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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)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
WUXI XDC CAYMAN INC.
ON THE MAIN BOARD OF THE STOCK EXCHANGE OF
HONG KONG LIMITED**

THE PROPOSED SPIN-OFF

The Company proposes to spin-off and separately list the shares of WuXi XDC Cayman Inc., a subsidiary of the Company, on the Main Board of the Stock Exchange. The separate listing of the SpinCo Shares on the Main Board of the Stock Exchange constitutes a spin-off of the SpinCo by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

The Company believes that the Proposed Spin-off is in the interests of the Company and its Shareholders as a whole for the following reasons: (1) the Proposed Spin-off enables the SpinCo to develop a unique global leading CRDMO dedicated to bioconjugates initially starting with ADCs and evolving into all bioconjugates (from ADC to XDC) and (2) bring a more defined business focus and strategy to support growth of the Company, which would lead to (3) a more organized and efficient allocation of capital and resources of the Company as a whole, with the Company benefiting from (4) continued consolidation of financials as well as (5) improved governance, market communication, operational and financial transparency, thereby resulting in (6) value creation for the Company and its Shareholders.

LISTING RULES IMPLICATIONS

The Proposed Spin-off and the Global Offering in connection with the Proposed Listing constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. It is currently expected that none of the percentage ratios in respect of the Proposed Spin-off and the Global Offering in connection with the Proposed Listing will exceed 5%. As such, the Proposed Spin-off and the Global Offering in connection with the Proposed Listing will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

A redacted form of the application proof of the SpinCo's listing document (the "**Application Proof**") is expected to be available for reviewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>. The Application Proof contains, among other things, certain business and financial information relating to the SpinCo Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Proposed Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Proposed Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of the SpinCo, market conditions and other considerations, the Proposed Spin-off may or may not materialize. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

THE PROPOSED SPIN-OFF

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THE LISTING AND THE GLOBAL OFFERING

On July 7, 2023, the SpinCo submitted to the Stock Exchange the application for the listing of, and permission to deal in, the SpinCo Shares on the Main Board of the Stock Exchange.

The SpinCo proposes to conduct an offering of its shares by way of Global Offering in connection with the Proposed Listing. The details of the Global Offering have yet to be finalized. As at the date of this announcement, the SpinCo is directly owned as to 60% by the Company. It is intended that the SpinCo will remain as a subsidiary of the Company upon completion of the Proposed Listing.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF TO THE COMPANY

The Company believes that the Proposed Spin-off is in the interests of the Company and its Shareholders as a whole for the following reasons:

- (1) *The Proposed Spin-off enables the SpinCo to develop a unique global leading CRDMO, dedicated to bioconjugates initially starting with ADCs and evolving into all bioconjugates such as peptide conjugates, oligo conjugates and chemical conjugates (from ADC to XDC).* The ADC and bioconjugate market is at a growth inflection point and the SpinCo is uniquely positioned to capture opportunities in the fast-growing global ADC and bioconjugate market, some of which are beyond the business scope of the Company. Moreover, the Proposed Spin-off will enable the SpinCo to have an independent fundraising platform in the broad capital market to meet the capital need for building the global leading ADC and bioconjugate platform in order to realize the growth potential of the ADC and bioconjugate market. As a result, it will give the Company more flexibility and capacity to allocate funding resources among its various businesses and enable the Company to continue its strong growth.
- (2) *More defined business focus and strategy to support growth of the Company.* The Proposed Spin-off will bring a more defined and delineated business focus tailored to the respective drivers of profitability and long-term growth of the Company. This also leads to a more direct alignment of the management's responsibilities and accountability with its operating and financial performance for both the Company and the SpinCo, which will, in turn, lead to improved decision-making processes, faster response time to market changes and increased operational efficiency without additional capital pressure on the Company.

- (3) *More organized and efficient allocation of capital and resources of the Company as a whole.* The enhanced business focus resulting from the Proposed Spin-off is expected to lead to a more organized and efficient allocation of the resources of the Company. In particular, it will alleviate the capital demands of the Company to finance the ongoing capital expenditure plans of the SpinCo Group and strengthen the SpinCo Group's ability to attract and recruit talents. As such, it enables the Company to allocate its resources more effectively to the Biologics CRDMO Business and improve its capital utilization efficiency without the need to consider the SpinCo Group's funding requirements.
- (4) *Continued consolidation of financials and no material impact on the Company.* The SpinCo will become a separate listing entity listed on the Main Board of the Stock Exchange while remaining as a subsidiary of the Company upon the Proposed Spin-off. Thus, the SpinCo Group's financial performance will continue to be consolidated into the consolidated financial statements of the Company upon the Proposed Spin-off. Given that the SpinCo's revenue and adjusted net profit for the year ended December 31, 2022 only accounted for approximately 6.5% and less than 5% of those of the Company, respectively, the Proposed Spin-off will have no adverse impact on the financial and operational performance of the Company.
- (5) *Improved governance, market communication, operational and financial transparency.* The foregoing will also be supported by enhanced governance of the businesses of the SpinCo, and improved operational and financial transparency of the Company and the SpinCo following the Proposed Spin-off, which is expected to enhance the market communication and enable the investors to appraise and assess the value, performance, strategy of each of the Company and the SpinCo at different development stages more effectively.
- (6) *Value creation for the Company and its Shareholders.* By virtue of the above, the Company will benefit and enjoy the greater shareholder value from the business prospects and results of the SpinCo as it will remain a subsidiary of the Company upon the Proposed Spin-off. The SpinCo is operating in the fast growing ADC and bioconjugate market and the Proposed Spin-off will unlock the intrinsic value of the SpinCo Group and enable it to further enhance its reputation and leadership position in the market, which, in turn, will benefit the Company and its Shareholders who could maximize the value creation and optimize the potential business growth of the SpinCo after the Proposed Spin-off.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

In accordance with the requirements of PN15, the Board will give due regard to the interests of the Shareholders by providing qualifying Shareholders with an assured entitlement to the SpinCo Shares under the Global Offering, subject to certain conditions, if the Board and the board of directors of the SpinCo decide to proceed with the Proposed Spin-off and the Global Offering, and the Listing Committee has given its approval to the Proposed Listing. Details of such assured entitlement have not yet been finalized. The Company will make further announcement(s) in this regard as and when appropriate.

THE GROUP AND THE SPINCO GROUP

The Group is a leading global CRDMO offering one-stop end-to-end solutions that enable partners to discover, develop and manufacture biologics.

The SpinCo Group provides integrated and end-to-end CRDMO services with respect to ADC and other bioconjugates for global customers.

LISTING RULES IMPLICATIONS

The Proposed Spin-off and the Global Offering in connection with the Proposed Listing constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. It is currently expected that none of the percentage ratios in respect of the Proposed Spin-off and the Global Offering in connection with the Proposed Listing will exceed 5%. As such, the Proposed Spin-off and the Global Offering in connection with the Proposed Listing will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

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As the Proposed Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of the SpinCo, market conditions and other considerations, the Proposed Spin-off may or may not materialize. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“ADC”	antibody-drug conjugate
“ADC CRDMO Business”	the one-stop end-to-end CRDMO services with respect to antibody-drug conjugates and other bioconjugates
“Biologics CRDMO Business”	the business of providing one-stop end-to-end biologics CRDMO services other than, for avoidance of doubt, antibody-drug conjugates and other bioconjugates
“Board”	the board of Directors of the Company
“Company”	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司*), an exempted company incorporated in the Cayman Islands with limited liability on February 27, 2014, the shares of which are listed on the Main Board on the Stock Exchange
“CRDMO”	Contract Research, Development and Manufacturing Organization
“Director(s)”	the director(s) of the Company
“Global Offering”	the offering to the public in Hong Kong for subscription, and the international offering to certain professional and institutional investors and other investors (including the preferential offering to the qualifying Shareholder(s)), of the SpinCo Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the Listing Committee of the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“PN15”	Practice Note 15 to the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Proposed Listing”	the proposed listing of the SpinCo Shares on the Main Board of the Stock Exchange
“Proposed Spin-off”	the proposed spin-off and separate listing of the SpinCo Shares on the Main Board of the Stock Exchange
“Shareholder(s)”	shareholders of the Company
“SpinCo”	WuXi XDC Cayman Inc., a company incorporated under the laws of the Cayman Islands with limited liability on December 14, 2020
“SpinCo Group”	the SpinCo and its subsidiaries
“SpinCo Shares”	ordinary shares in the share capital of the SpinCo with a par value of US\$0.00005 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Hong Kong, July 9, 2023

As at the date of this announcement, the Board comprises Dr. Zhisheng Chen and Dr. Weichang Zhou as executive Directors; Dr. Ge Li, Mr. Yibing Wu and Mr. Yanling Cao as non-executive Directors; and Mr. William Robert Keller, Mr. Kenneth Walton Hitchner III and Mr. Jackson Peter Tai as independent non-executive Directors.

* *For identification purpose only*