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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)**

**CONNECTED TRANSACTION  
ACQUISITION OF 30% EQUITY INTEREST IN WUXI VACCINES**

The Board is pleased to announce that on August 30, 2024 (after trading hours), the Company entered into the Equity Transfer Agreement with the Seller, pursuant to which the Company has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, 30% of the equity interest in WuXi Vaccines, a non-wholly owned subsidiary of the Company, at a total consideration of US\$108,500,000 (equivalent to approximately HK\$846,300,000). Upon Completion, WuXi Vaccines will become a wholly-owned subsidiary of the Company and the financial results of WuXi Vaccines will continue to be consolidated into the financial statements of the Group.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Seller is a substantial shareholder of WuXi Vaccines, and hence, a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 0.1% but all of them are less than 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

The Board is pleased to announce that on August 30, 2024 (after trading hours), the Company and the Seller entered into the Equity Transfer Agreement in relation to the sale and purchase of 30% equity interest in WuXi Vaccines.

## **EQUITY TRANSFER AGREEMENT**

### **Parties**

- (1) The Company, as purchaser; and
- (2) The Seller (Hile Bio-Technology), as seller

As at the date of this announcement, WuXi Vaccines is a non-wholly owned subsidiary of the Company and held as to 70% by the Company and 30% by the Seller.

### **Subject Matter**

Pursuant to the Equity Transfer Agreement, the Company has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, 30% of the equity interest in WuXi Vaccines. For further information relating to WuXi Vaccines, please refer to the section headed “Information on the Parties” below.

### **Consideration**

The Consideration for the Acquisition is US\$108,500,000 (equivalent to approximately HK\$846,300,000), which shall be payable in a lump sum by the Company to the Seller in cash within five business days after Completion. The Consideration payable by the Company will be funded by the Group’s internal financial resources.

### **Basis of Consideration**

The Consideration was determined after arm’s length negotiations between the Company and the Seller with reference to (i) the historical financial performance of WuXi Vaccines; (ii) the valuation of the entire equity interest of WuXi Vaccines of US\$356,022,100 (equivalent to approximately HK\$2,776,972,380) as at the Benchmark Date pursuant to the Valuation Report prepared by the Valuer using the market approach; and (iii) the business prospects and benefits to be derived from the Group’s enhanced control and influence over the management and operation of WuXi Vaccines as set out in the section headed “Reasons for and Benefits of the Acquisition”.

## **Conditions Precedent**

Completion is subject to the fulfillment (or, where applicable, waiver) of the following conditions:

- (i) the Equity Transfer Agreement and any documents relating to the Acquisition having been duly executed and become effective;
- (ii) the parties having obtained necessary authorizations and approvals in relation to the Acquisition (including, but not limited to, if applicable, the approvals from the board of directors and shareholders as well as the relevant stock exchanges) and such authorizations and approvals remaining valid;
- (iii) there being no material breach of any of the representations, warranties and undertakings by the parties under the Equity Transfer Agreement;
- (iv) there being no material adverse change in relation to WuXi Vaccines; and
- (v) there being no applicable laws or court orders currently in force that may substantially restrict or prohibit the Acquisition or otherwise have any material adverse impact on the Acquisition as at the date of Completion.

## **Completion**

Completion shall take place within ten business days after the date on which all the conditions precedent under the Equity Transfer Agreement are fulfilled (or where applicable, waived). The parties shall procure the fulfilment and completion of the applicable registrations, filings and procedures for obtaining the approvals from the relevant governmental authorities to implement Completion in accordance with the applicable laws and regulations.

Upon Completion, WuXi Vaccines will become a wholly-owned subsidiary of the Company and the financial results of WuXi Vaccines will continue to be consolidated into the financial statements of the Group.

# VALUATION

## Valuation Approach

Pursuant to the Valuation Report, the market approach was used by the Valuer in deriving the fair value of the entire equity interest of WuXi Vaccines as at the Benchmark Date. The Valuer has decided that the market approach should be the most appropriate valuation method having considered that it is based on genuine and more reliable market data obtained from the capital markets to form a more objective opinion of the underlying value, while the asset approach and the income approach may not be able to fully reflect the intrinsic value of WuXi Vaccines due to the difficulties in assessing the value of its intangible resources and quantifying the industrial experiences and future prospects of the businesses.

## Major Assumptions of the Valuation

The major assumptions of the Valuation include:

- there shall be no material changes in the legal, political, economic and social conditions in the localities where WuXi Vaccines currently operates or will operate in;
- there shall be no material changes to the relevant tax and credit policies, and the applicable corporate tax rates, interest rates, exchange rates and government fees rates in connection with the business operation of WuXi Vaccines shall remain steady;
- the management team of WuXi Vaccines is, and will continue to be responsible, stable and capable of fulfilling their duties;
- WuXi Vaccines has complied, and will continue to comply, with all applicable laws and regulations, and there shall be no material non-compliance that may adversely affect its development and business;
- the financial, business and other information provided for the purpose of the Valuation is true, accurate and complete;
- there shall be no other force majeure and unforeseeable factors which may cause material adverse effect to WuXi Vaccines;
- the accounting policy adopted by WuXi Vaccines shall remain substantially the same; and

- there shall be no material changes to the business scope, operating conditions and business model of WuXi Vaccines based on its current management method and standard, other than the impact due to any unforeseen changes to its future management, business strategies and business environment.

### **Selection Criteria and Market Comparable**

For purpose of the Valuation, the guideline public company method under the market approach has been adopted by the Valuer, which utilizes accessible information on publicly-listed comparable companies that are similar to the subject asset to arrive an indication of value.

This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the fair value of WuXi Vaccines. Accordingly, three public companies were identified and selected by the Valuer as the market comparable companies for the analysis with reference to the following selection criteria:

- companies which are publicly-listed and have been listed on the PRC A share market and the Hong Kong Stock Exchange for at least two years as of the Benchmark Date;
- companies which belong to the biopharmaceutical industry and principally engaged in the CDMO business;
- there has been no major incident or event, such as material asset restructuring, that may cause any unusual fluctuation to the stock price shortly before the Benchmark Date based on the publication of those companies;
- shares of those companies are normally traded in open market and there has been no suspension of trading or unusual trading condition shortly before the Benchmark Date; and
- companies of "special treatment" in the PRC stock market are excluded for reasons of their stock price volatility.

Under the guideline public company method, the valuation metrics adopted is price-to-book ratio ("**P/B Ratio**") because WuXi Vaccines engaged in assets-intensive business where its net asset value is more relevant and representative than revenue and profits. As the market comparable companies are all publicly-listed companies and WuXi Vaccines is not itself a publicly-listed company (but a non-wholly owned subsidiary of the Company), the Valuer has considered the factor of lack of liquidity that might affect the Valuation. With reference

to the discount for lack of marketability (“**DLOM**”) for different industries collected from various transaction information platforms, a DLOM of 38.1% for pharmaceutical and biological product manufacturing industry is adopted by the Valuer.

Further, in light of the difference between WuXi Vaccines and the market comparable companies, the Valuer has made further adjustment to the P/B Ratios with reference to a number of indicators, namely, operation indicator, repayment indicator, profitability indicator, growth indicator and size indicator. To determine the adjusted P/B Ratio, the Valuer multiplied the P/B Ratio of the market comparable companies by the overall adjustment coefficient using the formula as follows:

*Adjusted P/B ratio = P/B Ratio of the Comparable Companies X Overall Adjustment Coefficient*

After taking into account the above adjustment indicators, the Valuer adopted the mean of the adjusted P/B ratios of the market comparable companies of 1.12 for the Valuation. Based on the investigation and analysis conducted by the Valuer as set out above and in the Valuation Report, the Valuer is of the view that the fair value of the entire equity interest of WuXi Vaccines is US\$356,022,100 (equivalent to approximately HK\$2,776,972,380).

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

In light of the huge growth potential of WuXi Vaccines and the substantial unmet demands from the global healthcare community, the Group is committed to serving the worldwide clients of WuXi Vaccines to prevent the spread of infectious disease. The Acquisition will enable the Company to increase its shareholding interest in WuXi Vaccines to 100%, thereby enhancing and allowing the Company to have complete control and influence over the management and operation of WuXi Vaccines. The Company believes that the Acquisition not only will further streamline the corporate structure and increase the Company’s share of economic benefits generated by WuXi Vaccines, but also allow the Group to better implement operating philosophies and business strategies into WuXi Vaccines with an aim to improve its profitability and bring better returns to the Shareholders.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and that entering into the Equity Transfer Agreement is in the interest of the Company and its Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Equity Transfer Agreement or is required to abstain from voting on the Board resolutions for considering and approving the same pursuant to the articles of association of the Company.

## **INFORMATION ON THE PARTIES**

### **Information on the Group**

The Group is a global biologics CRDMO offering end-to-end solutions for biologics discovery, development and manufacturing to clients involving in biologics industry.

### **Information on the Seller**

The Seller is a company incorporated in the PRC with limited liability and has been listed on the Shanghai Stock Exchange (stock code: 603718) since 2015. It is primarily engaged in the development, production and sales of animal vaccine and has years of experience in vaccine development and manufacturing.

### **Information on WuXi Vaccines**

WuXi Vaccines is principally engaged in the provision of comprehensive end-to-end vaccine contract research, development and manufacturing organization services. As at the date of this announcement, WuXi Vaccines is a non-wholly owned subsidiary of the Company and is held as to 70% and 30% by the Company and the Seller, respectively.

Set out below is a summary of the key financial information of WuXi Vaccines for the two years ended December 31, 2023 which was prepared in accordance with the International Financial Reporting Standards:

	<b>For the year ended</b>	
	<b>December 31,</b>	
	<b>2022</b>	<b>2023</b>
	<b>(audited)</b>	<b>(audited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	1,052,502	<b>982,643</b>
Net profit before tax	43,425	<b>42,826</b>
Net profit after tax	32,098	<b>38,288</b>

As at June 30, 2024, the unaudited net asset value of WuXi Vaccines was approximately RMB2,065,789,000.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, the Seller is a substantial shareholder of WuXi Vaccines, and hence, a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 0.1% but all of them are less than 5%, the Equity Transfer Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

**As Completion is subject to the fulfilment (or where applicable, waiver) of the conditions precedent under the Equity Transfer Agreement, it may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the 30% of the equity interest in WuXi Vaccines by the Company from the Seller pursuant to the Equity Transfer Agreement
“Benchmark Date”	April 30, 2024, being the benchmark date used in the Valuation Report
“Board”	the board of Directors
“CDMO”	Contract Development and Manufacturing Organization
“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
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Equity Transfer Agreement



“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration payable by the Company to the Seller pursuant to the Equity Transfer Agreement, details of which are set out under the section “Consideration” in this announcement
“CRDMO”	Contract Research, Development and Manufacturing Organization
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement in relation to the Acquisition entered into between the Company and the Seller dated August 30, 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“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)
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“Seller” or “Hile Bio-Technology”	Shanghai Hile Bio-Technology Co., Ltd* (上海海利生物技术股份有限公司), a company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (stock code: 603718) in 2015
“Shareholder(s)”	shareholder(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“US\$”	United States dollars, the lawful currency of the United States of America
“Valuation”	the valuation of the entire equity interest of WuXi Vaccines as at the Benchmark Date prepared by the Valuer using the market approach
“Valuation Report”	the valuation report in respect of WuXi Vaccines prepared by the Valuer for the purpose of the Acquisition
“Valuer”	Jinzheng (Shanghai) Asset Valuation Company Limited* (金證(上海)資產評估有限公司), an independent and qualified professional valuer engaged for the Valuation
“WuXi Vaccines”	WuXi Vaccines (Cayman) Inc., a company incorporated in the Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company, which is owned as to 70% by the Company and 30% by the Seller as at the date of this announcement
“%”	per cent

*For the purpose of this announcement and for the purpose of illustration only, the exchange rate of US\$1.00 = HK\$7.80 has been used. Such exchange rate does not constitute a representation that any amount has been, could have been or may be exchanged at the above rate or at any other rates or at all.*

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

Hong Kong, August 30, 2024

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

\* *For identification purpose only*