,092.1 million over the six months ended June 30, 2018. The decrease was due primarily to the decrease of RMB1,207.0 million in purchasing of financial assets at FVTPL, which was partially offset by the increase of RMB269.2 million in purchasing of property, plant and equipment.

For the six months ended June 30, 2019, net cash flows used in financing activities of the Group amounted to RMB307.5 million, representing a decrease of RMB2,508.9 million compared with the net cash flow from financing activities over the six months ended June 30, 2018. The decrease was due primarily to: (1) net proceeds of RMB316.3 million received from issuance of H Shares upon partial exercise of over-allotment option in January 2019, versus net proceeds of RMB2,160.7 million received from issuance of A Shares in May 2018, and (2) cash payments of RMB867.4 million for acquisition of STA's equity interest from non-controlling shareholders during the six months ended June 30, 2019.

Material Acquisitions and Disposals

Save for the acquisition of Pharmapace, Inc. which is disclosed in further details in note 27 to the condensed consolidated financial statements in this interim report, the Group did not have any material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the Reporting Period.

B. Non-IFRS Measure

To supplement our condensed consolidated financial statements which are presented in accordance with IFRS, we use adjusted net profit attributable to owners of the Company as an additional financial measure. We define adjusted net profit attributable to owners as profit/(loss) for the period before certain expenses as set out in the table below which do not relate directly to the business operation of the Company. Adjusted net profit attributable to owners is not an alternative to (i) profit before income tax or profit for the period (as determined in accordance with 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 non-IFRS net profit attributable to owners of the Company is 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 and non-recurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of the adjusted non-IFRS net profit attributable to owners of the Company is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. The adjusted non-IFRS net profit attributable to owners of the Company does not have a standardized definition prescribed under the IFRS and therefore may not be comparable to similar measures presented by other companies. Shareholders and potential investors should not view the adjusted non-IFRS net profit attributable to owners of the Company 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.

	Six months ended June 30,	
	2019	2018
	RMB million	*RMB million*
Profit attributable to the owners of the Company	**1,056.8**	1,271.9
Add:		
Share-based compensation expense	**62.7**	16.0
Listing expenses for offering of our A Shares and H Shares	**—**	6.4
Foreign exchange related losses	**81.3**	56.1
Amortization of intangible assets acquired in business combination	**12.4**	8.0
Non-IFRS net profit attributable to the owners of the Company	**1,213.2**	1,358.4
Add:		
Realized and unrealized gains from venture investments	**(54.7)**	(474.2)
Realized and unrealized share of losses of joint ventures	**20.2**	8.8
Adjusted non-IFRS net profit attributable to the owners of the Company	**1,178.7**	893.0

2. Business Outlook for the Second Half of 2019

The Company operates in the pharmaceutical R&D service industry and enables or assists our customers to carry out new drug R&D in a faster and better way through our own technological and manufacturing platforms. Global drug R&D service companies can be classified as CRO, CDMO/CMO and R&D service platforms which cover the whole industrial chain of pharmaceutical R&D. At present, most of drug R&D service companies focus on a specific stage of new drug R&D, such as preclinical CRO, clinical trial CRO, CDMO/CMO. In addition, there are a few integrated end-to-end R&D service platforms, including the Company, which are able to provide one-stop new drug R&D and manufacturing services to their customers. Integrated end-to-end new drug R&D service platforms can provide services along with the value chain of drug R&D and start to provide services to their customers from the early drug discovery stage and assist their customers in term of capabilities and scale. They gain the confidence of their customers by offering quality and efficient services. During the development of a particular project, they can expand the scope of their services from “developing along with the project” to “expanding along with the development of drugs”.

It is expected that the pharmaceutical R&D service industry, especially integrated end-to-end R&D service platforms, will continue to grow at a steady pace over the next few years. Firstly, due to the industrial characteristics of innovative drug R&D, such as large investment, long cycle and high risk, together with the increasing R&D cost and "patent cliff" facing drug manufacturers, more manufacturers are expected to engage external R&D institutes to conduct R&D tasks. Secondly, small and medium biotechnology companies and individual entrepreneurs have become a major driving force of pharmaceutical innovation. According to the Frost & Sullivan Report, in 2018, there were 8,311 small pharmaceutical companies in the world, accounting for 76% of the total pharmaceutical companies. 39% of the FDA approved new drugs was originated from these small pharmaceutical companies. By 2023, it is expected that there will be 13,892 small pharmaceutical companies, accounting for 79% of the total pharmaceutical companies. 48% of the FDA approved new drugs will be originated from these small pharmaceutical companies. These companies usually have advantages in certain specific scientific technologies and seek for external R&D and manufacturing platforms to accelerate their R&D projects. As a result, integrated end-to-end R&D service platforms are able to meet their R&D service needs from concept verification to product launching out. Thirdly, policies such as accelerated approval, consistency evaluation of generic drugs, and MAH, encourage pharmaceutical innovation in China. More and more Chinese pharmaceutical companies and biotechnology companies increased their investment in new drug R&D. Pharmaceutical R&D service companies, especially service platforms with global leading R&D capabilities, are expected to benefit from the rapid growth of domestic demand for new drug R&D services.

3. Core Competence Analysis

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

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

We are a global leading integrated end-to-end new drug R&D service platform, enabling pharmaceutical innovations worldwide. Our integrated end-to-end new drug R&D services capability is 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 meets diversified customers' demands. We strive to continue to expand our service offering by executing the strategy from "follow the project" to "follow the molecule". At the early stage of new drug R&D, we enable our customers with our expertise and gradually establish a trusted partnership. At the CRO and CDMO/CMO stage, we provide services from "follow the project" to "follow the molecule", and win more business opportunities in the late development and commercialization stage.

(2) *Enabling innovation to strengthen our competitive advantage*

Our principle of "enabling innovation" plays a significant part in the way we design, offer and deliver our services, ensuring that we will deploy our latest know-how and capabilities whenever possible to fulfill our customers' demands and enable them to transform ideas into reality. We are a leading player in terms of capabilities and capacities and have built a strategy that is hard to be duplicated by our competitors. We are able to anticipate technological development and emerging R&D trend of the industry in the future and seize new development opportunities. We have rich experience in cutting-edge expertise, based on which we further explore technologies such as AI, medical big data and laboratory automation, etc. and strives to apply them in R&D of new drugs as early as possible to help our customers to increase their R&D efficiency and lower the entry barrier of pharmaceutical R&D. Based on our deep insights on industrial trends and emerging technologies, we enable our customers with the latest scientific and technological discoveries and convert them to potential products.

(3) *Knowledge of the industry and customer needs, further strengthening our platform through organic growth and merger and acquisition ("M&A")*

We have accumulated extensive industry experience after 19 years of accelerated growth. We have provided services to leading domestic and international pharmaceutical companies and established trusted partnerships. We have grown an appreciation for customer demands and have become aware of the latest development trends and consequently have enhanced our service capabilities through ongoing strengthening of capabilities and expansion of scale as well as strategic M&As, to provide more premium, and comprehensive services to our customers. In terms of organic growth, we continue to build our capabilities. During the Reporting Period, our newly built Qidong research and development center began operation, and will become an extension of our Shanghai headquarter in the future. Three of our Laboratory Testing Division's facilities, namely drug safety testing, bioanalytical services and medical device testing, completed regulatory inspections by the FDA, OECD, and CNAS, all with excellent results. Our cell and gene therapies CDMO/CMO facility in Wuxi began operation, providing services to domestic customers. Our subsidiary STA's new drug product manufacturing facility in Shanghai has passed its first GMP inspection by the European Medical Products Administration. In July 2019, STA's ASU in Shanghai and API process R&D and manufacturing facility in Changzhou have successfully passed two inspections from the FDA, with no Form 483 issued. In terms of M&A, we have made a number of high-quality transactions such as AppTec, Abgent, Crelux, HD Biosciences and WuXi Clinical Development, etc. successively and integrated their businesses with our existing business to optimize our industry chain while creating synergies. In May 2019, we acquired Pharmapace, Inc., a clinical research services company with expertise of providing high quality biometrics services, which has allowed us to further enhance our global clinical trial services capabilities. Should there be any appropriate opportunities in the future, we will continue to enhance CRO and CDMO/CMO service capabilities through M&A.

(4) Strong, loyal and expanding customer base to continue to grow our network within the healthcare ecosystem

We have a strong, loyal and expanding customer base. During the Reporting Period, we added nearly 600 new customers and provided services to more than 3,600 active customers in over 30 countries, including all of the top 20 global pharmaceutical companies, according to Frost & Sullivan report. As our service capabilities continue to expand, the number of our customers continues to grow. We aim to lower entry barriers for the discovery and development of innovative drugs with respect to capabilities, capacities and capital, and are committed to embracing demands of new and existing customers, thereby attracting new participants to join the evolving healthcare ecosystem. Through this lowering of entry barriers, we believe that we are able to catalyze and benefit from the continuous transformation of the healthcare ecosystem. By nurturing and incubating the rise of new business models and encouraging participants to develop new drugs and healthcare products, we drive the creation of new knowledge and technologies, stimulate new demand and improve efficiency, which further drives innovation and fuels the growth of all participants. From 2016 to 2018, top 20 global pharmaceutical companies contributed to 40.4%, 36.0% and 33.2% of our revenue, respectively. During the Reporting Period, top 20 global pharmaceutical companies contributed to 27.0% of our revenue, down by 7.2 percentage points compared with the same period last year. In addition, we have also enhanced our healthcare data capacity to improve pharmaceutical R&D efficiency through data collection, analysis and validation. We envisage cutting-edge technologies, such as big data and AI, transforming conventional business models and breaking-down barriers of healthcare data analytics through data-driven solutions. By harnessing the industry's collective wisdom, we can deliver vast improvements in productivity and expedite the development of new healthcare products. We have established our internal AI team and cooperated with global leading AI companies and universities to jointly explore the possibility of further improving our service efficiency. We have invested in and co-founded PICA, a mobile application education platform company reaching approximately 1.8 million community doctors. PICA connects community doctors working in China's rural areas with the latest medical information and provides online training for them to better diagnose and treat their patients. With its collaboration networks and data, it could help with early diagnostic as well as clinical trial patient recruitment. We have established CW Data Co., Ltd, a joint venture with China Electronics Corporation to develop healthcare data products and services. The joint venture focuses on three core solution offerings, including data informatics, commercial analytics and advisory services that will provide data solutions to participants in the healthcare ecosystem, including pharmaceutical distributors and insurance companies.

(5) Experienced management team with vision and ambition

We are led by Dr. Ge Li, one of the pioneers in the pharmaceutical outsourcing industry. All members of our senior management team have worked at the forefront of the pharmaceutical industry, with significant industry experience in their areas of expertise. Our management team is reputable in the area of life science both in the U.S. and China. Dr. Ge Li and our senior management team are passionately committed to the vision and ambition to transform the drug discovery and development industry and become a leading player in the global healthcare ecosystem.

4. Potential Risks

(1) Risk of Market Demands Decline in Drug R&D Services

Our business operation relies on expenditures and demands of our customers (including multi-national pharmaceutical companies, biotechnology companies, startups, virtual companies and scholars and non-profit research organizations, etc.) on outsourcing services, i.e. discovery, analytical testing, development and manufacturing of pharmaceuticals, cell and gene therapies and medical devices, etc.. In the past, benefiting from continuous growth of the global pharmaceutical market, increase of R&D budgets of our customers and increasing percentage of our customers' outsourcing services, 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 as well as result in adverse impact upon 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. 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/CMOs/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. Besides the aforementioned incumbents, we also face competition from new entrants, which either have more solid capital strengths or more effective business channels or stronger R&D capability 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. There is no assurance that we will be able to compete effectively with existing competitors or new competitors or that the level of competition will not adversely affect our business, results of operations, financial condition and prospects.

(4) Business Compliance Risk

We have always attached great importance to compliance of our business operation and gradually established a relatively complete internal control system, which requires our staff to abide by relevant laws and regulations and carry out business activities in accordance with relevant laws. Although we have developed a complete internal control and compliance approval system as well as standard operating procedures to ensure legitimacy and compliance of our daily operation, our business operation, reputation, financial condition will be adversely impacted to 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 Overseas Operation and Change of International Policy

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

(6) Risk of Loss of Senior Management and Key Scientific Staff

Our senior management and key scientific staff are an important part of our core competence as well as foundation and key to our survival and growth. Maintenance of a stable senior management and 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 senior management and 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.

(7) Risk of Failure in Business Expansion

We anticipate that our customers' 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 may acquire new technologies, businesses or services or enter into strategic alliances with third parties in the healthcare ecosystem and need to invest a great deal of capital and resources and continue to push forward strengthening of our capabilities and expansion of scale globally. We may not be able to successfully acquire the targets identified despite spending significant amount of time and resources on pursuing such acquisition or investment. 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 failure to integrate acquisitions successfully, delay in construction and regulatory issues, or we fail to achieve our growth targets.

(8) Foreign Exchange Risk

We conduct a multinational business. Fluctuations in exchange rates between the RMB and USD and other currencies may be affected by, among other things, changes in political and economic conditions. During the Reporting Period, most of the revenue of the main business was denominated in USD while a majority of our cost of services and operating costs and expenses were denominated in RMB. During the Reporting Period, RMB exchange rate demonstrated significant volatility and the Company's foreign exchange loss for the six months ended June 30, 2019 and 2018 were RMB33.3 million and RMB19.1 million, respectively. If RMB appreciates significantly against USD, our margins might be pressured, a portion of cost denominated in RMB might be increased and the size of our international customers' orders might be contracted due to increase of unit prices of services, our revenue denominated in USD might be reduced which may adversely impact our profitability as a result. Please see note 22 of the notes to the condensed consolidated financial statements in this interim report for the Group's policy and forward foreign exchange contracts entered into to manage the foreign exchange risk.

5. Other Events

(1) The delisting of STA

On March 10, 2019, the Board held a meeting at which it was proposed that the Company shall seek delisting of STA (the "Proposed Delisting"), a subsidiary of the Company, from the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) ("NEEQ"). The Board believes that the Proposed Delisting would allow STA to focus on long-term development strategy and enhance operational efficiency, and save unnecessary administrative and other listing-related costs and expenses. On April 24, 2019, STA held the annual general meeting for 2018, at which resolutions in relation to the Proposed Delisting, amongst others, the Resolution on the Proposed Application for the Delisting of the Shares of STA from NEEQ were considered and approved. According to the Letter regarding the Approval for the Delisting of Shanghai SynTheAll Pharmaceutical Co., Ltd from the NEEQ (Gu Zhuan Xi Tong Han[2019] No.2340)(《關於同意上海合全藥業股份有限公司股票終止在全國中小企業股份轉讓系統掛牌的函》(股轉系統函[2019]2340號)) issued by NEEQ on June 24, 2019, the shares of STA were delisted from NEEQ on June 26, 2019.

(2) *Connected transactions in relation to the proposed acquisitions of equity interest in STA from connected vendors*

On April 17, 2019, the Board resolved that the Group shall use up to RMB3,100 million to acquire through WXAT Shanghai, in addition to any STA Shares acquired by WXAT Shanghai in the 12 months preceding the passing of the resolutions, all the outstanding STA Shares from the dissenting STA shareholders and other minority STA shareholders (the "Minority STA Shareholders") pursuant to the Proposal on the Protection Measures Regarding the Interests of Dissenting Shareholders (《異議股東保護方案》) passed by the board of directors of STA on April 4, 2019, to protect the interests of Dissenting STA shareholders in respect of the Proposed Delisting (the "Protection Measures") in respect of the Proposed Delisting (the "Proposed Acquisition"). The consideration of the Proposed Acquisition shall be determined based on the timing of the acquisition of the STA Shares by the Minority STA Shareholders, which for any Minority STA Shareholders acquiring before the announcement of the Proposed Delisting, shall be the higher of (i) RMB48.00 per STA Share; or (ii) the original acquisition cost of such Minority STA Shareholders. The Minority STA Shareholders include seven connected persons of the Company holding an aggregate of 5,722,802 STA Shares, On April 17, 2019, as part of the Proposed Acquisitions, the Board resolved to acquire from the connected vendors their STA Shares (the "Connected Acquisitions"). The connected vendors are (i) Dr. Ge Li who is a Director and chief executive officer of the Company and a director of STA; (ii) Mr. Edward Hu who is a Director and co-chief executive officer of the Company and a director of STA; (iii) Mr. Xiaozhong Liu who is a Director of the Company and STA; (iv) Mr. Zhaohui Zhang who is a Director of the Company and STA; (v) Mr. Minzhang Chen who is a director and chief executive officer of STA; (vi) Mr. Harry Liang He who is a supervisor of the Company and STA; and (vii) Ms. Xiangli Liu who is a supervisor of STA. On July 2, 2019, WXAT Shanghai and each of the connected vendors executed an equity transfer agreement in respect of the Connected Acquisitions. The consideration payable amounted to an aggregate of RMB274.69 million.

HUMAN RESOURCES

As at June 30, 2019, the Group had 19,042 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.

USE OF NET PROCEEDS FROM IPO

The total proceeds from the issue of new H Shares by the Company in its Listing amounted to approximately RMB7,285.9 million[(1)], the net proceeds planned for applications amounted to approximately RMB7,032.6 million[(2)] and the balance of unutilized net proceeds amounted to approximately RMB2,628.2 million as at June 30, 2019.

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 table below sets out the planned applications of the net proceeds and actual usage up to June 30, 2019:

Use of proceeds		Original allocation of Net Proceeds *(HKD million)*	Original allocation of Net Proceeds *(RMB million)*	Revised allocation of Net Proceeds *(RMB million)*	Utilized amount (as at June 30, 2019) *(RMB million)*	Unutilized amount (as at June 30, 2019) *(RMB million)*
To expand our capacity and capabilities across all business units globally	37.0%	2,798.0	2,462.2	2,602.1	1,010.0	1,592.1
— invest in PRC projects(3)	22.0%	1,663.1	1,463.5	1,547.2	903.2	644.0
— invest in U.S. projects(4)	7.5%	570.1	501.7	562.6	106.8	455.8
— invest in Hong Kong project(5)	7.5%	564.8	497.0	492.3	—	492.3
To fund the acquisition of CRO and CMO/CDMO companies	26.5%	2,000.0	1,759.9	1,863.6	1,007.0	856.6
To invest in our ecosystem	4.0%	300.0	264.0	281.3	281.3	—
To develop cutting-edge technology	2.6%	200.0	176.0	182.8	3.3	179.5
To repay our bank loans	19.9%	1,500.0	1,320.0	1,399.5	1,399.5	—
Working capital and general corporate uses	10.0%	755.3	664.6	703.3	703.3	—
	100.0%	7,553.3	6,646.7	7,032.6	4,404.4	2,628.2

Notes:

(1) The total proceeds included approximately RMB6,969.6 million from the Global Offering in December 2018 and RMB316.3 million from the partial exercise of over-allotment option in January 2019.

(2) By excluding the underwriting fees and commissions and estimated expenses payable by the Company, the net proceeds planned for applications amounted to approximately RMB7,032.6 million. Net IPO proceeds were received in Hong Kong dollars and translated to Renminbi for application planning. The plan was adjusted slightly due to the fluctuation of the foreign exchange rates since the Listing.

(3) Investment in seven PRC projects, including establishment of the Chengdu R&D campus, a manufacturing facility for viral vectors and plasmid DNA used in cell and gene therapy products in Wuxi, and a chemistry and biology labs in Qidong, Jiangsu Province, as well as development of nation-wide clinical trial sites and expansion of our SMO clinical research platform.

(4) Investment in the U.S. projects, including setting up a bioanalytical laboratory in San Diego, California and a cGMP manufacturing facility for commercialized cell and gene therapy products in the U.S.

(5) Investment in Hong Kong project, including establishing a Hong Kong-based R&D innovation center.

RESULTS AND DIVIDENDS

The Group's profit for the Reporting Period and the state of affairs of the Group at June 30, 2019 are set out in the interim condensed consolidated financial statements and the accompanying notes on pages 48 to 109.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, as 11 of the grantees of the 2018 WuXi AppTec A Share Incentive Scheme had resigned from the Company and terminated their employment contracts with the Company, they no longer fulfilled the conditions for unlocking. Pursuant to the 2018 WuXi AppTec A Share Incentive Scheme, on March 22, 2019, the Board considered and approved the buyback and cancellation of 31,347 Restricted A Shares which were granted to the aforesaid grantees which had not been unlocked at a price of RMB45.53 per Share for the buyback. The total consideration for the buyback amounted to RMB1,427,228.91. Such portion of Shares was cancelled in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange on June 18, 2019.

After the Reporting Period, as 41 of the grantees of the 2018 WuXi AppTec A Share Incentive Scheme had resigned from the Company and terminated their employment contracts with the Company, they no longer fulfilled the conditions for unlocking. The Proposal on the Repurchase and Cancellation of Part of Restricted Shares Issued under the 2018 WuXi AppTec A Share Incentive Scheme of the Company and the Proposal on Adjustment to the Repurchase Number and Repurchase Price of Restricted Shares were approved at the Board meeting on July 19, 2019. Pursuant to the above proposals, due to the resignation of 41 participants and the completion of 2018 Profit Distribution Plan, the Company intended to repurchase Restricted A Shares which have been issued to the aforesaid participants under the relevant provisions of 2018 WuXi AppTec A Share Incentive Scheme. After adjusting the repurchase price and number of Restricted A Shares, a total of 338,349 Restricted A Shares shall be repurchased after adjustment at an adjusted repurchased price of RMB32.15 per Share. The total consideration for the buyback amounted to RMB10,877,920.35. Such portion of Shares will be cancelled in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

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

DIRECTORS

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

Executive Directors

Dr. Ge Li (李革) *(Chairman and Chief Executive Officer)*
Mr. Edward Hu (胡正國) *(Co-Chief Executive Officer)*
Mr. Xiaozhong Liu (劉曉鐘)
Mr. Zhaohui Zhang (張朝暉)
Dr. Ning Zhao (趙寧)

Non-executive Directors

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

Independent Non-executive Directors

Dr. Jiangnan Cai (蔡江南)
Ms. Yan Liu (劉艷)
Mr. Dai Feng (馮岱)
Dr. Hetong Lou (婁賀統)
Mr. Xiaotong Zhang (張曉彤)

Supervisors

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

Mr. Harry Liang He (賀亮)
Mr. Jichao Wang (王繼超)
Ms. Minfang Zhu (朱敏芳)

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

During the Reporting Period and as at the date of this report, there was no change to information which was required to be disclosed by Directors and Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

SHARE INCENTIVE SCHEMES

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

2018 WuXi AppTec A Share Incentive Scheme

In order to establish and improve long-term corporate incentive systems of the Company, attract and retain talent, fully mobilize the motivation of management members and technicians and effectively tying the interests of our Shareholders, the Company and the management of the Company and enabling the respective parties to become aware of the Company's long-term development, and to promote the realization of the development strategies of the Company, on August 22, 2018, the Shareholders' meeting of the Company passed a resolution to issue up to 8,856,900 A Shares of the Company under the 2018 WuXi AppTec A Share Incentive Scheme. The total participants of the 2018 WuXi AppTec A Share Incentive Scheme is 1,528, including the Directors, members of the senior-level management (including senior management), mid-level managers and backbone members of our technicians and basic-level managers and other technicians. On August 28, 2018, 7,085,500 Restricted A Shares of the Company were approved for a Director of the Company and eligible employees to subscribe at the price of RMB45.53 per A Share and the remaining 1,771,400 A Shares will be reserved for future distribution.

In October 2018, 6,281,330 number of A Shares were subscribed by a Director of the Company and eligible employees and RMB285,989,000 consideration were received by the Company. These granted Restricted A Shares have a contractual term of no more than four years and unlock over a three year period, with 40%, 30% and 30% of the awards unlocking on the first, second and third anniversary date of the A Shares registration date upon meeting certain annual performance conditions. Pursuant to the black-out period provisions of the 2018 WuXi AppTec A Share Incentive Scheme, Directors and employees shall not transfer the A Shares which fulfill the unlocking conditions to any third party in any form within the six months from each unlocking anniversary date.

No options had been granted under the 2018 WuXi AppTec A Share Incentive Scheme as at June 30, 2019. Set out below are details of the movements of the outstanding Restricted A Shares granted under the 2018 WuXi AppTec A Share Incentive Scheme in the six months ended June 30, 2019:

2018 WuXi AppTec A Share Incentive Scheme (Unaudited)	Outstanding at January 1, 2019	Granted during the period	Unlocked during the period	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2019
Mr. Edward Hu	91,000	—	—	—	—	**91,000**
Employees	6,190,330	—	—	—	128,245	**6,062,085**
Total	6,281,330	—	—	—	128,245	**6,153,085**

STA Share Units and Options Incentive Scheme

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

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

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

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

STA Share Units and Options Incentive Scheme	Outstanding at January 1, 2019	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2019
STA Share Option Incentive Scheme (2015)	9,117,000	—	—	12,000	**9,105,000**
STA Overseas Employees Incentive Scheme	3,831,594	104,000	—	82,164	**3,853,430**
STA Share Option Incentive Scheme (2016) — 1st batch	390,960	—	—	18,540	**372,420**
STA Share Option Incentive Scheme (2016) — 2nd batch	476,460	—	—	53,940	**422,520**
Total	13,816,014	104,000	—	166,644	**13,753,370**
Exercisable at the end of the year	8,763,696				**13,082,610**
Weighted average exercise price	RMB6.28	RMB1.79	N/A	RMB4.94	**RMB6.26**

STA Share Appreciation Incentive Scheme

On May 16, 2016 and July 12, 2017, STA Share Appreciation Incentive Scheme (2016) and STA Share Appreciation Incentive Scheme (2017) were approved at the STA Shareholders' meeting. As a result of the Conversion of Capital Reserve, the total number of STA units granted under the STA Share Appreciation Incentive Scheme (2016) and the STA Share Appreciation Incentive Scheme (2017) to directors (excluding independent directors), supervisors and members of the senior management and core technicians (operation staff) were 1,350,000 and 123,000 respectively. Stock appreciation rights have been awarded in units, with each unit representing the value of one STA Share. Upon the exercise of stock appreciation rights, exercising recipients will receive payments in RMB from STA, subject to any withholding tax, equal to the number of stock appreciation rights exercised times the difference between the subscription price and market price of the STA Shares on the exercise day. The number of STA Shares and subscription price per STA Share granted under the STA Share Appreciation Incentive Scheme presented herein has been adjusted to reflect the Conversion of Capital Reserve and dividend adjustment.

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

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

STA Share Appreciation Incentive Scheme	Outstanding at January 1, 2019	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at June 30, 2019
STA Share Appreciation Incentive Scheme (2016) — 1st batch	554,400	—	95,400	—	**459,000**
STA Share Appreciation Incentive Scheme (2016) — 2nd batch	249,000	—	—	27,000	**222,000**
STA Share Appreciation Incentive Scheme (2017)	87,000	—	—	42,000	**45,000**
Total	890,400	—	95,400	69,000	**726,000**
Exercisable at the end of the year	144,000				**298,800**
Weighted average exercise price	RMB8.00	N/A	RMB8.00	RMB8.00	**RMB8.00**

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

As at June 30, 2019, the interests or short positions of the Directors, supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which should be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Interests in Shares or Underlying Shares of our Company

Name of Director	Nature of Interest	Number and class of shares interested[1]	Approximate percentage of the Company's issued share capital
Dr. Ge Li	Interests held jointly with another person; interests of spouse; interests of controlled corporation	323,359,483 A Shares[2] (L)	27.6368%
Dr. Ning Zhao	Interests held jointly with another person; interests of spouse; interests of controlled corporation	323,359,483 A Shares[2] (L)	27.6368%
Mr. Zhaohui Zhang	Interests held jointly with another person; interests of controlled corporation	323,359,483 A Shares[2] (L)	27.6368%
Mr. Xiaozhong Liu	Interests held jointly with another person; interests of controlled corporation	323,359,483 A Shares[2] (L)	27.6368%
Mr. Edward Hu	Beneficial owner; interests of spouse	104,500 A Shares[3] (L)	0.0089%

Notes:

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

(2) Dr. Ge Li, Dr. Ning Zhao, Mr. Xiaozhong Liu and Mr. Zhaohui Zhang entered into an acting-in-concert agreement and a supplemental agreement on March 23, 2016 and March 17, 2017 to acknowledge and confirm their acting-in-concert relationship in our Company.

(3) The Restricted A Shares are granted pursuant to the 2018 WuXi AppTec A Share Incentive Scheme.

(4) For the avoidance of doubt, the interests indicated above do not necessarily represent the economic interests enjoyed by the relevant Director.

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

Name of Director	Associated Corporation	Capacity/ nature of interest	Number of STA Shares(1)	Approximate percentage of issued share capital of STA
Dr. Ge Li	STA	Beneficial owner	2,967,000 (L)	0.6712%
Mr. Zhaohui Zhang	STA	Beneficial owner	912,561 (L)	0.2064%
Mr. Xiaozhong Liu	STA	Beneficial owner	1,256,028 (L)	0.2841%
Mr. Edward Hu	STA	Beneficial owner	114,453 (L)	0.0259%

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

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2019, none of the Directors, supervisors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at June 30, 2019, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number and class of shares interested(1)	Approximate percentage of shares in relevant class of shares	Approximate percentage of the Company's issued share capital
Ms. Lei Zhang (張蕾)(2)	Interests of spouse	323,359,483 A Shares (L)	30.8471%	27.6368%
Ms. Guolian Zhang (張國連)(3)	Interests of spouse	323,359,483 A Shares (L)	30.8471%	27.6368%

Name of Shareholder	Nature of Interest	Number and class of shares interested[1]	Approximate percentage of shares in relevant class of shares	Approximate percentage of the Company's issued share capital
G&C VI Limited[4]	Beneficial owner	81,000,000 A Shares (L)	7.7270%	6.9229%
G&C I Limited[4]	Interests of controlled corporation	81,000,000 A Shares (L)	7.7270%	6.9229%
G&C Limited[4]	Interests of controlled corporation	102,435,000 A Shares (L)	9.7718%	8.7549%
WuXi AppTec (BVI) Inc.[5]	Beneficial owner	81,000,000 A Shares (L)	7.7270%	6.9229%
WuXi PharmaTech (Cayman) Inc.[5]	Interests of controlled corporation	81,000,000 A Shares (L)	7.7270%	6.9229%
New WuXi Life Science Limited[5]	Interests of controlled corporation	81,000,000 A Shares (L)	7.7270%	6.9229%
New WuXi Life Science Holdings Limited[5]	Interests of controlled corporation	81,000,000 A Shares (L)	7.7270%	6.9229%
G&C IV Hong Kong Limited[6]	Beneficial owner	59,234,400 A Shares (L)	5.6507%	5.0626%
G&C VIII Limited[6]	Interests of controlled corporation	59,234,400 A Shares (L)	5.6507%	5.0626%
G&C IV Limited[6]	Interests of controlled corporation	59,234,400 A Shares (L)	5.6507%	5.0626%
Jiashi Kangheng (Tianjin) Investments Partnership (Limited Partnership) (嘉世康恒(天津)投資合夥企業(有限合夥))[7]	Beneficial owner	63,188,931 A Shares (L)	6.0281%	5.4006%

Name of Shareholder	Nature of Interest	Number and class of shares interested[1]	Approximate percentage of shares in relevant class of shares	Approximate percentage of the Company's issued share capital
Boyu Dongzhi (Shanghai) Equity Investment Management Co., Ltd. (博裕東直(上海)股權投資管理有限責任公司)[7]	Interests of controlled corporation	63,188,931 A Shares (L)	6.0281%	5.4006%
Xinyu Kangyi (Tianjin) Investment Partnership (Limited Partnership) (新裕康怡(天津)投資合夥企業(有限合夥))[7]	Interests of controlled corporation	63,188,931 A Shares (L)	6.0281%	5.4006%
Boyu (Shanghai) Equity Investment Management Co., Ltd. (博裕(上海)股權投資管理有限責任公司)[7]	Interests of controlled corporation	63,188,931 A Shares (L)	6.0281%	5.4006%
Meiying Xia (夏美英)[7]	Interests of controlled corporation	63,188,931 A Shares (L)	6.0281%	5.4006%
Ailian Huang (黃愛蓮)[7]	Interests of controlled corporation	63,188,931 A Shares (L)	6.0281%	5.4006%
Guokai Boyu II (Shanghai) Equity Investment Partnership (Limited Partnership) (國開博裕二期(上海)股權投資合夥企業(有限合夥))[7]	Interests of controlled corporation	63,188,931 A Shares (L)	6.0281%	5.4006%
Boyu Guangqu Taoran (Shanghai) Investment Management Partnership (Limited Partnership) (博裕廣渠陶然(上海)投資管理合夥企業(有限合夥))[7]	Interests of controlled corporation	63,188,931 A Shares (L)	6.0281%	5.4006%
Rong Tao (陶融)[7]	Interests of controlled corporation	63,188,931 A Shares (L)	6.0281%	5.4006%

Name of Shareholder	Nature of Interest	Number and class of shares interested[1]	Approximate percentage of shares in relevant class of shares	Approximate percentage of the Company's issued share capital
Boyu Guangqu (Shanghai) Investment Management Co., Ltd. (博裕廣渠(上海)投資管理有限公司)[7]	Interests of controlled corporation	63,188,931 A Shares (L)	6.0281%	5.4006%
Glorious Moonlight Limited[8]	Beneficial owner	78,102,034 A Shares (L)	7.4508%	6.6752%
Endless Vigor Limited[8]	Interests of controlled corporation	78,102,034 A Shares (L)	7.4508%	6.6752%
Peaceful Pasture Limited[8]	Interests of controlled corporation	78,102,034 A Shares (L)	7.4508%	6.6752%
Boyu Capital Fund II, L.P.[8]	Interests of controlled corporation	78,102,034 A Shares (L)	7.4508%	6.6752%
Boyu Capital General Partner II, L.P.[8]	Interests of controlled corporation	78,102,034 A Shares (L)	7.4508%	6.6752%
Boyu Capital General Partner II, Ltd.[8]	Interests of controlled corporation	78,102,034 A Shares (L)	7.4508%	6.6752%
Boyu Capital Holdings Limited[8]	Interests of controlled corporation	78,102,034 A Shares (L)	7.4508%	6.6752%
ABG-WX Holding (HK) Limited[9]	Beneficial owner	58,618,600 A Shares (L)	5.5921%	5.0100%
ABG-WX Investment (HK) Limited[9]	Interests of controlled corporation	58,618,600 A Shares (L)	5.5921%	5.0100%
ABG-WX (HK) Limited[9]	Interests of controlled corporation	58,618,600 A Shares (L)	5.5921%	5.0100%
ABG II-WX Limited[9]	Interests of controlled corporation	58,618,600 A Shares (L)	5.5921%	5.0100%
ABG Management Ltd.[9]	Interests of controlled corporation	58,618,600 A Shares (L)	5.5921%	5.0100%
Fan Yu (于凡)[10]	Interests of controlled corporation	58,618,600 A Shares (L)	5.5921%	5.0100%

Name of Shareholder	Nature of Interest	Number and class of shares interested(1)	Approximate percentage of shares in relevant class of shares	Approximate percentage of the Company's issued share capital
Summer Bloom Investments (I) Pte. Ltd.(10)	Beneficial owner	78,477,300 A Shares (L)	7.4837%	6.7047%
Summer Bloom Investments (II) Pte. Ltd.(10)	Interests of controlled corporation	78,477,300 A Shares (L)	7.4837%	6.7047%
Summer Bloom Investments Pte. Ltd.(10)	Interests of controlled corporation	78,477,300 A Shares (L)	7.4837%	6.7047%
Pavilion Capital International Pte. Ltd.(10)	Interests of controlled corporation	78,477,300 A Shares (L)	7.4837%	6.7047%
Pavilion Capital Holdings Pte. Ltd.(10)	Interests of controlled corporation	78,477,300 A Shares (L)	7.4837%	6.7047%
Linden Investments Pte. Ltd.(10)	Interests of controlled corporation	78,477,300 A Shares (L)	7.4837%	6.7047%
Fullerton Fund Investments Pte. Ltd.(10)	Interests of controlled corporation	78,477,300 A Shares (L)	7.4837%	6.7047%
Temasek Holdings (Private) Limited(10)	Interests of controlled corporation	78,477,300 A Shares (L)	7.4837%	6.7047%
HCFII WX (HK) Holdings Limited(11)	Beneficial owner	57,185,442 A Shares (L)	5.4554%	4.8875%
HCFII WX Holdings Limited(11)	Interests of controlled corporation	57,185,442 A Shares (L)	5.4554%	4.8875%
Hillhouse Capital Fund II, L.P.(11)	Interests of controlled corporation	57,185,442 A Shares (L)	5.4554%	4.8875%
Hillhouse Capital Management, Ltd.(11)	Investment manager	57,185,442 A Shares (L)	5.4554%	4.8875%
Hillhouse Fund II, L.P.(11)	Interests of controlled corporation	57,185,442 A Shares (L)	5.4554%	4.8875%
Wellington Management Group LLP	Investment manager	40,792,540 H Shares (L)	33.4927%	3.4864%

Name of Shareholder	Nature of Interest	Number and class of shares interested[1]	Approximate percentage of shares in relevant class of shares	Approximate percentage of the Company's issued share capital
Schroders Plc	Investment manager	22,037,120 H Shares (L)	18.0936%	1.8835%
Qatar Investment Authority[12]	Interests of a controlled corporation	17,750,000 H Shares (L)	14.5736%	1.5171%
JPMorgan Chase & Co.	Interests of a controlled corporation, investment manager, person having a security interest in shares and approved lending agent	12,025,054 H Shares (L)	9.8732%	1.0278%
		3,088,779 H Shares (S)	2.5360%	0.2640%
	Approved lending agent	2,497,018 H Shares (P)	2.0502%	0.2134%
	Unlisted derivatives — Cash settled	900,200 H Shares (L)	0.7391%	0.0769%
		700,100 H Shares (S)	0.5748%	0.0598%
BlackRock, Inc.	Interest of a controlled corporation	12,885,380 H Shares (L)	10.5795%	1.1013%
		2,600 H Shares (S)	0.0002%	0.0021%
	Unlisted derivatives — Cash settled	1,600 H Shares (S)	0.0001%	0.0013%
Credit Suisse Group AG	Interest of a controlled corporation & investment manager	8,867,317 H Shares (L)	7.2805%	0.7579%
		5,336,906 H Shares (S)	4.3819%	0.4561%
	Unlisted derivatives — Cash settled	3,011,971 H Shares (L)	2.4730%	0.2574%
		182,860 H Shares (S)	0.1501%	0.0156%
The Capital Group Companies, Inc.	Interest of a controlled corporation	6,157,800 H Shares (L)	5.0559%	0.5263%

Notes:

(1) (L) — Long position; (S) — Short position; (P) — Lending pool

(2) Ms. Lei Zhang is the spouse of Mr. Zhaohui Zhang and is deemed to be interested in Mr. Zhaohui Zhang's interests in the Company.

(3) Ms. Guolian Zhang is the spouse of Mr. Xiaozhong Liu and is deemed to be interested in Mr. Xiaozhong Liu's interests in the Company.

(4) Dr. Ge Li indirectly wholly owns G&C VI Limited through his wholly own interests in G&C I Limited and G&C Limited. Under the SFO, Dr. Ge Li is deemed to be interested in the Shares held by G&C VI Limited.

(5) Life Science Holdings indirectly wholly owns WXAT BVI through its wholly own interests in WuXi PharmaTech and Life Science Limited. Under the SFO, Life Science Holdings is deemed to be interested in the Shares held by WXAT BVI.

(6) G&C IV Limited is funded by nine investors, who are Independent Third Parties and independent to each other, holding non-voting shares, and is controlled by Dr. Ge Li by holding one voting share representing 100% of the voting power in G&C IV Limited. Dr. Ge Li indirectly wholly owns G&C IV Hong Kong Limited through his control in G&C IV Limited which wholly owns G&C VIII Limited. Under the SFO, Dr. Ge Li deemed to be interested in the Shares held by G&C IV Hong Kong Limited.

(7) Jiashi Kangheng (Tianjin) Investments Partnership (Limited Partnership) (嘉世康恒(天津)投資合夥企業(有限合夥)) is held as to 0.36% by its general partner, Boyu Dongzhi (Shanghai) Equity Investment Management Co., Ltd. (博裕東直(上海)股權投資管理有限責任公司), and held as to 99.64% by its limited partner, Xinyu Kangyi (Tianjin) Investment Partnership (Limited Partnership) (新裕康怡(天津)投資合夥企業 (有限合夥)). Boyu Dongzhi (Shanghai) Equity Investment Management Co., Ltd. (博裕東直(上海)股權投資管理有限責任公司) is wholly-owned by Boyu (Shanghai) Equity Investment Management Co., Ltd. (博裕(上海)股權投資管理有限責任公司), which is held as to 50% by each of Xia Meiying and Huang Ailian. Xinyu Kangyi (Tianjin) Investment Partnership (Limited Partnership) (新裕康怡(天津)投資合夥企業(有限合夥)) is held as to 63.51% by its limited partner, Guokai Boyu II (Shanghai) Equity Investment Partnership (Limited Partnership) (國開博裕二期(上海)股權投資合夥企業(有限合夥)), the general partner of which is Boyu Guangqu Taoran (Shanghai) Investment Management Partnership (Limited Partnership) (博裕廣渠陶然(上海)投資管理合夥企業(有限合夥)), which in turn is held as to 46.22%, 52.19% and 1.59% by its limited partners, Huang Ailian and Tao Rong, and its general partner, Boyu Guangqu (Shanghai) Investment Management Co., Ltd. (博裕廣渠(上海)投資管理有限公司), respectively. Boyu Guangqu (Shanghai) Investment Management Co., Ltd. (博裕廣渠(上海)投資管理有限公司) is wholly-owned by Boyu (Shanghai) Equity Investment Management Co., Ltd. (博裕(上海)股權投資管理有限公司). The general partner of Xinyu Kangyi (Tianjin) Investment Partnership (Limited Partnership) (新裕康怡(天津)投資合夥企業(有限合夥)) is Boyu Dongzhi (Shanghai) Equity Investment Management Co., Ltd. (博裕東直(上海)股權投資管理有限責任公司).

(8) Peaceful Pasture Limited indirectly wholly owns Glorious Moonlight Limited through its wholly-owned interests in Endless Vigor Limited. Peaceful Pasture Limited is controlled by Boyu Capital Fund II, L.P., which is controlled by Boyu Capital General Partner II, L.P., which is in turn controlled by Boyu Capital General Partner II, Ltd., which is wholly-owned by Boyu Capital Holdings Limited.

(9) ABG-WX (HK) Limited indirectly wholly owns ABG-WX Holding (HK) Limited through its wholly-owned interests in ABG-WX Investment (HK) Limited. ABG-WX (HK) Limited is controlled by ABG II-WX Limited which is controlled by ABG Management Ltd., which in turn is wholly-owned by Yu Fan.

(10) Summer Bloom (I) Investments Pte. Ltd. is wholly-owned by Summer Bloom Investments (II) Pte. Ltd., which in turn is wholly owned by Summer Bloom Investments Pte. Ltd.. Summer Bloom Investments Pte. Ltd. is solely controlled by Pavilion Capital International Pte. Ltd., which is wholly-owned by Pavilion Capital Holdings Pte. Ltd., which in turn, is wholly-owned by Linden Investments Pte. Ltd.. Linden Investments Pte. Ltd. is in turn wholly-owned by Fullerton Fund Investments Pte. Ltd., which in turn, is wholly-owned by Temasek Holdings (Private) Limited. Pavilion Capital Holdings Pte. Ltd. and its subsidiaries are independently managed portfolio companies. Temasek Holdings (Private) Limited is not involved in the management decisions of these companies.

(11) Hillhouse Capital Fund II, L.P. indirectly wholly owns HCFII WX (HK) Holdings Limited through its wholly-owned interests in HCFII WX Holdings Limited. Hillhouse Capital Fund II, L.P. is controlled by its general partner Hillhouse Fund II Holdings GP, Ltd., which is wholly-owned by Colm John O'Connell.

(12) Qatar Investment Authority (as the sole shareholder of Qatar Holding LLC) is deemed or taken to be interested in the shares which are beneficially owned by Al Rayyan Holding LLC, whose sole shareholder is Qatar Holding LLC.

Save as disclosed herein, our Directors are not aware of any person who will have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the 2018 Wuxi AppTec A Share Incentive Scheme, at no time during the Reporting Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in the CG Code as contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices.

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 A.2.1 of the CG Code.

Pursuant to code provision A.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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

(1) Adoption of the Restricted A Shares and Stock Option Incentive Plan of 2019

Subsequent to the Reporting Period, to establish and improve the long-term incentive mechanism of the Company, attract and retain talents, fully motivate the core personnel of the Company and effectively integrate the interests of the Shareholders, the Company and core team members so that the parties will make joint efforts for the sustainable development of the Company, the Restricted A Shares and Stock Option Incentive Plan of 2019 (the "2019 A Share Incentive Plan") has been made on the premise of fully safeguarding the interests of Shareholders, in line with the principle of benefits being in proportion to contributions and in compliance with the PRC Company Law, the PRC Securities Law, the Administrative Measures and other relevant laws and regulations as well as the Articles of Association. On July 19, 2019, the Board considered and approved a resolution to issue up to an aggregate of 21,055,530 Restricted A Shares or share options of the Company under 2019 A Share Incentive Plan. The total participants of the 2019 A Share Incentive Plan is 2,534 including the Directors, members of the senior-level management (including senior management), mid-level managers and backbone members of our technicians and basic-level managers and other technicians. The 2019 A Share Incentive Plan is subject to the approval of the Shareholders at the extraordinary general meeting and the class meetings. For details, please refer to the announcement and the circular of the Company dated July 19, 2019 and August 5, 2019, respectively, in relation to, amongst others, the 2019 A Share Incentive Plan disclosed on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

(2) Adoption of the Share Appreciation Right Plan of 2019

Subsequent to the Reporting Period, the Board has resolved on July 19, 2019 to adopt the 2019 share appreciation incentive scheme (the "2019 Share Appreciation Scheme"). Under the 2019 Share Appreciation Scheme, share appreciation rights will be granted to eligible participants with each of them being notionally linked to one H Share, and will confer the right to gain specified amount of benefits in cash from the increase in market price of the relevant H Shares. No H Shares will actually be issued to any participants. The 2019 Share Appreciation Scheme shall take effect upon the approval of the Shareholders at the general meeting of the Company. For details, please refer to the announcement and the circular of the Company dated July 19, 2019 and August 5, 2019, respectively, in relation to, amongst others, the 2019 Share Appreciation Scheme disclosed on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

(3) Grant of reserved interests to the participants under the 2018 WuXi AppTec A Share Incentive Scheme

Subsequent to the Reporting Period, the Board is of the view that the conditions of the grant of reserved interests under the 2018 WuXi AppTec A Share Incentive Scheme have been fulfilled, and has resolved to grant 542,017 Restricted A Shares to 21 participants, all of such to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, are independent third parties from the Company and its connected persons; and 287,000 share options to two participants, one of such is a connected person of the Company with July 19, 2019 confirmed as the date of grant (the "Reserved Grant"). Pursuant to the 2018 WuXi AppTec A Share Incentive Scheme, the grant price of the Reserved Restricted A Shares granted shall be RMB32.44 per Share and the exercise price of the Reserved Share Options granted shall be RMB64.88 per Share. For details, please refer to the announcement of the Company dated July 19, 2019 in relation to the Reserved Grant disclosed on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

(4) Capitalization of Reserve pursuant to the 2018 Profit Distribution Plan

On June 3, 2019, the 2018 Profit Distribution Plan of the Company was approved at the 2018 annual general meeting, 2019 first session of A Share class meeting and 2019 first session of H Share class meeting. Pursuant to the 2018 Profit Distribution Plan, four Shares of the Company were issued for every ten Shares of the Company held by the Shareholders of the Company on the relevant record date by way of capitalization of reserve on July 2, 2019. Accordingly, the total number of Shares of the Company has changed from 1,170,030,939 Shares to 1,638,043,314 Shares, and the registered capital of the Company has changed from RMB1,170,030,939 to RMB1,638,043,314.

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Audit Committee of the Company comprises three independent non-executive Directors, namely Dr. Hetong Lou, Mr. Xiaotong Zhang, Ms. Yan Liu. The chairman of the Audit Committee is Dr. Hetong Lou. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2019 with the management and the auditors of the Company.

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

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

Hong Kong, August 19, 2019

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

Introduction

We have reviewed the condensed consolidated financial statements of 無錫藥明康德新藥開發股份有限公司 WuXi AppTec Co., Ltd.* (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 109, which comprise the condensed consolidated statement of financial position at June 30, 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "*Interim Financial Reporting*" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 19, 2019

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2019

	NOTES	Six months ended June 30, 2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Revenue	4	**5,894,358**	4,409,207
Cost of services		**(3,610,767)**	(2,653,098)
Gross profit		**2,283,591**	1,756,109
Other income	6	**124,873**	54,729
Other gains and losses	7	**(22,493)**	389,632
Impairment losses under expected credit losses ("ECL") model, net of reversal		**(1,152)**	5,648
Selling and marketing expenses		**(208,514)**	(152,680)
Administrative expenses		**(671,239)**	(435,261)
Research and development expenses		**(243,622)**	(177,525)
Operating profit		**1,261,444**	1,440,652
Share of profits of associates		**72,978**	38,652
Share of losses of joint ventures		**(20,202)**	(8,752)
Finance costs	8	**(32,753)**	(45,521)
Profit before tax		**1,281,467**	1,425,031
Income tax expense	9	**(176,502)**	(120,961)
Profit for the period	10	**1,104,965**	1,304,070
Other comprehensive income (expense) for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**5,352**	43,255
Fair value gain (losses) on:			
— hedging instruments designated in cash flow hedges		**50,260**	(65,884)
Other comprehensive income (expense) for the period, net of income tax		**55,612**	(22,629)
Total comprehensive income for the period		**1,160,577**	1,281,441

For the six months ended June 30, 2019

	NOTES	Six months ended June 30, 2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Profit for the period attributable to:			
Owners of the Company		**1,056,762**	1,271,898
Non-controlling interests		**48,203**	32,172
		1,104,965	1,304,070
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,108,710**	1,244,780
Non-controlling interests		**51,867**	36,661
		1,160,577	1,281,441
		RMB	*RMB*
Earnings per share			
— Basic	11	**0.65**	0.93
— Diluted	11	**0.64**	0.93

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	NOTES	June 30, 2019 RMB'000 (Unaudited)	December 31, 2018 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	13	**6,702,623**	6,057,611
Right-of-use assets	13	**1,111,793**	—
Goodwill	14	**1,248,828**	1,144,076
Other intangible assets		**430,614**	347,949
Prepaid lease payments		**—**	272,306
Interests in associates	15	**747,407**	618,736
Interests in joint ventures	16	**39,260**	36,822
Deferred tax assets	17	**253,787**	250,175
Financial assets at fair value through profit or loss ("FVTPL")	18	**2,516,440**	2,079,311
Other non-current assets		**62,128**	47,378
Derivative financial instruments	22	**605**	—
		13,113,485	10,854,364
Current Assets			
Inventories	19	**972,508**	854,761
Contract costs		**119,851**	97,712
Amounts due from related parties	31	**7,569**	13,882
Trade and other receivables	20	**3,014,028**	2,498,696
Contract assets	20	**322,441**	384,530
Prepaid lease payments		**—**	6,237
Income tax recoverable		**8,751**	34,028
Financial assets at FVTPL	18	**3,152,359**	2,125,334
Derivative financial instruments	22	**13,265**	37,054
Pledged bank deposits		**4,401**	2,913
Bank balances and cash		**3,699,765**	5,757,691
		11,314,938	11,812,838

	NOTES	**June 30, 2019 RMB'000 (Unaudited)**	December 31, 2018 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	21	**2,476,835**	2,610,553
Amounts due to related parties	31	**11,902**	12,015
Derivative financial instruments	22	**103,302**	153,292
Contract liabilities		**697,160**	681,863
Borrowings	23	**1,294,936**	120,000
Income tax payables		**167,165**	184,335
Financial liabilities at FVTPL	27	**17,605**	—
Lease liabilities		**100,973**	—
		4,869,878	3,762,058
Net Current Assets		**6,445,060**	8,050,780
Total Assets Less Current Liabilities		**19,558,545**	18,905,144
Non-current Liabilities			
Borrowings	23	**15,000**	15,000
Deferred tax liabilities	17	**158,079**	111,747
Deferred income		**404,276**	418,843
Other long-term liabilities	24	**95,875**	194,323
Financial liabilities at FVTPL	27	**14,780**	—
Lease liabilities		**741,370**	—
		1,429,380	739,913
Net Assets		**18,129,165**	18,165,231
Capital and Reserves			
Share capital	25	**1,170,031**	1,164,741
Reserves		**16,586,084**	16,523,280
Equity attributable to owners of the Company		**17,756,115**	17,688,021
Non-controlling interests		**373,050**	477,210
Total Equity		**18,129,165**	18,165,231

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2019

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Cash flow hedging reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at December 31, 2018 (audited)	1,164,741	11,225,644	(285,989)	(50,754)	404,315	(79,646)	135,939	87,709	398,216	4,687,846	17,688,021	477,210	18,165,231
Adoption of IFRS 16	–	–	–	–	–	–	–	–	–	(28,408)	(28,408)	(1,124)	(29,532)
Adjusted balance at January 1, 2019	1,164,741	11,225,644	(285,989)	(50,754)	404,315	(79,646)	135,939	87,709	398,216	4,659,438	17,659,613	476,086	18,135,699
Profit for the period	–	–	–	–	–	–	–	–	–	1,056,762	1,056,762	48,203	1,104,965
Other comprehensive income for the period, net of income tax, net of income tax	–	–	–	–	–	47,251	4,697	–	–	–	51,948	3,664	55,612
Total comprehensive income for the period	–	–	–	–	–	47,251	4,697	–	–	1,056,762	1,108,710	51,867	1,160,577
Issue of H shares under the over-allotment option	5,321	310,997	–	–	–	–	–	–	–	–	316,318	–	316,318
Transaction costs attributable to issue of new shares	–	(8,083)	–	–	–	–	–	–	–	–	(8,083)	–	(8,083)
Recognition of share-based payments	–	–	–	–	67,027	–	–	–	–	–	67,027	963	67,990
Repurchase and cancellation of restricted A shares under the 2018 WuXi AppTec A share Incentive Scheme	(31)	(1,396)	1,427	–	–	–	–	–	–	–	–	–	–
Acquisition of additional interests in a subsidiary	–	–	–	(711,510)	–	–	–	–	–	–	(711,510)	(155,866)	(867,376)
Dividends recognized as distribution	–	–	2,681	–	–	–	–	–	–	(678,641)	(675,960)	–	(675,960)
Balance at June 30, 2019 (unaudited)	1,170,031	11,527,162	(281,881)	(762,264)	471,342	(32,395)	140,636	87,709	398,216	5,037,559	17,756,115	373,050	18,129,165

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Cash flow hedging reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at January 1, 2018 (audited)	937,787	2,311,996	(52,963)	371,844	–	49,089	21,296	398,216	2,493,736	6,531,001	395,631	6,926,632
Profit for the period	–	–	–	–	–	–	–	–	1,271,898	1,271,898	32,172	1,304,070
Other comprehensive (expense) income for the period, net of income tax	–	–	–	–	(65,884)	38,766	–	–	–	(27,118)	4,489	(22,629)
Total comprehensive (expense) income for the period	–	–	–	–	(65,884)	38,766	–	–	1,271,898	1,244,780	36,661	1,281,441
Issue of ordinary shares upon listing on Shanghai Stock Exchange	104,199	2,146,490	–	–	–	–	–	–	–	2,250,689	–	2,250,689
Transaction costs attributable to issue of new shares	–	(120,403)	–	–	–	–	–	–	–	(120,403)	–	(120,403)
Recognition of share-based payments	–	–	–	10,531	–	–	–	–	–	10,531	1,470	12,001
Change in ownership interests in subsidiaries without change of control	–	–	5,403	–	–	–	–	–	–	5,403	(1,922)	3,481
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	(19,205)	(19,205)
Balance at June 30, 2018 (audited)	1,041,986	4,338,083	(47,560)	382,375	(65,884)	87,855	21,296	398,216	3,765,634	9,922,001	412,635	10,334,636

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2019

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
NET CASH FROM OPERATING ACTIVITIES	**877,670**	420,733
NET USED IN INVESTING ACTIVITIES		
Interests received	**50,212**	5,697
Proceeds from disposal of		
— financial assets at FVTPL	**94,213**	109,003
Purchase of		
— financial assets at FVTPL	**(1,480,237)**	(2,687,255)
Proceeds from disposal of other intangible assets	**—**	131
Proceeds from disposal of property, plant and equipment	**3,128**	3,188
Acquisition of interests in associates	**(48,810)**	(185,942)
Acquisition of interests in joint ventures	**(20,865)**	(55,408)
Purchase of property, plant and equipment	**(1,008,711)**	(739,505)
Payment for right-of-use assets	**(68,162)**	—
Purchase of other intangible assets	**(19,378)**	(2,128)
Payments for prepaid lease payments	**—**	(55,484)
Withdraw of pledged bank deposits	**—**	3,774
Placement of pledged bank deposits	**(1,488)**	—
Net cash outflow on acquisition of subsidiaries	**(115,667)**	(108,722)
Dividends received from financial assets at FVTPL	**4,062**	3,305
Government grants and subsidies received related to assets	**22,259**	26,512
Payment for forward contract	**(1,213)**	—
	(2,590,657)	(3,682,834)

	Six months ended June 30, 2019 RMB'000 (Unaudited)	Six months ended June 30, 2018 RMB'000 (Audited)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		
Payment of dividends	**(607,676)**	(19,205)
New borrowings raised	**1,294,936**	833,745
Repayment of borrowings	**(120,000)**	(700,547)
Acquisition of partial interest of subsidiaries from non-controlling shareholders	**(867,376)**	—
Net proceeds from issue of A shares	**—**	2,160,662
Proceeds from issue of H shares under the over-allotment option	**316,318**	—
Interests paid	**(6,467)**	(37,562)
Repurchase and cancellation of restrict A shares	**(1,427)**	—
Repayment of lease liabilities	**(72,635)**	—
Repayments of consideration payable on purchase of a property under installment payment plan	**(200,255)**	(28,265)
Issue cost paid	**(42,901)**	(7,426)
	(307,483)	2,201,402
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,020,470)**	(1,060,699)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**5,757,691**	2,466,144
Effects of exchange rate changes	**(37,456)**	(25,090)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**3,699,765**	1,380,355

1. GENERAL INFORMATION

無錫藥明康德新藥開發股份有限公司 WuXi AppTec Co., Ltd. (the "Company") was incorporated in the People's Republic of China ("PRC") on March 1, 2017 as a joint stock limited liability company under the PRC laws upon the conversion of 無錫藥明康德新藥開發有限公司 WuXi AppTec Ltd. (formerly known as 無錫藥明康德組合化學有限公司 WuXi PharmaTechs Co., Ltd.), a company with limited liability incorporated in the PRC in December 2000. The Company completed its initial public offering and listing of 104,198,556 ordinary shares of Company ("A Shares") on The Shanghai Stock Exchange (stock code: 603259.SH) on May 8, 2018. The Company completed its public offering and listing of 116,474,200 ordinary shares of the Company ("H Shares") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), (stock code: HK 2359) on December 13, 2018 and issued 5,321,200 over-allotment H Shares on January 9, 2019. The address of the registered office of the Company is Mashan No.5 Bridge, Binhu District, Wuxi, Jiangsu Province, the PRC and the principal place of business of the Company is 288 Fute Zhong Road, Waigaoqiao Free Trade Zone, Shanghai, the PRC. The Company is ultimately controlled by Dr. Ge Li, Dr. Ning Zhao (the spouse of Dr. Ge Li), Mr. Xiaozhong Liu and Mr. Zhaohui Zhang who are all acting in concert (collectively known as "ultimate Controlling Shareholders").

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

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

Significant transactions in the current interim period

(1) The delisting of Shanghai SynTheAll Pharmaceutical Co., Ltd. ("STA")

On April 24, 2019, the shareholder's meeting of STA passed a resolution to delist the shares of STA, a subsidiary of the Company, from the National Equities Exchange and Quotations (全國中小企業股份轉讓系統) ("NEEQ"). According to the Letter regarding the Approval for the Delisting of Shanghai SynTheAll Pharmaceutical Co., Ltd from the NEEQ (Gu Zhuan Xi Tong Han[2019] No.2340)(《關於同意上海合全藥業股份有限公司股票終止在全國中小企業股份轉讓系統掛牌的函》(股轉系統函[2019]2340號)) issued by NEEQ on June 24, 2019, the shares of STA were delisted from NEEQ on June 26, 2019. During the current interim period, the Group acquired additional 4.11% of equity interest in STA from non-controlling shareholders at a total consideration of RMB867,376,000, increasing the group interest in STA from 86.58% to 90.69%.

(2) Acquisition of a subsidiary

During current interim period, the Group completed the acquisition of Pharmapace, Inc. at the consideration of USD27,064,000 (equivalent to RMB186,722,000) as detailed in Note 27. The acquisition is to enhance clinical development capabilities of the Group in the United States of America ("U.S.") and Europe market.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

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 consolidated financial statements for the six months ended June 30, 2019 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2018.

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 issued by the IASB which are mandatory effective for the annual period beginning on or after January 1, 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

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

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 *Leases* ("IAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

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

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

Lease liabilities

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.1 *Key changes in accounting policies resulting from application of IFRS 16* (Continued)

As a lessee (Continued)

Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on January 1, 2019, the Group applies IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

As a lessor (Continued)

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after January 1, 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, January 1, 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.2 *Transition and summary of effects arising from initial application of IFRS 16* (Continued)

As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of IFRS 16:

As at January 1, 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.35% for China and 4.95% for US.

	At January 1, 2019 *RMB'000*
Operating lease commitments disclosed as at December 31, 2018	1,260,056
Lease liabilities discounted at relevant incremental borrowing rates	1,111,826
Less: Recognition exemption — short-term leases	10,751
Non-lease components	31,238
Value-added tax	54,148
Lease not yet commenced	224,711
Lease liabilities relating to operating leases recognised upon application of IFRS 16	790,978
Lease liabilities as at January 1, 2019	790,978
Analysed as	
Current	161,885
Non-current	629,093
	790,978

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.2 *Transition and summary of effects arising from initial application of IFRS 16* (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at January 1, 2019 comprises the following:

	Right-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	768,680
Reclassified from prepaid lease payments (a)	278,543
Adjustments on rental deposits at January 1, 2019 (b)	6,828
Less: Accrued lease liabilities at January 1, 2019	54,183
	999,868
By class:	
Leasehold lands	278,543
Land and buildings	721,325
	999,868

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at December 31, 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB6,237,000 and RMB272,306,000 respectively were reclassified to right-of-use assets.

(b) Before the application of IFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS 17 applied. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB6,828,000 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.2 *Transition and summary of effects arising from initial application of IFRS 16* (Continued)

As a lessor (Continued)

The following table summarises the impact of transition to IFRS 16 on retained profits at January 1, 2019.

	Impact of adopting IFRS 16 at January 1, 2019 *RMB'000*
Retained profits	(21,174)
Tax effects (reverse of deferred tax assets of deferred rent)	(7,234)
	(28,408)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at January 1, 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at December 31, 2018 *RMB'000*	Adjustments *RMB'000*	**Carrying amounts under IFRS 16 at January 1, 2019** *RMB'000*
Non-current Assets			
Prepaid lease payments	272,306	(272,306)	—
Right-of-use assets	—	999,868	999,868
Other non-current assets	47,378	(6,828)	40,550
Deferred tax assets	250,175	(7,234)	242,941
Current Assets			
Prepaid lease payment	6,237	(6,237)	—
Capital and Reserves			
Reserves	16,523,280	(28,408)	16,494,872
Non-controlling interests	477,210	(1,124)	476,086

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

2.1.2 *Transition and summary of effects arising from initial application of IFRS 16* (Continued)

As a lessor (Continued)

	Carrying amounts previously reported at December 31, 2018 *RMB'000*	Adjustments *RMB'000*	**Carrying amounts under IFRS 16 at January 1, 2019** ***RMB'000***
Current Liabilities			
Lease liabilities	—	161,885	161,885
Non-current Liabilities			
Lease liabilities	—	629,093	629,093
Other long-term liabilities	194,323	(54,183)	140,140

For the purpose of reporting cash flows from operation activities under indirect method for the six months ended June 30, 2019, movements in working capital have been computed based on opening statement of financial position as at January 1, 2019 as disclosed above.

3. SIGNIFICANT CHANGES IN SIGNIFICANT JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

4. REVENUE

The Group's revenue streams are categorized as follows:

China-based laboratory services	Services include small molecules discovery, such as synthetic chemistry, medicinal chemistry, analytical chemistry, biology, drug metabolism and pharmacokinetics ("DMPK")/absorption, distribution, metabolism, and excretion ("ADME"), toxicology and bioanalytical services.
U.S.-based laboratory services	Services include expert solution for medical devices safety testing services and comprehensive manufacturing and testing for cell and gene therapies.
Clinical research and other CRO services	Clinical research services includes clinical development services and site management organization (SMO) services. Clinical development services include project planning, clinical operation and monitoring and managements of phase I-IV clinical trials, outcomes research and medical device trials; embedded outsourcing; and clinical informatics, respectively. SMO services include project management and clinical site management services.
Manufacturing services ("CMO/CDMO services")	CMO/CDMO services stands as an integrated platform to support the development of manufacturing processes and the production of advanced intermediates and active pharmaceutical ingredients, and formulation development and dosage drug product manufacturing, for preclinical, clinical trials, new drug application, and commercial supply of chemical drugs as well as wide spectrum development from early to late stage.
Others	Others mainly include the administrative service income, sales of raw material and sales of scrap materials.

Disaggregation of revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major service lines. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 *Operating Segment* in Note 5.

4. REVENUE (Continued)

Disaggregation of revenue (Continued)

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

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue		
— China-based laboratory services	2,988,906	2,416,292
— U.S.-based laboratory services	709,821	546,081
— Clinical research and other CRO services	472,067	231,154
— CMO/CDMO services	1,717,729	1,209,385
— Others	5,835	6,295
	5,894,358	4,409,207

Timing of revenue recognition

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Over time		
— China-based laboratory services	2,431,672	2,053,153
— U.S.-based laboratory services	709,821	546,081
— Clinical research and other CRO services	472,067	231,154
— CMO/CDMO services	167,813	86,639
— Others	5,660	6,207
At a point in time		
— China-based laboratory services	557,234	363,139
— CMO/CDMO services	1,549,916	1,122,746
— Others	175	88
	5,894,358	4,409,207

5. SEGMENT INFORMATION

Segment revenue and results

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

	Six months ended June 30, 2019 (unaudited)					
	China-based laboratory services *RMB'000*	U.S.-based laboratory services *RMB'000*	Clinical research and other CRO services *RMB'000*	CMO/ CDMO services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue	2,988,906	709,821	472,067	1,717,729	5,835	5,894,358
Segment results	1,301,418	190,611	91,635	697,973	1,954	2,283,591
Unallocated amount:						
Other income						124,873
Other gains and losses						(22,493)
Impairment losses under ECL model, net of reversal						(1,152)
Selling and marketing expenses						(208,514)
Administrative expenses						(671,239)
Research and development expenses						(243,622)
Share of profits of associates						72,978
Share of losses of joint ventures						(20,202)
Finance costs						(32,753)
Group's profit before tax						1,281,467

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Six months ended June 30, 2018 (audited)					
	China-based laboratory services *RMB'000*	U.S.-based laboratory services *RMB'000*	Clinical research and other CRO services *RMB'000*	CMO/ CDMO services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue	2,416,292	546,081	231,154	1,209,385	6,295	4,409,207
Segment results	1,084,491	125,193	55,362	489,230	1,833	1,756,109
Unallocated amount:						
Other income						54,729
Other gains and losses						389,632
Impairment losses under ECL model, net of reversal						5,648
Selling and marketing expenses						(152,680)
Administrative expenses						(435,261)
Research and development expenses						(177,525)
Share of profits of associates						38,652
Share of losses of joint ventures						(8,752)
Finance costs						(45,521)
Group's profit before tax						1,425,031

5. SEGMENT INFORMATION (Continued)

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:

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue		
— PRC	**1,360,137**	1,180,287
— Asia — others	**219,016**	117,932
— USA	**3,639,938**	2,331,089
— Europe	**588,642**	719,105
— Rest of the world	**86,625**	60,794
	5,894,358	4,409,207

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

	At June 30, 2019	At December 31, 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
— PRC	**7,366,092**	6,295,753
— Rest of the world	**2,976,561**	2,229,125
	10,342,653	8,524,878

Non-current assets excluding deferred tax assets, financial assets at FVTPL and derivative financial instruments.

6. OTHER INCOME

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest income	**51,843**	5,697
Government grants and subsidies related to		
— asset (i)	**33,786**	18,282
— income (ii)	**35,182**	27,445
Dividend income arising from		
— financial assets at FVTPL	**4,062**	3,305
	124,873	54,729

Notes:

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 and subsidies related to income have been received to compensate for the Group's research and development 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 and the government to acknowledge the compliance of these conditions. These grants related to income are recognized in profit or loss when related costs are subsequently incurred and the Group receives government acknowledge of compliance. Other government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss when received by the Group.

7. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Net foreign exchange loss	**(33,302)**	(19,062)
Loss on disposal of plant and equipment	**(1,378)**	(2,593)
Loss on disposal of other intangible assets	**(658)**	—
Fair value gain on financial assets at FVTPL	**18,602**	461,423
Loss on derivative financial instruments (unrealized)	**(9,604)**	(51,991)
Loss on derivative financial instruments (realized)	**(1,213)**	—
Gain on disposal of financial assets at FVTPL	**6,922**	—
Others	**(1,862)**	1,855
	(22,493)	389,632

8. FINANCE COSTS

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest expense on borrowings	**10,356**	39,680
Imputed interest expense on payable for acquisition of a property	**5,447**	5,841
Interest on lease liabilities	**16,950**	—
	32,753	45,521

9. INCOME TAX EXPENSE

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax:		
— PRC	**177,373**	157,185
— Hong Kong	**11,185**	3,341
— USA	**8,663**	1,637
— Rest of world	**124**	1,227
	197,345	163,390
Over provision in respect of prior years		
— PRC	**(20,958)**	(18,771)
	(20,958)	(18,771)
Deferred tax:		
— Current period	**115**	(23,658)
	176,502	120,961

10. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Depreciation for plant and equipment	**351,065**	275,920
Depreciation for right-of-use assets	**66,184**	—
Amortization of other intangible assets	**26,987**	21,382
Amortization of prepaid lease payments	**—**	1,665
Expense relating to short-term leases	**3,397**	—
Expense relating to leases of low-value assets that are not shown above as short-term leases	**118**	—
Staff cost (including directors' emoluments):		
— Salaries and other benefits	**1,588,453**	1,103,187
— Retirement benefit scheme contributions	**176,038**	141,364
— Equity-settled share-based payments	**67,990**	12,001
— Cash-settled share-based payments	**7,324**	6,220
Less: capitalized in inventories and contract costs	**(393,695)**	(280,835)
	1,893,861	1,280,904
Auditor's remuneration	**2,943**	3,070

11. EARNINGS PER SHARE

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

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Earnings:		
Profit attributable to ordinary equity holders of the parent	**1,056,762**	1,271,898
Less: Cash dividends attribute to the shareholders of restricted shares expected to be unlocked in the future	**(2,681)**	—
Earnings for the purpose of calculating basic earnings per share	**1,054,081**	1,271,898
Effect of dilutive potential ordinary shares:		
Add: Cash dividends attribute to the shareholders of restricted shares expected to be unlocked in the future	**2,681**	—
Effect of share options issued by a subsidiary	**(11,694)**	(3,828)
Earnings for the purpose of calculating diluted earnings per share	**1,045,068**	1,268,070
Number of Shares (000):		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,628,964**	1,361,259
Effect of dilutive potential ordinary shares:		
Effect of restricted shares issued by the Company	**2,067**	—
Effect of over-allotment option	**329**	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,631,360**	1,361,259

The earnings for the purpose of calculating diluted earnings per share has been adjusted on the effect of share options issued by a subsidiary.

The computation of diluted earnings per share for the six month ended June 30, 2019 is based on weighted average number of shares assumed to be in issue after taking into account the effect of restricted shares issued by the Company.

The computation of diluted earnings per share for the six month ended June 30, 2019 has also assumed the exercise of the Company's over-allotment options granted pursuant to the listing of the Company's shares in the Hong Kong Stock Exchange at the beginning of the current period.

The denominator for the purposes of calculating both basic and diluted earnings per share for the six months ended June 30, 2019 and 2018 have been adjusted to reflect the capitalisation issue completed on July 2, 2019 under the 2018 Profit Distribution Plan as disclosed in Note 32.

12. DIVIDENDS

On June 3, 2019, 2018 profit distribution plan of the Company was approved at the 2018 annual general meeting, 2019 first session of A Share Class Meeting and 2019 first session of H Share Class Meeting. Pursuant to the 2018 Profit Distribution Plan, a final dividend of RMB0.58002 per share in respect of the year ended December 31, 2018 (Six months ended June 30, 2018: Nil) was declared to both holders of A Shares and H Shares and aggregate dividend amounted to RMB678,641,000 (Six months ended June 30, 2018: Nil). A shares dividend of RMB607,676,000 (Six months ended June 30, 2018: Nil) was paid by the Company during the current interim period and H shares dividend of RMB70,965,000 (Six months ended June 30, 2018: Nil) was paid by the Company on July 2, 2019 subsequent to June 30, 2019.

The directors of the Company have determined that no dividend will be proposed or declared in respect of the current interim period (Six month ended June 30, 2018: Nil).

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

During the current interim period, the Group acquired property, plant and equipment of approximately RMB1,016,012,000 (Year ended December 31, 2018: RMB2,400,499,000) for the expansion of production facilities and research capacity.

During the current interim period, the Group entered into several new lease agreements for the use of buildings. On lease commencement, the Group recognized right-of-use assets amounted to RMB106,940,000 and lease liabilities amounted to RMB106,940,000.

14. GOODWILL

	At June 30, 2019 ***RMB'000*** **(Unaudited)**	At December 31, 2018 *RMB'000* (Audited)
COST		
At the beginning of period/year	**1,243,717**	1,055,071
Effect of foreign currency exchange difference	**345**	13,207
Acquisition of subsidiaries *(Note 27)*	**104,499**	175,439
At the end of period/year	**1,348,561**	1,243,717
IMPAIRMENT		
At the beginning of period/year	**99,641**	97,033
Effect of foreign currency exchange difference	**92**	2,608
At the end of period/year	**99,733**	99,641
CARRYING VALUES		
At the end of period/year	**1,248,828**	1,144,076

15. INTERESTS IN ASSOCIATES

	At June 30, 2019 RMB'000 (Unaudited)	At December 31, 2018 RMB'000 (Audited)
At the beginning of the period/year	**618,736**	251,084
Addition	**48,810**	493,066
Disposal and transfer	**—**	(262,753)
Share of post-acquisition gains	**72,978**	104,601
Exchange effect	**6,883**	32,738
At the end of the period/year	**747,407**	618,736

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

Name of entity	Country of incorporation/ registration	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		June 30, 2019	December 31, 2018	**June 30, 2019**	December 31, 2018	
Jing Medicine Technology (Shanghai), Ltd.	PRC	**33.33%**	33.33%	**33.33%**	33.33%	Consulting services in pharmaceutical science and technology
PhageLux Inc	Cayman	**29.78%**	29.78%	**29.78%**	29.78%	Research on new antibacterial technology
Fund II *(Note)*	Cayman	**17.31%**	17.31%	**17.31%**	17.31%	Investment platform
PICA Health Technologies Limited	Cayman	**35.80%**	35.80%	**35.80%**	35.80%	Investment holdings
JW (Cayman) Therapeutics Co Ltd ("JW Cayman")	Cayman	**21.91%**	29.42%	**21.91%**	29.42%	CAR-T cell therapy R&D
Clarity Medical Group Limited	Cayman	**20%**	20%	**20%**	20%	Professional ophthalmic services

Note: The Group is able to exercise significant influence over Fund II through its sole general partner, WuXi Healthcare Management LLC, where two executive directors of the Company each held 20% voting rights.

16. INTERESTS IN JOINT VENTURES

	At June 30, 2019 RMB'000 (Unaudited)	At December 31, 2018 RMB'000 (Audited)
At the beginning of the year/period	**36,822**	131,997
Addition	**22,416**	44,828
Transferred to a subsidiary *(Note)*	**—**	(117,572)
Share of post-acquisition losses	**(20,202)**	(27,770)
Exchange effect	**224**	5,339
At the end of the year/period	**39,260**	36,822

Note: In October 2017, the Group acquired 50% equity interest in WuXi Clinical from a third party at a cash consideration of USD17,227,000 (equivalent to RMB117,434,000). WuXi Clinical is a Texas corporation incorporated under the laws of the USA. In July 2018, the Group acquired the remaining 50% equity interest.

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	
WuXi MedImmune Biopharmaceutical Co. Limited	Hong Kong	**50%**	50%	**50%**	50%	Investment holding company
Shanghai Waigaoqiao WuXi AppTec Incubator Management Co., Ltd	PRC	**70%**	70%	**50%**	50%	Property leasing
CW Data Co., Ltd	PRC	**47.06%**	47.06%	**50%**	50%	Data analysis
Faxian Therapeutics, LLC	USA	**50%**	50%	**50%**	50%	Accelerated drug discovery

17. DEFERRED TAXATION

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

	At June 30, 2019 *RMB'000* **(Unaudited)**	At December 31, 2018 *RMB'000* (Audited)
Deferred tax assets	**253,787**	250,175
Deferred tax liabilities	**(158,079)**	(111,747)
	95,708	138,428

17. DEFERRED TAXATION (Continued)

The following are the deferred tax liabilities and assets recognised and movements thereon during the current interim periods and the year ended December 31, 2018.

	Deferred tax assets									Deferred tax liabilities				
	Tax losses RMB'000	Impairment allowance RMB'000	Share-based payment RMB'000	Accrual expenses RMB'000	Deferred income RMB'000	Deferred rent RMB'000	Depreciation difference RMB'000	Derivative financial instruments RMB'000	Others RMB'000	Intangible assets arising from acquisition of subsidiaries RMB'000	Depreciation difference RMB'000	Financial assets at FVTPL RMB'000	Others RMB'000	Total RMB'000
At January 1, 2018	27,263	5,857	10,076	17,700	24,090	7,238	173,531	–	10,801	(37,024)	(98,379)	–	(276)	140,877
Credit (charge) to profit or loss	(1,374)	1,307	2,948	(5,844)	3,519	(226)	(13,719)	(53)	(5,324)	3,233	8,674	–	46	(6,813)
Credit to OCI	–	–	–	–	–	–	–	15,266	–	–	–	–	–	15,266
Effect of intragroup transaction	–	–	–	–	–	–	13,159	–	–	–	–	–	–	13,159
Acquisitions of subsidiaries	–	–	–	–	–	–	–	–	–	(16,748)	–	–	–	(16,748)
Exchange differences	412	95	507	291	–	294	–	207	2,897	(93)	(4,332)	–	(12)	266
Effect of change in tax rate	–	–	–	–	441	–	(8,020)	–	–	–	–	–	–	(7,579)
At December 31, 2018	26,301	7,259	13,531	12,147	28,050	7,306	164,951	15,420	8,374	(50,632)	(94,037)	–	(242)	138,428
Adoption of IFRS 16	–	–	–	–	–	(7,234)	–	–	–	–	–	–	–	(7,234)
Credit (charge) to profit or loss	14,885	937	8,687	(1,579)	(2,551)	–	(7,252)	3,667	(3,606)	328	(11,708)	(2,603)	(45)	(840)
Credit to OCI	–	–	–	–	–	–	–	(9,296)	–	–	–	–	–	(9,296)
Acquisitions of a subsidiary	–	–	–	–	–	–	–	–	(1,234)	(25,288)	–	–	–	(26,522)
Exchange differences	26	8	18	11	–	(72)	–	(46)	479	297	(276)	–	2	447
Effect of change in tax rate	–	215	–	121	389	–	–	–	–	–	–	–	–	725
At June 30, 2019	41,212	8,419	22,236	10,700	25,888	–	157,699	9,745	4,013	(75,295)	(106,021)	(2,603)	(285)	95,708

18. FINANCIAL ASSETS AT FVTPL

	At June 30, 2019 RMB'000 (Unaudited)	At December 31, 2018 RMB'000 (Audited)
Current assets		
Monetary fund investments	**1,053,399**	1,019,431
Structured deposits	**901,745**	1,105,903
Financial products	**1,197,215**	—
	3,152,359	2,125,334
Non-current assets		
Listed equity securities	**1,130,172**	940,958
Unlisted equity investments	**1,107,372**	883,925
Unlisted fund investments *(Note i)*	**278,896**	254,428
	2,516,440	2,079,311

Note i:

The fair values of the unlisted fund investments are based on the net asset values of the investment funds reported to the limited partners by the general partners at the end of the reporting period.

19. INVENTORIES

	At June 30, 2019 ***RMB'000*** **(Unaudited)**	At December 31, 2018 *RMB'000* (Audited)
Raw material and consumables	**300,093**	218,947
Work in progress	**384,451**	314,063
Finished goods	**287,964**	321,751
	972,508	854,761

The inventories are net of a write-down of approximately RMB11,077,000 as at June 30, 2019 (December 31, 2018: RMB11,703,000).

20. TRADE AND OTHER RECEIVABLES/CONTRACT ASSETS

20.1 TRADE AND OTHER RECEIVABLES

	At June 30, 2019 ***RMB'000*** **(Unaudited)**	At December 31, 2018 *RMB'000* (Audited)
Trade receivables		
— third parties	**2,535,986**	2,015,622
Allowance for credit losses	**(38,412)**	(32,353)
	2,497,574	1,983,269
Other receivables	**—**	39,582
Note receivable	**4,757**	2,709
Prepayments	**94,569**	78,279
Interest receivables	**2,928**	1,297
Prepaid expense	**46,636**	42,798
Value added tax recoverable	**358,338**	344,760
Rental deposits	**9,226**	6,002
	516,454	475,845
Total trade and other receivables	**3,014,028**	2,498,696

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

20.1 TRADE AND OTHER RECEIVABLES (Continued)

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

	At June 30, 2019 *RMB'000* **(Unaudited)**	At December 31, 2018 *RMB'000* (Audited)
Within 180 days	**2,382,993**	1,808,734
181 days to 1 year	**85,917**	122,368
1 year to 2 years	**21,055**	45,547
More than 2 years	**12,366**	9,329
	2,502,331	1,985,978

20.2 CONTRACT ASSETS

	At June 30, 2019 *RMB'000* **(Unaudited)**	At December 31, 2018 *RMB'000* (Audited)
Contract assets	**325,129**	391,067
Allowance for credit losses	**(2,688)**	(6,537)
	322,441	384,530

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 of the contracts at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional.

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

20.3 IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
(Reversal of)/impairment losses under ECL model on:		
Contract assets	**(3,849)**	23
Amounts due from related parties	**—**	(5,707)
Trade receivables	**5,001**	36
	1,152	(5,648)

21. TRADE AND OTHER PAYABLES

	At June 30, 2019	At December 31, 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**465,269**	379,362
Salary and bonus payables	**401,487**	548,389
Payables for acquisition of plant and equipment	**891,560**	770,516
Payables for acquisition of a property	**—**	234,808
Payable for acquisition of subsidiaries and a joint venture	**19,529**	5,000
Accrued expenses	**261,393**	279,244
Other taxes payable	**19,449**	19,589
Interest payable	**4,055**	166
Note payable	**16,346**	19,363
Others	**64,268**	80,142
Considerations received from employees for subscribing restricted A shares of the Company under the 2018 WuXi AppTec A Share Incentive Scheme	**269,979**	273,974
Dividend payable	**63,500**	—
	2,476,835	2,610,553

21. TRADE AND OTHER PAYABLES (Continued)

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

	At June 30, 2019 *RMB'000* (Unaudited)	At December 31, 2018 *RMB'000* (Audited)
Within one year	**475,241**	393,163
1 year to 2 years	**3,062**	3,190
2 years to 3 years	**2,331**	883
More than 3 years	**981**	1,489
	481,615	398,725

22. DERIVATIVE FINANCIAL INSTRUMENTS

	At June 30, 2019 *RMB'000* (Unaudited)	At December 31, 2018 *RMB'000* (Audited)
Current assets		
Derivative under hedge accounting		
Cash flow hedges — Foreign currency forward contracts	**6,973**	6,335
Other derivatives (not under hedge accounting)		
Foreign currency forward contracts and collar contracts	**6,292**	30,719
	13,265	37,054
Non-Current assets		
Derivatives under hedge accounting		
Cash flow hedges — Foreign currency forward contracts	**605**	—
Current liabilities		
Derivatives under hedge accounting		
Cash flow hedges — Foreign currency forward contracts	**47,226**	81,426
Other derivatives (not under hedge accounting)		
Foreign currency forward contracts and collar contracts	**56,076**	71,866
	103,302	153,292

22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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 18 months, in particular, the exchange rate between USD and RMB, which are designated into cash flow hedges.

	Average strike rate as at June 30, 2019	Foreign currency as at June 30, 2019	Notional value as at June 30, 2019	Fair value assets as at June 30, 2019
		USD'000	*RMB'000*	*RMB'000*
Sell USD				
Less than 3 months	6.90	36,000	248,522	1,005
3 to 6 months	6.91	55,000	380,126	1,735
7 to 12 months	6.93	77,000	533,678	2,346
13 to 18 months	7.01	5,000	35,050	605
Buy RMB				
Less than 3 months	7.02	7,000	49,137	996
3 to 6 months	6.97	10,000	69,720	891

	Average strike rate as at June 30, 2019	Foreign currency as at June 30, 2019	Notional value as at June 30, 2019	Fair value liabilities as at June 30, 2019
		USD'000	*RMB'000*	*RMB'000*
Sell USD				
Less than 3 months	6.69	80,500	538,875	14,526
3 to 6 months	6.73	30,000	201,768	4,542
7 to 12 months	6.79	159,500	1,082,207	16,484
Buy RMB				
Less than 3 months	6.81	7,000	47,653	483
3 to 6 months	6.83	24,000	164,004	1,213
7 to 12 months	6.77	78,000	527,941	9,978

On August 31, 2018, the Group entered into a restructuring agreement with counter banks to terminate several forward contracts and replaced with new forward contracts and collar contracts. The group terminated the hedge accounting for those affected forward contracts. Since the hedged future transactions were still expected to occur, the accumulated hedging reserve amounted to RMB24,639,000 has remained in the hedging reserve until the anticipated cash flows occurs in the current interim period and then is reclassified to profit or loss for the six months ended June 30, 2019.

22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Derivatives under hedge accounting (Continued)

For the six months ended June 30, 2019, the aggregate amount of losses after tax under foreign exchange forward contracts recognised in other comprehensive income and accumulated in cash flow hedging reserve relating to the exposure on anticipated future sales transactions denominated in USD of subsidiaries operating in the PRC is RMB9,323,000 (six months ended June 30, 2018: RMB42,642,000). It is anticipated that the sales will take place within next 18 months at which time the amount recognised in other comprehensive income will be reclassified to profit or loss.

For the six months ended June 30, 2019, the aggregate amount of losses after tax under foreign exchange forward contracts recognised in other comprehensive income and accumulated in cash flow hedging reserve relating to the exposure on anticipated future purchase transactions denominated in RMB of subsidiary operating in Hong Kong is RMB19,958,000 (six months ended June 30, 2018: RMBNil). The subsidiary's functional currency is USD. It is anticipated that the purchases will take place in next 12 months at which time the amount deferred in equity will be included in the carrying amount of inventories. It is anticipated that the inventories will be sold soon after purchase, in which period the amount recognised in other comprehensive income will be reclassified to profit or loss.

As at June 30, 2019, no ineffectiveness has been recognized in profit or loss.

Other derivatives (not under hedge accounting)

The Group also entered into several foreign exchange forward contracts and collar contracts with banks in order to manage the Group's foreign currency exposure in relation to USD against RMB and did not elect to adopt hedge accounting for those contracts. The major terms of these contracts as at June 30, 2019 presented in the condensed consolidated financial statements are as follows:

Outstanding forward contracts	**Average strike rate as at June 30, 2019**	**Foreign currency as at June 30, 2019**	**Notional value as at June 30, 2019**	**Fair value assets as at June 30, 2019**
		USD'000	*RMB'000*	*RMB'000*
Buy RMB				
Less than 3 months	6.93	67,000	464,237	3,624
3 to 6 months	6.94	26,000	180,527	1,627
7 to 12 months	6.94	34,000	235,904	1,041

22. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Other derivatives (not under hedge accounting) (Continued)

Outstanding forward contracts	Average strike rate as at June 30, 2019	Foreign currency as at June 30, 2019	Notional value as at June 30, 2019	Fair value liabilities as at June 30, 2019
		USD'000	*RMB'000*	*RMB'000*
Buy RMB				
Less than 3 months	6.81	1,000	6,808	69
3 to 6 months	6.80	18,000	122,400	1,525
7 to 12 months	6.75	99,000	668,413	14,093

Outstanding collar contracts	Average strike rate 1* as at June 30, 2019	Average strike rate 2* as at June 30, 2019	Foreign currency as at June 30, 2019	Notional value 1* as at June 30, 2019	Notional value 2* as at June 30, 2019	Fair value liabilities as at June 30, 2019
			USD'000	*RMB'000*	*RMB'000*	*RMB'000*
Sell USD						
3 to 6 months	6.00	6.51	60,000	360,000	390,360	22,750
Buy RMB						
Less than 3 months	5.80	6.54	21,000	121,800	137,340	7,263
3 to 6 months	5.80	6.54	30,000	174,000	196,200	10,376

* the Group will sell USD and buy RMB at strike rate 1 if the spot rate on the settlement date is at or below the strike rate 1 or no transaction if the spot rate on the settlement date is between the strike rate 1 and the strike rate 2 or the Group will sell USD and buy RMB at strike rate 2 if the spot rate on the settlement date is at or above the strike rate 2.

For the six months ended June 30, 2019, losses under forward foreign exchange contracts and collar contracts of RMB10,817,000 (six months ended June 30, 2018: RMB51,991,000) were recognised in other gains and losses.

23. BORROWINGS

	At June 30, 2019 RMB'000 (Unaudited)	At December 31, 2018 RMB'000 (Audited)
Analyzed as:		
Secured and unguaranteed	**95,000**	15,000
Unsecured and unguaranteed	**1,214,936**	120,000
	1,309,936	135,000

	At June 30, 2019 RMB'000 (Unaudited)	At December 31, 2018 RMB'000 (Audited)
Analyzed as:		
Fixed interest rate	**950,000**	—
Variable interest rate	**359,936**	135,000
	1,309,936	135,000

	At June 30, 2019 RMB'000 (Unaudited)	At December 31, 2018 RMB'000 (Audited)
Analyzed as:		
Current	**1,294,936**	120,000
Non-current	**15,000**	15,000
	1,309,936	135,000

23. BORROWINGS (Continued)

	At June 30, 2019 RMB'000 (Unaudited)	At December 31, 2018 RMB'000 (Audited)
Analyzed as:		
Borrowings from banks	**1,294,936**	120,000
Borrowings from other entities *(Note i)*	**15,000**	15,000
	1,309,936	135,000

	At June 30, 2019 RMB'000 (Unaudited)	At December 31, 2018 RMB'000 (Audited)
The carrying amounts of the above borrowings are repayable:		
Within one year	**1,294,936**	120,000
Within a period of more than one year, but not exceeding two years	**15,000**	—
Within a period of more than two years but not exceeding five years	**—**	15,000
	1,309,936	135,000
Less: Amounts due within one year shown under current liabilities	**1,294,936**	120,000
Amounts shown under non-current liabilities	**15,000**	15,000

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

	At June 30, 2019 (Unaudited)	At December 31, 2018 (Audited)
Effective interest rate:		
Fixed rate borrowings	**3.30%–3.92%**	N/A
Variable rate borrowings	**3.83%–6.18%**	4.18% to 6.18%

23. BORROWINGS (Continued)

Note:

(i) In January 2018, the Group entered into an entrusted loan agreement with Chengdu Jiulian Investment Co., Ltd., a non-controlling shareholder who owned 35% equity interest in WuXi Clinical Development Services (Chengdu) Co., Ltd. ("Chengdu Clinical"). The loan was extended to Chengdu Clinical for a term of three years with an interest rate equivalent to 130% of the bank loan benchmark interest rate per annum.

24. OTHER LONG-TERM LIABILITIES

	At June 30, 2019 ***RMB'000*** **(Unaudited)**	At December 31, 2018 *RMB'000* (Audited)
Deferred rent	**—**	43,130
Deferred lease credit	**—**	11,053
Long-term tax payable *(Note)*	**84,243**	126,366
Others	**11,632**	13,774
	95,875	194,323

Note: 上海合全藥業股份有限公司 Shanghai SynTheAll Pharmaceutical Co., Ltd. ("STA"), a subsidiary of the Group, issued ordinary shares to WuXi AppTec (Shanghai) Co., Ltd. ("WXAT Shanghai") to purchase all assets and liabilities of Pharmaceutical development services division ("PDS") department of WXAT Shanghai in July 2017. The gain of RMB1,404,062,000 from the intra group transaction was taxable and the payment can be made in five-year installment according to the relevant tax regulations.

25. SHARE CAPITAL

	RMB'000
Ordinary shares of RMB1.00 each	
At January 1, 2018	937,787
Issue of A shares upon listing on Shanghai Stock Exchange	104,199
Issue of H shares upon listing on Hong Kong Stock Exchange	116,474
Issue of restricted A shares under the 2018 WuXi AppTec A Share Incentive Scheme	6,281
At December 31, 2018	1,164,741
Issue of H shares under the over-allotment option *(note i)*	5,321
Repurchase and cancellation of restricted A shares under the 2018 WuXi AppTec A Share Incentive Scheme *(note ii)*	(31)
At June 30, 2019	1,170,031

25. SHARE CAPITAL (Continued)

Notes:

i. On January 4, 2019, the over-allotment option granted pursuant to the listing of the Company's H shares in The Hong Kong Stock Exchange was partially exercised by the joint global coordinators, on behalf of the international underwriters, in respect of an aggregate of 5,321,200 H shares. The over-allotment shares was issued and allotted by the Company at HKD68.0 per H Share on January 9, 2019 and HKD361,842,000 (equivalent to RMB316,318,000) total proceeds were received by the Company.

ii. Due to the resignation of certain subscribers of the 2018 WuXi AppTec A Share Incentive Scheme, the Company repurchased and cancelled a total of 31,347 shares granted but not yet vested restricted A shares from above subscribers at the repurchase price (as the grant price) of RMB45.53 per A share.

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurement

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

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

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

Financial assets	Fair value as at 06/30/2019 RMB'000	Fair value as at 12/31/2018 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Money fund investment	**1,053,399**	1,019,431	Level 2	Open market transaction price	N/A	N/A
Structured deposits	**901,745**	1,105,903	Level 2	Discounted cash flow — Future cash flows are estimated based on expected return	N/A	N/A
Financial products	**1,197,215**	–	Level 2	Discounted cash flow — Future cash flows are estimated based on expected return, discounted at a rate that reflects the risk of underlying assets	N/A	N/A
Listed investment companies at fair value	**1,130,172**	940,958	Level 1	Active market quoted transaction price	N/A	N/A
Investment on unlisted funds at fair value	**278,896**	254,428	Level 3	Net asset value of underlying investments	Net assets value	The higher net asset value, the higher the fair value
Unlisted equity securities at fair value	**1,107,372**	611,866	Level 3	Backsolve from recent transaction price	IPO probability	The higher the probability, the higher the fair value
Unlisted equity securities at fair value	**–**	272,059	Level 3	Comparable company method	The ratio of equity value/ EBIT Discount for lack of marketability	The higher ratio, the higher, the fair value
Foreign currency forward contracts	**13,870**	36,698	Level 2	Discounted cash flow — Future cash flows are estimated based on observable forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A
Collars	**–**	356	Level 3	Option pricing model with forward exchange rates and expected volatility as key inputs	Expected volatility	The higher the expected volatility, the higher the fair value

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

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

Financial liabilities	Fair value as at 06/30/2019 *RMB'000*	Fair value as at 12/31/2018 *RMB'000*	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Foreign currency forward contracts	62,913	130,190	Level 2	Discounted cash flow — Future cash flows are estimated based on observable forward exchange rates and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A
Collars	40,389	23,102	Level 3	Option pricing model with forward exchange rates and expected volatility as key inputs	Expected volatility	The higher the expected volatility, the higher the fair value
Financial liabilities at FVTPL	32,385	–	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration	Discount rate Probability – adjusted revenues	The higher the discount rate and the lower the probability, the higher the fair value

There were no transfers between level 1 and level 2 during the six months ended June 30, 2019 and year ended December 31, 2018.

(ii) Reconciliation of level 3 fair value measurements

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

	Unlisted fund investments at fair value *RMB'000*	Unlisted equity investments at fair value *RMB'000*	Collars *RMB'000*
At January 1, 2018	198,181	647,324	—
Acquisitions	63,012	37,255	—
Changes in fair value	(11,648)	516,735	(22,746)
Transferred to level 1	—	(258,715)	—
Disposal	—	(79,846)	—
Effect of exchange rate change	4,883	21,172	—
At December 31, 2018	254,428	883,925	(22,746)
Acquisitions	10,215	405,343	—
Changes in fair value	13,987	191,042	(21,748)
Transferred to level 1 *(Note)*	—	(377,000)	—
Settlement	—	—	4,105
Effect of exchange rate change	266	4,062	—
At June 30, 2019	278,896	1,107,372	(40,389)

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value measurement (Continued)

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

Note: Jinxin Fertility Group Limited, an investment made by the Group, was listed on The Hong Kong Stock Exchange on June 25, 2019. Since then, its open market transaction price can be obtained from the active market. Therefore, the Group changed its fair value hierarchy from the level 3 to the level 1.

The total gains or losses for the period included an unrealized gain of RMB18,602,000 relating to financial assets that are measured at fair value at the end of the reporting period (Six months ended June 30, 2018: a gain of RMB461,423,000). Such fair value gains or losses are included in 'other gains and losses'.

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

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

27. ACQUISITION OF A SUBSIDIARY

On May 1, 2019, the Group acquired 100% of the issued share capital of Pharmapace, Inc. at total cash consideration of USD22,353,000 (equivalent to RMB154,221,000) and estimated contingent consideration of USD4,711,000 (equivalent to RMB32,501,000). This acquisition has been accounted for using the acquisition method. Pharmapace, Inc. is a U.S.-based clinical research services company with expertise of providing biometrics services for all phases of clinical trials, regulatory submissions, and post marketing support.

The following table summarized the transaction:

Name of subsidiary acquired	Vendor	Percentage of interest acquired	Principal activity	Fair value of purchase consideration *RMB'000*	Date of completion	Nature of acquisition
Pharmapace, Inc.	Independent third parties	100%	Render of Clinical Development Services	186,722	May 1, 2019	Business combination

27. ACQUISITION OF A SUBSIDIARY (Continued)

Assets acquired and liabilities assumed at the date of acquisition

	Amount *RMB'000*
Bank balances and cash	23,973
Trade and other receivables	4,622
Contract assets	8,959
Property, plant and equipment	943
Other intangible assets	84,860
Other non-current assets	133
Trade and other payables	(6,634)
Contract liabilities	(3,438)
Income tax payables	(4,673)
Deferred tax liabilities	(26,522)
Net assets acquired	82,223

The fair value of trade and other receivables at the date of acquisition amounted to RMB4,622,000. The gross contractual amounts of those receivables acquired amounted to RMB4,622,000 at the date of acquisition. None of the contractual cash flows are not expected to be collected at acquisition date.

Fair value of consideration transferred

	Amount *RMB'000*
Cash	154,221
Contingent consideration arrangement *(Note)*	32,501
	186,722

Note: The contingent consideration dependent on the achievement of certain revenue target over a period of two years from the acquisition date is measured at its acquisition-date fair value.

27. ACQUISITION OF A SUBSIDIARY (Continued)

Analysis of contingent consideration for reporting purpose

	At June 30, 2019 RMB'000 (Unaudited)
Analyzed for reporting purposes as:	
Current liabilities	**17,605**
Non-current liabilities	**14,780**
	32,385

Goodwill arising on acquisition

	Amount RMB'000
Fair value of consideration transferred	186,722
Less: Net assets acquired	(82,223)
Goodwill arising on acquisition	104,499

Goodwill arose in the acquisition of Pharmapace, Inc. because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Pharmapace, Inc.. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Goodwill arising on this acquisition is not expected to be deductible for tax purposes.

Net cash inflow on acquisition of a subsidiary for the current interim period

	Amount RMB'000
Consideration transferred	186,722
Less: unpaid cash consideration included in trade and other payables	14,581
Less: contingent consideration included in financial liabilities at FVTPL	32,501
Cash consideration paid	139,640
Less: bank balances and cash acquired	23,973
	115,667

27. ACQUISITION OF A SUBSIDIARY (Continued)

Net cash inflow on acquisition of a subsidiary for the current interim period (Continued)

No material acquisition related costs were incurred.

Pharmapace, Inc. contributed revenue of RMB7,092,000 and loss of RMB633,000 for the period from the date of acquisition to June 30, 2019. If the acquisition had been completed on January 1, 2019, total revenue of the Group for the six months ended June 30, 2019 would have been RMB5,897,231,000 and profit for the period ended June 30, 2019 would have been RMB1,105, 111,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the Group that actually would have been achieved had the acquisition been completed on January 1, 2019, nor is it intended to be a projection of future results.

28. SHARE OPTION SCHEME

WuXi PharmaTech Stock Units and Options Plan

Prior to the reorganization, the Company was wholly owned by WuXi PharmaTech (Cayman) Inc. ("WuXi PharmaTech"), which once listed on the New York Stock Exchange and had an employee stock incentive plan ("WuXi PharmaTech Stock Units and Options Plan"). Pursuant to the WuXi PharmaTech Stock Units and Options Plan, certain employees of the Group were granted the restricted stock units and options of the shares of WuXi PharmaTech as the Group was a part of WuXi PharmaTech.

For the six months ended June 30, 2019, the Group recognized share-based compensation expense of RMB914,000 (six months ended June 30, 2018: RMB1,429,000), in relation to WuXi PharmaTech Stock Units and Options Plan.

STA Share Units and Options Incentive Scheme

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

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

28. SHARE OPTION SCHEME (Continued)

STA Share Units and Options Incentive Scheme (Continued)

Set out below are details of the movements of the outstanding units and options granted under the STA Share Units and Options Scheme for the six months ended June 30, 2019 and 2018:

STA Share Unites and Options Incentive Scheme (Unaudited)	Outstanding at 01/01/2019	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 06/30/2019
STA Share Option Incentive Scheme (2015)	9,117,000	—	—	12,000	9,105,000
STA Overseas Employees Incentive Scheme	3,831,594	104,000	—	82,164	3,853,430
STA Share Option Incentive Scheme (2016) — 1st batch	390,960	—	—	18,540	372,420
STA Share Option Incentive Scheme (2016) — 2nd batch	476,460	—	—	53,940	422,520
Total	13,816,014	104,000	—	166,644	13,753,370
Exercisable at the end of the period	8,763,696				13,082,610
Weighted average exercise price	RMB6.28	RMB1.79	N/A	RMB4.94	RMB6.26

STA Share Unites and Options Incentive Scheme (Audited)	Outstanding at 01/01/2018	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 06/30/2018
STA Share Option Incentive Scheme (2015)	12,516,000	—	—	306,000	12,210,000
STA Overseas Employees Incentive Scheme	5,028,792	—	—	—	5,028,792
STA Share Option Incentive Scheme (2016) — 1st batch	670,500	—	—	72,960	597,540
STA Share Option Incentive Scheme (2016) — 2nd batch	597,300	—	—	49,500	547,800
Total	18,812,592	—	—	428,460	18,384,132
Exercisable at the end of the period	4,332,198				4,332,198
Weighted average exercise price	RMB6.34	N/A	N/A	RMB8.00	RMB6.30

The Group recognized RMB8,361,000 of share-based expenses for the six months ended June 30, 2019 (six months ended June 30, 2018: RMB11,632,000), in relation to STA Share Option Incentive Scheme.

28. SHARE OPTION SCHEME (Continued)

STA Share Appreciation Incentive Scheme

On May 16, 2016 and July 12, 2017, STA Share Appreciation Incentive Scheme (2016) and STA Share Appreciation Incentive Scheme (2017) were approved at the STA Shareholders' meeting. As a result of the Conversion of Capital Reserve, the total number of STA units granted under the STA Share Appreciation Incentive Scheme (2016) and the STA Share Appreciation Incentive Scheme (2017) to eligible STA foreign employees were 1,350,000 and 123,000 respectively. Stock appreciation rights have been awarded in units, with each unit representing the value of one STA Shares. Upon the exercise of stock appreciation rights, exercising recipients will receive payments in RMB from STA, subject to any withholding tax, equal to the number of stock appreciation rights exercised times the difference between the subscribe price and market price of the STA Shares on the exercise day. The number of STA Shares and subscribe price per STA share granted under the STA Share Appreciation Incentive Scheme presented herein has been adjusted to reflect the Conversion of Capital Reserve and dividend adjustment.

Set out below are details of the movements of the outstanding units granted under the STA Share Appreciation Incentive Scheme for the six months ended June 30, 2019 and 2018:

STA Share Appreciation Incentive Scheme (Unaudited)	Outstanding at 01/01/2019	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 06/30/2019
STA Share Appreciation Incentive Scheme (2016)					
— 1st batch	554,400	—	95,400	—	459,000
— 2nd batch	249,000	—	—	27,000	222,000
STA Share Appreciation Incentive Scheme (2017)	87,000	—	—	42,000	45,000
Total	890,400	—	95,400	69,000	726,000
Exercisable at the end of the period	144,000				298,800
Weighted average exercise price	RMB8.00	N/A	RMB8.00	RMB8.00	RMB8.00

28. SHARE OPTION SCHEME (Continued)

STA Share Appreciation Incentive Scheme (Continued)

STA Share Appreciation Incentive Scheme (Audited)	Outstanding at 01/01/2018	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 06/30/2018
STA Share Appreciation Incentive Scheme (2016)					
— 1st batch	720,000	—	—	—	720,000
— 2nd batch	279,000	—	—	—	279,000
STA Share Appreciation Incentive Scheme (2017)	99,000	—	—	—	99,000
Total	1,098,000	—	—	—	1,098,000
Exercisable at the end of the period	—				—
Weighted average exercise price	RMB8.00	N/A	N/A	N/A	RMB8.00

For the six months ended June 30, 2019, the Group has recorded share-based expenses of RMB7,187,000 (six months ended June 30, 2018: RMB6,220,000).

2018 WuXi AppTec A Share Incentive Scheme

On August 22, 2018, the Shareholders' meeting of the Company passed a resolution to issue up to 8,856,900 A Shares of the Company under the 2018 WuXi AppTec A Share Incentive Scheme. On August 28, 2018, 7,085,500 restricted A shares of the Company were approved for a director of the Company and eligible employees to subscribe at the price of RMB45.53 per A Share and the remaining 1,771,400 A shares will be reserved for future distribution. In October 2018, 6,281,330 number of A Shares were subscribed by a director of the Company and eligible employees and RMB285,989,000 consideration were received by the Company. These granted restricted A Shares have a contractual term of no more than four years and unlock over a three year period, with 40%, 30% and 30% of the awards unlocking on the first, second and third anniversary date of the A Shares registration date upon meeting certain annual performance conditions. Pursuant to the black-out period provisions of the 2018 WuXi AppTec A Share Incentive Scheme, directors and employees shall not transfer the A Shares which fulfill the unlocking conditions to any third party in any form within the six months from each unlocking anniversary date.

28. SHARE OPTION SCHEME (Continued)

2018 WuXi AppTec A Share Incentive Scheme (Continued)

Details of specific categories of restricted shares are as follows:

Categories	Date of grant	Number of restricted A shares	Subscribe price per share
Mr. Edward HU	October 31, 2018	91,000	RMB45.53
Employees	October 31, 2018	6,190,330	RMB45.53

Set out below are details of the movements of the outstanding restricted A shares granted under the 2018 WuXi AppTec A Share Incentive Scheme for the six months ended June 30, 2019:

2018 WuXi AppTec A Share Incentive Scheme (Unaudited)	Outstanding at 1/1/2019	Granted during the period	Unlocked during the period	Forfeited during the period	Outstanding at 06/30/2019
Mr. Edward HU	91,000	—	—	—	**91,000**
Employees	6,190,330	—	—	128,245	**6,062,085**
Total	6,281,330	—	—	128,245	**6,153,085**

For the six months ended June 30, 2019, the Group has recorded share-based expenses of RMB58,852,000 (for the six months ended June 30, 2018: RMBNil) in relation to 2018 WuXi AppTec A Share Incentive Scheme.

29. CAPITAL COMMITMENTS

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

	At June 30, 2019 *RMB'000* **(Unaudited)**	At December 31, 2018 *RMB'000* (Audited)
Commitments for the acquisition of property, plant and equipment	**557,143**	342,586
Commitments for the investments in associate and joint venture	**48,123**	118,390
Commitments for the right-of-use assets	**224,711**	—
	829,977	460,976

30. CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at June 30, 2019 except contingent considerations as disclosed in Note 27 (December 31, 2018: Nil).

31. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

(1) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the periods presented in the condensed consolidated financial statements.

Company	Relationship
Faxian Therapeutics, LLC.	Joint venture
Shanghai Waigaoqiao WuXi AppTec Incubator Management Co., Ltd.	Joint venture
WuXi MedImmune and its subsidiary.	Joint venture
Jing Medicine Technology (Shanghai) Ltd.	Associate
JW (Cayman) and its subsidiaries.	Associate
PhageLux Inc.	Associate
WuXi Biologics USA, LLC.	Fellow subsidiary
WuXi Nextcode Genomics USA, Inc.	Fellow subsidiary
WuXi HealthNet (Shanghai) Co., Ltd.	Fellow subsidiary
WuXi AppTec Biopharmaceuticals Co., Ltd.	Fellow subsidiary
WuXi Biologics (Shanghai) Co., Ltd.	Fellow subsidiary
WuXi AppTec (Suzhou) Testing Technology Co., Ltd.	Fellow subsidiary
WuXi NextCode Genomics (Shanghai) Co., Ltd.	Fellow subsidiary
WuXi Diagnostics Management (Shanghai) Co., Ltd.	Fellow subsidiary
Hua Medicine and its subsidiaries. *(Note a)*	Entities significantly influenced by a Controlling Shareholder

Notes:

(a) Hua Medicine and its subsidiaries were considered as related parties of the Company prior to December 31, 2018. After then, the Company evaluated that Hua Medicine and its subsidiaries were no longer related parties.

31. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Related party transactions:

(a) Provision of research and development service

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
An entity significantly influenced by a Controlling Shareholder	**—**	22,163
Joint ventures	**6,868**	134
Associates	**5,479**	2,874
Fellow subsidiaries	**5,483**	—
	17,830	25,171

(b) Provision of administrative service

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
An associate	**1,919**	2,412
A fellow subsidiary	**—**	259
	1,919	2,671

(c) Sales of raw materials

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
An associate	**175**	88

(d) Provision of premises sub-leasing services

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fellow subsidiaries	**3,732**	715

31. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Related party transactions: (Continued)

(e) *Sequencing service received*

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fellow subsidiaries	5,894	—

(f) *Sales of property and equipment*

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
A fellow subsidiary	22	—

(g) *Sales of other intangible assets*

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
A fellow subsidiary	—	80

(h) *Rental expenses*

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
A joint venture	—	250

(i) *Purchase of property and equipment*

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
A fellow subsidiary	3	—

31. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(3) Related party balances:

Amounts due from related parties

	As at June 30, 2019 ***RMB'000*** **(Unaudited)**	As at December 31, 2018 *RMB'000* (Audited)
Trade related		
Trade receivables	**5,698**	11,420
Non-trade related		
Other receivables	**1,871**	2,462
Total amount due from related parties	**7,569**	13,882

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

	As at June 30, 2019 ***RMB'000*** **(Unaudited)**	As at December 31, 2018 *RMB'000* (Audited)
Within 90 days	**5,698**	11,420

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

31. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(3) Related party balances: (Continued)

Amounts due from related parties (Continued)

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

Trade related	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Trade receivables		
Associates	**3,558**	1,903
Joint ventures	**—**	623
Fellow subsidiaries	**2,140**	8,894
	5,698	11,420

Non-trade related	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Other receivables		
A fellow subsidiary	**19**	—
An associate	**1,852**	2,462
	1,871	2,462

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

Amounts due to related parties

Non-trade related	As at June 30, 2019 RMB'000 (Unaudited)	As at December 31, 2018 RMB'000 (Audited)
Considerations received from key management personnel for subscribing restricted A shares of the Company under the 2018 WuXi AppTec A Share Incentive Scheme	**11,902**	12,015

31. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(3) Related party balances: (Continued)

Amounts due to related parties (Continued)

Included in the contract liabilities of the Group are amounts of RMB16,841,000 received from related parties in advance of delivery of services as at June 30, 2019 (December 31, 2018: RMB2,568,000).

(4) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group for the six months ended June 30, 2019 and 2018 are as follows:

	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Salaries and other benefits	**13,927**	12,956
Performance-based bonus	**10,199**	8,708
Share-based compensation	**2,776**	—
	26,902	21,664

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

32. SUBSEQUENT EVENTS

The Group has the following events taken place subsequent to June 30, 2019.

Pursuant to the 2018 Profit Distribution Plan, 4 shares of the Company were issued for every 10 shares of the Company held by the shareholders of the Company on the relevant record date by way of capitalization of reserve on July 2, 2019. Accordingly, the total number of shares of the Company has changed from 1,170,030,939 shares to 1,638,043,314 shares, and the registered capital of the Company has changed from RMB1,170,031,000 to RMB1,638,043,000.

On July 19, 2019, 2019 Restricted A Shares and Stock Option Incentive Plan (the "2019 A Share Incentive Plan") has been approved by the board of directors of the Company ("Board"). An aggregate of 21,055,530 units under the 2019 A Share Incentive Plan are proposed to be granted to eligible participants, among which, 13,657,803 restricted A Shares and 5,292,174 share options will be granted initially, and the remaining 2,105,553 units will be reserved for future distribution. The subscribe price of the restricted A Shares is RMB32.44 per A share. 40%, 30% and 30% of the initial grant of the non-special restricted A Share shall unlock after 12, 24 and 36 months from the registration of the A Shares upon meeting certain performance conditions and 20%, 20%, 20% and 40% of the initial grant of the special restricted A Share shall unlock on the first, second, third and fourth anniversary date of March 1, 2021. The exercise price of the share options is RMB64.88 per A share. 40%, 30% and 30% of the initial grant of the share options shall vest on the 18, 30 and 42 months from the date of initial grant, respectively, upon meeting certain performance conditions.

On July 19, 2019, the 2019 share appreciation incentive scheme (the "2019 Share Appreciation Scheme") has been approved by the Board. Under the 2019 Share Appreciation Scheme, share appreciation rights will be granted to eligible participants with each of them being notionally linked to one H Share, and will confer the right to gain specified amount of benefits in cash from the increase in market price of the relevant H Shares upon meeting certain performance conditions. No H Shares will actually be issued to any participants.

DEFINITIONS

"2018 Profit Distribution Plan"	the profit distribution plan of the Company for the year ended December 31, 2018 including the Capitalization of Reserve and Profit Distribution as defined in the circular of the Company dated April 18, 2019 therein
"2018 WuXi AppTec A Share Incentive Scheme"	the Restricted A Shares and Stock Option Incentive Plan of 2018 adopted by the Company on August 22, 2018
"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
"ADME"	adsorption, distribution, metabolism, and excretion
"AI"	artificial intelligence
"API"	active pharmaceutical ingredient
"Articles" or "Articles of Association"	the articles of association of the Company as amended from time to time
"ASU"	Analytical Service Unit
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	our board of Directors
"CDMO"	Contract Development and Manufacturing Organization, a CMO that in addition to comprehensive drug manufacturing services, also provide process development and other drug development services in connection with its manufacturing services
"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"cGMP"	Current Good Manufacturing Practice regulations, regulations enforced by the FDA on pharmaceutical and biotech firms to ensure that the products produced meet specific requirements for identity, strength, quality and purity
"China" or "PRC"	the People's Republic of China, which for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"CMC"	chemistry, manufacturing and controls, an important and detailed section in a dossier to support clinical studies and marketing applications
"CMO"	Contract Manufacturing Organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive drug manufacturing services
"CNAS"	China National Accreditation Service for Conformity Assessment

"Company", "our Company", "WuXi AppTec", "Group", "our Group", "We" "our", "us"	WuXi AppTec Co., Ltd* (無錫藥明康德新藥開發股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the predecessor of which, WuXi AppTec Ltd. (無錫藥明康德新藥開發有限公司) (formerly known as WuXi PharmaTech Co., Ltd (無錫藥明康德組合化學有限公司)), was established under the laws of the PRC as an enterprise legal person in December 2000, the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 603259) and the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 02359) and if the context requires, includes its predecessor
"CRO"	Contract Research Organization
"CTA"	Clinical Trial Authorization
"Director(s)"	the director(s) of the Company or any one of them
"DMPK"	Drug Metabolism and Pharmacokinetics, refers to studies designed to determine the absorption and distribution of an administered drug, the rate at which a drug takes effect, the duration a drug maintains its effects and what happens to the drug after being metabolized by the body
"eCTD"	Electronic Common Technical Document
"FDA"	Food and Drug Administration in the U.S.
"Fund II"	Wuxi Healthcare Ventures II, L.P.
"FVTPL"	Fair Value Through Profit or Loss
"GMP"	Good Manufacturing Practice, a quality system imposed on pharmaceutical firms to ensure that products produced meet specific requirements for identity, strength, quality and purity, and enforced by public agencies, for example the U.S. FDA
"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
"HKD" or "Hong Kong dollars"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hua"	Hua Medicine, a company incorporated under the laws of the Cayman Islands with shares listed on the Hong Kong Stock Exchange (stock code: 02552)
"IFRS"	International Financial Reporting Standards
"IND"	Investigational New Drug
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on December 13, 2018

"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" set out in Appendix 10 to the Listing Rules
"NMPA"	National Medical Products Administration
"OECD"	Organization for Economic Co-operation and Development
"Prospectus"	the prospectus issued by the Company dated December 3, 2018
"R&D"	research and development
"RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the six months ended June 30, 2019
"Restricted A Shares"	the restricted A Shares granted by the Company under the 2018 WuXi AppTec A Share Incentive Scheme and 2019 A Share Incentive Plan
"SFO"	the Securities and Futures Ordinance
"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
"STA"	Shanghai SynTheAll Pharmaceutical Co., Ltd* (上海合全藥業股份有限公司)
"STA Shares"	Shares of STA
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Unity"	Unity Biotechnology, Inc., a company incorporated in the State of Delaware (formerly known as Forge, Inc.) with shares listed on NASDAQ (stock code: UBX)
"U.S."	the United States of America, its territories, its possession and all areas subject to its jurisdiction
"USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"WXAT Shanghai"	WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司)
"WIND"	WuXi IND
"%"	percentage