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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
THE PAYLOAD-LINKERS MASTER SERVICES AGREEMENT**

THE PAYLOAD-LINKERS MASTER SERVICES AGREEMENT

Reference is made to the XDC Prospectus in relation to, among others, the Payload-Linkers Master Services Agreement dated November 3, 2023 for the provision of research, development and manufacturing services in relation to payload-linkers and supply of the related intermediate products to the XDC Group for use in its ADC CRDMO services.

As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of XDC were less than 10% for the period from December 14, 2020 (date of incorporation of XDC) to December 31, 2022, XDC was previously an insignificant subsidiary of the Company for the purpose of Rule 14A.09(1) of the Listing Rules. However, based on the annual results of the Company for the year ended December 31, 2023 published on March 26, 2024, the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of XDC exceeded 10% and accordingly, XDC has ceased to be an insignificant subsidiary of the Company. This announcement is therefore made pursuant to Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, STA Pharmaceutical holds approximately 33.40% of XDC and is a connected person of the Company at the subsidiary level. Accordingly, the Payload-Linkers Master Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Payload-Linkers Master Services Agreement is a transaction entered into between the Group and a connected person at the subsidiary level; (ii) the Payload-Linkers Master Services Agreement was entered into by and between the parties on normal commercial terms and in the ordinary and usual course of business of the Group; (iii) the Board (including all the independent non-executive Directors) has approved the Payload-Linkers Master Services Agreement and transactions contemplated thereunder, and confirmed that the terms of the Payload-Linkers Master Services Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole, the Payload-Linkers Master Services Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE PAYLOAD-LINKERS MASTER SERVICES AGREEMENT

Reference is made to the XDC Prospectus in relation to, among others, the Payload-Linkers Master Services Agreement dated November 3, 2023 for the provision of research, development and manufacturing services in relation to payload-linkers and supply of the related intermediate products to the XDC Group for use in its ADC CRDMO services.

As the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of XDC were less than 10% for the period from December 14, 2020 (date of incorporation of XDC) to December 31, 2022, XDC was previously an insignificant subsidiary of the Company for the purpose of Rule 14A.09(1) of the Listing Rules. However, based on the annual results of the Company for the year ended December 31, 2023 published on March 26, 2024, the relevant percentage ratios (as defined under Rule 14A.09 of the Listing Rules) in respect of XDC exceeded 10% and accordingly, XDC has ceased to be an insignificant subsidiary of the Company. This announcement is therefore made pursuant to Chapter 14A of the Listing Rules.

Term

The Payload-Linkers Master Services Agreement is effective from November 17, 2023 to December 31, 2025, and is renewable for a term of three years upon mutual consents and subject to the requirements under the Listing Rules and other applicable laws and regulations.

Pricing policy

The service fees charged to the XDC Group will be at rates no less favorable than the rates charged by the WXAT Group to independent third parties for comparable transactions, and will be determined by the parties through arm's length negotiation based on standard pricing schedule used by the WXAT Group for all its customers. When determining the prices set out in the standard pricing schedule, a number of factors that are relevant to the services provided are being taken into account including, but not limited to: (i) the nature, scale, frequency and value of the relevant research and development and manufacturing services; (ii) the complexity of tasks completed at each stage under each work order; (iii) the resources spent on providing specific services; and (iv) the fees charged for historical transactions of similar nature and the then prevailing market rates. The pricing policy for the Payload-Linkers Master Services Agreement will continue to be supervised and monitored by the management and the relevant personnel of the XDC Group to ensure the transactions contemplated thereunder are conducted on normal commercial terms and will be in the interests of the Company and its shareholders as a whole.

Historical transaction amounts

For each of the three years ending December 31, 2021, 2022 and 2023, the total amount incurred by the XDC Group for the Payload-linkers Services was RMB21.9 million, RMB132.9 million and RMB148.1 million, respectively.

Annual caps

For each of the two years ending December 31, 2024 and 2025, the total amount payable by the XDC Group under the Payload-Linkers Master Services Agreement shall not exceed RMB182.0 million and RMB168.0 million, respectively.

The above proposed annual caps are determined based on the following factors: (i) the historical transaction amounts paid by the XDC Group to the WXAT Group for the Payload-linkers Services; (ii) the historical and anticipated growth of the global ADC market; (iii) the expected increase in XDC's manufacturing capacity in relation to payload-linkers; and (iv) the amount of payload-linkers that may be sourced by XDC and/or its clients/partners from independent third party suppliers.

REASONS FOR AND BENEFITS OF THE PAYLOAD-LINKERS MASTER SERVICES AGREEMENT

The demand from the clients/partners of the XDC Group for ADC CRDMO services is expected to grow continuously going forward, and further new contracts for its CRDMO services will be entered into by the XDC Group with its existing and new clients/partners. The Company believes the Payload-linkers Master Services Agreement is desirable and better serves the interests of the XDC Group to ensure a stable, uninterrupted and trusted source of supply of payload-linkers.

INFORMATION OF THE PARTIES

The Group is a global biologics CRDMO offering end-to-end solutions for biologics discovery, development and manufacturing. WXAT is a global pharmaceutical research and development services platform engaged in the business of discovery, development and manufacturing of innovative pharmaceuticals.

As at the date of this announcement, XDC is owned as to 50.10% and 33.40% by the Company and STA Pharmaceutical, respectively. The XDC Group is a CRDMO focused on the global ADC and broader bioconjugate market and dedicated to providing integrated and comprehensive services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, STA Pharmaceutical holds approximately 33.40% of XDC and is a connected person of the Company at the subsidiary level. Accordingly, the Payload-Linkers Master Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Payload-Linkers Master Services Agreement is a transaction entered into between the Group and a connected person at the subsidiary level; (ii) the Payload-Linkers Master Services Agreement was entered into by and between the parties on normal commercial terms and in the ordinary and usual course of business of the Group; (iii) the Board (including all the independent non-executive Directors) has approved the Payload-Linkers Master Services Agreement and transactions contemplated thereunder, and confirmed that the terms of the Payload-Linkers Master Services Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole, the Payload-Linkers Master Services Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. Zhisheng Chen and Dr. Weichang Zhou, who are directors of the Company and XDC, have abstained from voting on the relevant Board resolutions approving the Payload-Linkers Master Services Agreement. Save as disclosed above, none of the other Directors has, or is considered to have, any material interests in the transactions contemplated under the Payload-Linkers Master Services Agreement.

DEFINITIONS

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

“ADC”	antibody-drug conjugate
“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
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“CRDMO”	Contract Research, Development and Manufacturing Organization
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“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
“Payload-Linkers Master Services Agreement”	the payload-linkers master services framework agreement entered into between XDC and WXAT on November 3, 2023, pursuant to which the XDC Group has engaged the WXAT Group to provide research and development and manufacturing services in relation to payload-linkers and supply the related intermediate products to the XDC Group for use in its ADC CRDMO services

“Payload-Linkers Services”	the provision of research and development and manufacturing services in relation to payload-linkers and supply of the related intermediate products by the WXAT Group to the XDC Group for use in its ADC CRDMO services
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“STA Pharmaceutical”	STA Pharmaceutical Hong Kong Investment Limited, a limited liability company incorporated in Hong Kong on November 30, 2020, a controlling shareholder of XDC and a non-wholly owned subsidiary of WXAT as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“WXAT”	WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), a joint stock company incorporated with limited liability in the People’s Republic of China on December 1, 2000 and the shares of which are listed on Shanghai Stock Exchange (stock code: 603259) and the Main Board of the Stock Exchange (stock code: 2359), is a global pharmaceutical research and development services platform engaged in the business of discovery, development and manufacturing of innovative pharmaceuticals and an associate of a connected person of the Company at the subsidiary level as at the date of this announcement
“WXAT Group”	WXAT and its subsidiaries
“XDC”	WuXi XDC Cayman Inc. (藥明合聯生物技術有限公司*), an exempted company incorporated under the laws of the Cayman Islands with limited liability on December 14, 2020, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2268) and a non-wholly owned subsidiary of the Company as at the date of this announcement
“XDC Group”	XDC and its subsidiaries

“XDC Prospectus”

the prospectus issued by XDC dated November 7, 2023

“%”

per cent.

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

Hong Kong, March 31, 2024

As at the date of this announcement, the board of directors of the Company 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*