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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 TRANSACTION

**AMENDMENT TO AND RENEWAL OF TESTING SERVICE
FRAMEWORK AGREEMENT
AND
REVISION TO ANNUAL CAPS**

**AMENDMENT TO AND RENEWAL OF TESTING SERVICE FRAMEWORK
AGREEMENT**

Reference is made to the Prospectus in which the Company disclosed the Testing Service Framework Agreement entered into between the Company and WuXi AppTec in relation to the provision of certain testing services.

On November 23, 2018, the Company and WuXi AppTec entered into a supplemental agreement to amend the Testing Service Framework Agreement such that the Testing Service Framework Agreement will be renewed for a new term of three years from January 1, 2018 to December 31, 2020.

REVISION TO ANNUAL CAPS

For the purpose of compliance with the Listing Rules, the New Annual Caps have been set for each of the three financial years ending December 31, 2018, December 31, 2019 and December 31, 2020, respectively.

The New Annual Caps were estimated based on the following factors: (i) the expanded testing service capacity of WXAT Group following the establishment of its new facilities in 2019; (ii) the historical transaction amounts paid by the Group to WXAT Group for the testing services; and (iii) the expected need of the Group for testing services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Founding Individuals, who are the controlling shareholders of the Company, control over 30% of voting power in WuXi AppTec. Accordingly, WuXi AppTec and its subsidiaries are regarded as associates of the Founding Individuals and hence connected persons of the Company under the Listing Rules. Therefore, the amended and renewed Testing Service Framework Agreement and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transactions and the New Annual Caps are more than 0.1% but less than 5%, the Transactions and the New Annual Caps are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the Prospectus in which the Company disclosed the Testing Service Framework Agreement entered into between the Company and WuXi AppTec in relation to the provision of certain testing services.

On November 23, 2018, the Company and WuXi AppTec entered into a supplemental agreement to amend the Testing Service Framework Agreement such that the Testing Service Framework Agreement will be renewed for a new term of three years from January 1, 2018 to December 31, 2020. Save for the amendment of the term as mentioned above, all other terms and conditions of the Testing Service Framework Agreement shall remain in full force and effect.

PRICING POLICY

The testing services fee charged by WXAT Group will be determined based on the price charged to other customers of WuXi AppTec for providing similar services with reference to the nature and value of the relevant testing services. The Group may directly pass on the cost of the testing services to its customers and in certain cases with a 10% premium.

REVISION TO ANNUAL CAPS

For the purpose of compliance with the Listing Rules, the New Annual Caps have been set for each of the three financial years ending December 31, 2018, December 31, 2019 and December 31, 2020, respectively. Details of the Original Annual Caps and the New Annual Caps are set out as follows:

	For financial year ended/ending December 31,			
	2017	2018	2019	2020
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Original Annual Caps	17.6	17.6	17.6	N/A
New Annual Caps	N/A	9.0	34.1	31.1
		(for the six months from July 1, 2018 to December 31, 2018)		

For the year ended December 31, 2017 and the six months ended June 30, 2018, the total amounts paid by the Company to WuXi AppTec for the testing services provided were RMB16.1 million and nil, respectively. No testing services were provided pursuant to the Testing Service Framework Agreement during the six months ended June 30, 2018 for the main reason that the testing service capacity of WXAT Group was unable to address the demand of all of its customers at that period of time.

The New Annual Caps were estimated based on the following factors: (i) the expanded testing service capacity of WXAT Group following the establishment of its new facilities in 2019; (ii) the historical transaction amounts paid by the Group to WXAT Group for the testing services; and (iii) the expected need of the Group for testing services.

REASONS FOR AND BENEFITS OF THE AMENDMENT TO AND RENEWAL OF THE TESTING SERVICE FRAMEWORK AGREEMENT

In provision of the biologics services by the Group to its customers, certain steps in some of its projects require testing procedures. As the testing procedures are sophisticated, WuXi AppTec is among a handful of laboratories which possess the technical skills to perform such testing services. Also, the Company believes that WuXi AppTec is in the best position to provide better services at the market rate as a result of their close proximity and constant interaction. The Board believes that the amendment to and renewal of the Testing Service Framework Agreement and the Transactions will ensure a steady and reliable supply of testing services which are required in the ordinary and usual course of business of the Group.

In light of the above, the Directors (including the independent non-executive Directors) consider that (1) the amended and renewed Testing Service Framework Agreement and the Transactions have been entered into in the ordinary and usual course of business of the Group; (2) their terms were negotiated on an arm's length basis, on normal commercial terms which are fair and reasonable; and (3) the amended and renewed Testing Service Framework Agreement, the Transactions and the New Annual Caps are in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP AND WXAT GROUP

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.

WXAT Group

WuXi AppTec is a PRC incorporated company listed on the Shanghai Stock Exchange (Stock code: 603259). WXAT Group is primarily engaged in providing comprehensive and integrated research and manufacturing services throughout the discovery, development and manufacturing spectrum for small molecule drugs. It is regarded as an associate of the Founding Individuals and hence a connected person of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Founding Individuals, who are controlling shareholders of the Company, control over 30% of voting power in WuXi AppTec. Accordingly, WuXi AppTec and its subsidiaries are regarded as associates of the Founding Individuals and hence connected persons of the Company under the Listing Rules. Therefore, the amended and renewed Testing Service Framework Agreement and the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Transactions and the New Annual Caps are more than 0.1% but less than 5%, the amended and renewed Testing Service Framework Agreement, the Transactions and the New Annual Caps are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD APPROVAL

As at the date of this announcement, Dr. Ge Li, Mr. Edward Hu and Mr. Yibing Wu, by virtue of being directors of WuXi AppTec, have material interests in the amended and renewed Testing Service Framework Agreement and the Transactions, and have abstained from voting on the Board resolutions approving the amendment to and renewal of the Testing Service Framework Agreement, the Transactions and the New Annual Caps.

Save as disclosed above, none of the Directors has a material interest in the amended and renewed Testing Service Framework Agreement, the Transactions and the New Annual Caps, or is otherwise required abstain from voting on the Board resolutions approving the amendment to and renewal of the Testing Service Framework Agreement, the Transactions and the New Annual Caps.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company

“Company”	WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司*), a company incorporated in the 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
“Director(s)”	director(s) of the Company
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Annual Caps”	the revised annual caps in respect of the amounts paid or payable by the Group under the amended and renewed Testing Service Framework Agreement for the three financial years ending December 31, 2018, December 31, 2019 and December 31, 2020, respectively
“Original Annual Caps”	the annual caps in respect of the amounts paid or payable by the Group under the Testing Service Framework Agreement for the three financial years ended/ending December 31, 2017, December 31, 2018 and December 31, 2019, respectively as disclosed in the Prospectus
“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)
“Prospectus”	the prospectus issued by the Company dated May 31, 2017 in relation to the listing of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited on June 13, 2017
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of US\$0.000025 each

“Shareholder(s)”	holder(s) of Share(s)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Testing Service Framework Agreement”	the testing service framework agreement dated May 17, 2017 entered into between the Company and WuXi AppTec pursuant to which WXAT Group agreed to provide certain testing services to the Group as disclosed in the Prospectus
“Transactions”	all transactions and arrangements between members of the Group and WXAT Group in relation to the testing services to be provided by members of WXAT Group to members of the Group as contemplated under the amended and renewed Testing Service Framework Agreement
“WuXi AppTec”	WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司), a company of which its predecessor was established in the PRC on December 1, 2000 and the shares of which are listed on Shanghai Stock Exchange (Stock code: 603259), in which the Founding Individuals control over 30% of its voting power
“WXAT Group”	WuXi AppTec and its subsidiaries from time to time
“%”	per cent.

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

Hong Kong, November 23, 2018

As at 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*