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**WUXI BIOLOGICS (CAYMAN) INC.**

**藥明生物技術有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2269)**

**TERMINATION OF CONTINUING CONNECTED TRANSACTIONS  
AND  
CONNECTED TRANSACTION IN RELATION TO  
EQUIPMENT TRANSFER AGREEMENT**

**TERMINATION OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Prospectus in relation to, among other things, the Equipment Lease Framework Agreement and the Procurement Service Framework Agreement entered into between the Company and WXAT Shanghai in relation to the leasing of certain biologics laboratory equipment and the provision of certain procurement services, respectively.

The Company has obtained confirmation from the relevant PRC governmental bodies that the restrictions on the transfer of ownership in relation to the biologics laboratory equipment are no longer applicable and hence, the relevant equipment can be transferred by WXAT Shanghai to Shanghai Biologics without breaching relevant PRC laws and regulations. Further, the Company has established its own logistics and warehousing services platform for procurement of raw materials and equipment and hence, it is no longer necessary to obtain such procurement services from WXAT Shanghai.

On December 26, 2017, the Company and WXAT Shanghai entered into two termination agreements pursuant to which both parties have agreed to terminate the Equipment Lease Framework Agreement and the Procurement Service Framework Agreement, respectively, with immediate effect, and confirmed none of the parties shall have any claim against the other arising from the termination.

## **CONNECTED TRANSACTION IN RELATION TO EQUIPMENT TRANSFER AGREEMENT**

On December 26, 2017, the Company, through its indirect wholly-owned subsidiary, Shanghai Biologics entered into the Equipment Transfer Agreement with WXAT Shanghai, a wholly-owned subsidiary of WuXi AppTec, pursuant to which WXAT Shanghai agreed to transfer certain biologics laboratory equipment owned by WXAT Shanghai to Shanghai Biologics.

### **LISTING RULES IMPLICATIONS**

As the Founding Individuals, who are the controlling shareholders of the Company, have controlled 34.48% voting power in WuXi AppTec, WuXi AppTec is regarded as an associate of the Founding Individuals and hence a connected person of the Company. Accordingly, WXAT Shanghai is also a connected person of the Company by virtue of being a wholly-owned subsidiary of WuXi AppTec. Therefore, the transactions contemplated under the Equipment Lease Framework Agreement and the Procurement Service Framework Agreement were continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The termination of such agreements is subject to the announcement requirement pursuant to Rule 14A.35 of the Listing Rules.

As WXAT Shanghai is a connected person of the Company, the transaction contemplated under the Equipment Transfer Agreement constitutes connected transaction under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than profits ratio) in respect of the transactions under the Equipment Transfer Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Reference is made to the Prospectus in relation to, among other things, the continuing connected transaction involving the Equipment Lease Framework Agreement and the Procurement Service Framework Agreement entered into between the Company and WXAT Shanghai in relation to the leasing of certain biologics laboratory equipment and the provision of certain procurement services, respectively.

## **TERMINATION OF CONTINUING CONNECTED TRANSACTIONS**

On December 26, 2017, the Company and WXAT Shanghai entered into the Termination Agreements pursuant to which both parties have agreed to terminate the Equipment Lease Framework Agreement and the Procurement Service Framework Agreement, respectively, with immediate effect, and confirmed none of the parties shall have any claim against the other arising from the termination

## **CONNECTED TRANSACTION IN RELATION TO EQUIPMENT TRANSFER AGREEMENT**

The Board is pleased to announce that, on December 26, 2017, the Company, through its indirect wholly-owned subsidiary, Shanghai Biologics entered into the Equipment Transfer Agreement with WXAT Shanghai, a wholly-owned subsidiary of WuXi AppTec, pursuant to which WXAT Shanghai agreed to transfer certain biologics laboratory equipment owned by WXAT Shanghai to the Company, which previously were leased by WXAT Shanghai under the Equipment Lease Framework Agreement, at the Consideration of approximately RMB39,976,000.

The principal terms of the Equipment Transfer Agreement are set out below:

Date:	December 26, 2017
Parties:	(1) WXAT Shanghai (2) Shanghai Biologics
Agreement:	Transfer of certain biologics laboratory equipment from WXAT Shanghai to Shanghai Biologics
Consideration:	Approximately RMB39,976,000, which was arrived after arm's length negotiations between Shanghai Biologics and WXAT Shanghai with reference to carrying values of the biologics laboratory equipment to be transferred and relevant value-added taxes. The Consideration shall be paid by Shanghai Biologics on or before December 31, 2017.

The original acquisition cost of the certain biologics laboratory equipment paid by WXAT Shanghai was RMB83,944,000.

## **REASONS FOR TERMINATION OF CONTINUING CONNECTED TRANSACTIONS AND ENTERING INTO OF EQUIPMENT TRANSFER AGREEMENT**

The Company has obtained confirmation from the relevant PRC governmental bodies that the restrictions on the transfer of ownership in relation to the biologics laboratory equipment are no longer applicable and hence, the relevant equipment can be transferred by WXAT Shanghai to Shanghai Biologics without breaching relevant PRC laws and regulations. Further, the Company has established its own logistics and warehousing services platform for procurement of raw materials and equipment and hence, it is no longer necessary to obtain such procurement services from WXAT Shanghai.

In light of the aforesaid, the Company and WXAT Shanghai, after the good faith discussion with each other, have agreed to terminate the Equipment Lease Framework Agreement and the Procurement Service Framework Agreement, respectively. Further, Shanghai Biologics has agreed to acquire from WXAT Shanghai certain biologics laboratory equipment which previously were leased by WXAT Shanghai to the Company under the Equipment Lease Framework Agreement.

The Directors are of the view that entering into the Termination Agreements will not cause any material adverse impact to the Group's business and operational activities. In addition, the Directors (including the independent non-executive Directors) consider that the Termination Agreements and the Equipment Transfer Agreement were negotiated on an arm's length basis, and are on normal commercial terms or better, which are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

The Directors (including all the independent non-executive Directors) are of the opinion that the transactions with WXAT Shanghai contemplated under the Equipment Transfer Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and in the interest of the Company and its Shareholders as a whole.

### **DIRECTOR'S VOTING**

Dr. Ge Li and Mr. Edward Hu, both non-executive Directors, are interested in the connected transaction under the Equipment Transfer Agreement as directors of WXAT Shanghai and have abstained from voting on the relevant Board resolutions of the Company. Save as the aforementioned, none of the Directors has a material interest in the connected transaction under the Equipment Transfer Agreement.

## **INFORMATION ON THE GROUP, SHANGHAI BIOLOGICS AND WXAT SHANGHAI**

### **The Group**

The Group is principally engaged in the provision of end-to-end solutions and services for biologics discovery, development and manufacturing to customers involving in biologics industry in both the PRC and other overseas countries.

### **Shanghai Biologics**

Shanghai Biologics is the indirect wholly-owned subsidiary of the Company. It is principally engaged in research and development in relation to biologics.

### **WXAT Shanghai**

WXAT Shanghai is a wholly-owned subsidiary of WuXi AppTec and therefore a connected person of the Company. Its principal business is the development of chemical synthesis.

## **LISTING RULES IMPLICATIONS**

As the Founding Individuals, who are the controlling shareholders of the Company, have controlled 34.48% voting power in WuXi AppTec, WuXi AppTec is regarded as an associate of the Founding Individuals and hence a connected person of the Company. Accordingly, WXAT Shanghai is also a connected person of the Company by virtue of being a wholly-owned subsidiary of WuXi AppTec. Therefore, the transactions contemplated under the Equipment Lease Framework Agreement and the Procurement Service Framework Agreement were continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The termination of such agreements is subject to the announcement requirement pursuant to Rule 14A.35 of the Listing Rules.

As WXAT Shanghai is a connected person of the Company, the transaction contemplated under Equipment Transfer Agreement constitutes connected transaction under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than profits ratio) in respect of the transactions under the Equipment Transfer Agreement is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

## DEFINITION

In this announcement, unless the context otherwise requires, the following words and expressions have the meanings ascribed to them below:

<b>Term</b>	<b>Definition</b>
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company from time to time
“Company”	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司*), a company incorporated in Cayman Islands with limited liability, whose shares are listed on The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration of approximately RMB39,976,000 paid by Shanghai Biologics to WXAT Shanghai for the transfer of certain biologics laboratory equipment under the Equipment Transfer Agreement
“Director(s)”	directors of the Company or any one of them
“Equipment Lease Framework Agreement”	the equipment lease framework agreement dated May 17, 2017 entered into between the Company and WXAT Shanghai
“Equipment Transfer Agreement”	the equipment transfer agreement dated December 26, 2017 entered into between WXAT Shanghai and Shanghai Biologics
“Founding Individuals”	Dr. Ge Li, Dr. Ning Zhao, Mr. Xiaozhong Liu and Mr. Zhaohui Zhang
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)

“Procurement Service Framework Agreement”	the procurement service framework agreement dated May 17, 2017 entered into between the Company and WXAT Shanghai
“Prospectus”	the prospectus issued by the Company dated May 31, 2017
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Biologics”	WuXi Biologics (Shanghai) Co., Ltd. (上海藥明生物技術有限公司), a company incorporated in the PRC on January 6, 2015 and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of Shares
“Termination Agreements”	the two termination agreements dated December 26, 2017 entered into between the Company and WXAT Shanghai in relation to termination of the Equipment Lease Framework Agreement and the Procurement Service Framework Agreement, respectively
“WuXi AppTec”	WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司), a company incorporated in the PRC on December 1, 2000, in which the Founding Individuals and investors own 34.48% and 65.52% of its voting power, respectively
“WXAT Shanghai”	WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司), a company incorporated in the PRC on April 2, 2002 and a wholly-owned subsidiary of WuXi AppTec
“%”	per cent

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

Hong Kong, December 26, 2017

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

*\*For identification purpose only*