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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF FACILITY ASSETS OF
A BIOLOGICS DRUG PRODUCT
MANUFACTURING PLANT**

The Board is pleased to announce that on January 16, 2020 (January 15, 2020 Pacific Standard Time), WuXi Biologics Germany, an indirect wholly owned subsidiary of the Company, has entered into an Asset Purchase Agreement with Bayer, pursuant to which WuXi Biologics Germany will purchase from Bayer the Facility Assets of the biologics drug product cGMP fill and finish Manufacturing Plant located in Leverkusen, Germany, so as to continue the Group's capacity expansion to further capture the growing global demand for biologics manufacturing. To ensure the smooth operation of the Manufacturing Plant after the Acquisition, WuXi Biologics Germany has also entered into the Sublease Agreement and the Transitional Service Agreement with Bayer in relation to a long-term sublease for the building housing the Manufacturing Plant and certain related transitional services, respectively.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) for the Transaction is more than 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on January 16, 2020 (January 15, 2020 Pacific Standard Time), WuXi Biologics Germany, an indirect wholly owned subsidiary of the Company, has entered into an Asset Purchase Agreement with Bayer, pursuant to which WuXi Biologics Germany will purchase from Bayer the Facility Assets of the biologics drug product cGMP fill and finish Manufacturing Plant located in Leverkusen, Germany, so as to continue the Group's capacity expansion to further capture the growing global demand for biologics manufacturing. To ensure the smooth operation of the Manufacturing Plant after the Acquisition, WuXi Biologics Germany has also entered into the Sublease Agreement and the Transitional Service Agreement with Bayer in relation to a long-term sublease for the building housing the Manufacturing Plant and certain related transitional services, respectively.

THE ASSET PURCHASE AGREEMENT

Parties

- (1) WuXi Biologics Germany, as purchaser
- (2) WuXi Biologics Ireland, as guarantor
- (3) Bayer, as seller

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Bayer and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter

WuXi Biologics Germany will purchase from Bayer the Facility Assets of the biologics drug product cGMP fill and finish Manufacturing Plant located in Leverkusen, Germany, the ownership and possession of which will be transferred from Bayer to WuXi Biologics Germany at Completion.

Consideration

The total consideration for the Acquisition under the Asset Purchase Agreement shall be paid by WuXi Biologics Germany to Bayer in cash at Completion. The consideration was determined after arm's length negotiations between the parties with reference to, among other things, the prevailing market prices of the equipment and assets which form part of the Facility Assets, the expected value to be generated by the Facility Assets, the due diligence and analysis of the Facility Assets conducted by WuXi Biologics Germany and the reasons and benefits detailed in the below paragraph headed "Reasons for and Benefits of the Transaction". The consideration to be paid by WuXi Biologics Germany will be funded by the Group's internal financial resources.

Conditions Precedent

Completion is conditional on the fulfillment (or, where applicable, waiver) of certain conditions precedent under the Asset Purchase Agreement which include, but not limited to:

- (1) there being no restriction or prohibition imposed by the relevant governmental authorities on the Acquisition under the applicable anti-trust and foreign trade laws; and
- (2) the execution of certain service and supply agreements related to the operation of the Manufacturing Plant between WuXi Biologics Germany and third party suppliers.

Completion

Completion shall take place on the first business day following the month in which the conditions precedent are fulfilled (or otherwise waived), provided that it shall be no earlier than March 2, 2020, unless otherwise notified by WuXi Biologics Germany to Bayer.

Seller's Guarantees

Under the Asset Purchase Agreement, Bayer has provided certain guarantees as to, among other things, its rights to enter into the Asset Purchase Agreement, its valid legal title to the Facility Assets and related permits and intellectual property rights, its compliance with the applicable laws in relation to the operation of the Manufacturing Plant and there are no material litigation or disputes that limit its ability to operate the Manufacturing Plant in the ordinary course of business.

THE SUBLEASE AGREEMENT

Parties

- (1) ZBRE, as lessor
- (2) Bayer, as sublessor
- (3) WuXi Biologics Germany, as sublessee

Subject Matter

In conjunction with the Asset Purchase Agreement, WuXi Biologics Germany has obtained from Bayer a sublease in respect of the area in building D201 used for the Manufacturing Plant and the associated storage and administration area, which together amounts to approximately 8,768 sq.m. of gross floor area.

The Sublease Agreement is for an initial term of 10 years commencing on the date of the actual handover of the Subleased Property to WuXi Biologics Germany, which is expected to take place on the Completion Date. WuXi Biologics Germany may extend the term of the sublease twice for a period of five years each by giving 24 months' advance written notice to Bayer before the expiry of the term of the sublease.

THE TRANSITIONAL SERVICE AGREEMENT

Parties

- (1) Bayer, as service provider
- (2) WuXi Biologics Germany, as service user

Subject Matter

For the purpose of smooth transition of operations, Bayer has agreed to provide WuXi Biologics Germany certain transitional services related to the Manufacturing Plant from Completion in accordance with the Transitional Service Agreement, and such services include training support, documentation and knowledge support, organization and operations support, ramp-up preparation support, external service provider support and support in obtaining manufacturing authorization and the necessary permits under applicable laws.

The Transitional Service Agreement is for an initial term of six months from the Completion Date, and WuXi Biologics Germany may extend such term once for a period of three months.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board considers that the Group will obtain access to high quality biologics drug product manufacturing capabilities for the purpose of continuing to support its recent robust growth in both the PRC and abroad. The Transaction is in line with the Company's overall development plan to further expand and diversify the Group's manufacturing capacity and provide its global partners with a quality supply chain network to benefit patients worldwide through its "Global Dual Sourcing Within WuXi Bio" strategy.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Transaction are under normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

Information on 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 the biologics industry in both the PRC and other overseas countries.

Information on Bayer

Bayer is a global enterprise with core competencies in the life science fields of health care and nutrition. Its products and services are designed to benefit people by supporting efforts to overcome the major challenges presented by a growing and aging global population.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) for the Transaction is more than 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Facility Assets of the Manufacturing Plant by WuXi Biologics Germany from Bayer under the Asset Purchase Agreement
“Asset Purchase Agreement”	the asset purchase agreement dated January 15, 2020 between WuXi Biologics Germany, WuXi Biologics Ireland and Bayer in relation to the Acquisition
“Bayer”	Bayer Aktiengesellschaft, a publicly limited company incorporated in Germany
“Board”	the board of directors of the Company from time to time
“cGMP”	Current Good Manufacturing Practice
“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
“Completion”	the completion of the transfer of the Facility Assets from Bayer to WuXi Biologics Germany in accordance with the Asset Purchase Agreement
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company or any one of them

“Facility Assets”	(i) the equipment, electric and IT hardware, clean rooms, mixing vessels, hose lines, piping hardware, heating, ventilation and air condition assets, storage equipment and uninterruptible power supply hardware of the Manufacturing Plant; (ii) the technical documentation and operation manuals related to the Manufacturing Plant; and (iii) the software rights related to the operation of the Manufacturing Plant. For the avoidance of doubt, the Facility Assets do not include the Subleased Property
“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
“Manufacturing Plant”	a sterile filling and freeze drying plant owned by Bayer for biologics drug product cGMP fill and finish manufacturing located in building D201 in a chemical park in Leverkusen, Germany as at the date of this announcement
“PRC”	the People’s Republic of China which for the purpose of this announcement, does not include Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“sq. m.”	square meters
“Sublease Agreement”	the sublease agreement dated January 15, 2020 between WuXi Biologics Germany, Bayer and ZBRE in relation to the sublease of the Subleased Property by Bayer to WuXi Biologics Germany
“Subleased Property”	the area in building D201 used for the Manufacturing Plant and the associated storage and administration area which together amounts to approximately 8,768 sq.m. of gross floor area
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Transaction”	the transactions contemplated under the Asset Purchase Agreement, the Sublease Agreement and the Transitional Service Agreement
“Transitional Service Agreement”	the transitional service agreement dated January 15, 2020 between WuXi Biologics Germany and Bayer in relation to the provision of certain transitional services of the Manufacturing Plant
“WuXi Biologics Germany”	WuXi Biologics Germany GmbH, a limited company incorporated in Germany and an indirect wholly owned subsidiary of the Company
“WuXi Biologics Ireland”	WuXi Biologics Ireland Limited, a limited company incorporated in Ireland and an indirect wholly owned subsidiary of the Company
“ZBRE”	Zweite Bayer Real Estate VV GmbH & Co. KG, a limited partnership incorporated in Germany and a subsidiary of Bayer
“%”	per cent

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

Hong Kong, January 16, 2020

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*