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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 in the People's Republic of China with limited liability)
(Stock Code: 2359)

PLACING OF NEW H SHARES UNDER SPECIFIC MANDATE

Placing Agents

Morgan Stanley



**Goldman
Sachs**

J.P.Morgan

The Board is pleased to announce that on July 29, 2020 (before trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which, the Company has agreed to appoint the Placing Agents, and the Placing Agents have severally (but not jointly nor jointly and severally) agreed to act as the agents of the Company and to use their best efforts to procure the Placees to subscribe for a total of 68,205,400 new H Shares at the Placing Price per Placing Share upon the terms and subject to the conditions set out in the Placing Agreement.

The number of Placing Shares represents: (a) approximately 28.57% and 2.95% of the total existing issued H Shares and the total existing issued Shares, respectively, as at the date of this announcement; and (b) approximately 22.22% and 2.87% of the total issued H Shares and the total issued Shares, respectively, as enlarged by the issuance of the Placing Shares immediately after the Completion (assuming all the Placing Shares are subscribed for in full and there will be no change in the total number of Shares in issue from the date of this announcement to the Completion other than the issuance by the Company of the Placing Shares).

The Placing Shares are expected to be placed to no less than six independent Placees who shall be professional, institutional and other investors that are, together with their ultimate beneficial owners, third parties independent of, and not connected with, the Company and the connected persons of the Company.

The Placing Shares will be issued under the Specific Mandate. The Placing is not subject to any further approval of the Shareholders.

Application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

As Completion of the Placing is subject to the satisfaction of the Conditions and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

THE PLACING

References are made to the (i) announcement of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) dated March 24, 2020; (ii) circular of the Company dated March 31, 2020 (the “**Circular**”); (iii) poll results announcement of the Company dated May 15, 2020 (the “**Poll Results Announcement**”); and (iv) announcement of the Company dated May 29, 2020 in relation to, among other things, the Proposed Issuance of H Shares under the Specific Mandate. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that on July 29, 2020 (before trading hours), the Company entered into a placing agreement (the “**Placing Agreement**”) with Morgan Stanley & Co. International Plc, Huatai Financial Holdings (Hong Kong) Limited, Goldman Sachs (Asia) L.L.C. and J.P. Morgan Securities Plc (together as the “**Placing Agents**”), pursuant to which, the Company has agreed to appoint the Placing Agents, and the Placing Agents have severally (but not jointly nor jointly and severally) agreed to act as the agents of the Company and to use their best efforts to procure certain placees (the “**Placees**”) to subscribe for a total of 68,205,400 new H Shares (the “**Placing Shares**”) at HK\$108.0 (the “**Placing Price**”) per Placing Share to be issued by the Company under the Specific Mandate upon the terms and subject to the conditions set out in the Placing Agreement (the “**Placing**”).

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are set out below.

(a) Date

July 29, 2020 (before trading hours)

(b) Parties

Issuer: The Company

Placing Agents: (1) Morgan Stanley & Co. International Plc;
(2) Huatai Financial Holdings (Hong Kong) Limited;
(3) Goldman Sachs (Asia) L.L.C.; and
(4) J.P. Morgan Securities Plc

(c) The Placing Agents

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agents and their respective ultimate beneficial owner(s) are third parties independent of, and not connected with, the Company and the connected persons of the Company.

(d) Number of the Placing Shares

The Placing Agents have severally (but not jointly nor jointly and severally) agreed to act as agents of the Company to use their best efforts to procure the Placees to subscribe for 68,205,400 new H Shares at the Placing Price (together with such brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee to the extent payable by the Placees), upon the terms and subject to the conditions set out in the Placing Agreement.

The number of Placing Shares represents: (a) approximately 28.57% and 2.95% of the total existing issued H Shares and the total existing issued Shares, respectively, as at the date of this announcement; and (b) approximately 22.22% and 2.87% of the total issued H Shares and the total issued Shares, respectively, as enlarged by the issuance of the Placing Shares immediately after the completion of the Placing pursuant to the Placing Agreement (the “**Completion**”) (assuming all the Placing Shares are subscribed for in full and there will be no change in the total number of Shares in issue from the date of this announcement to the Completion other than the issuance by the Company of the Placing Shares).

Based on the nominal value of RMB1.00 per Placing Share, the aggregate nominal value of the 68,205,400 Placing Shares will be RMB68,205,400.

(e) Rights of the Placing Shares

The Placing Shares will, on issuance, be free from all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of issuance of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issuance of the Placing Shares. The Placing Shares will rank *pari passu* with the other existing H Shares upon issuance.

(f) Placees

The Placing Shares are expected to be placed to no less than six independent Placees who shall be professional, institutional and other investors that are, together with their respective ultimate beneficial owners, third parties independent of, and not connected with, the Company and the connected persons of the Company.

Immediately after the Completion, it is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company.

(g) Placing Price

The Placing Price is HK\$108.0 per Placing Share and represents:

- (i) a discount of approximately 5.2% to the closing price of HK\$113.90 per H Share as quoted on the Stock Exchange on July 28, 2020, being the last trading day immediately prior to the date of the Placing Agreement;
- (ii) a discount of approximately 5.4% to the average closing price of HK\$114.22 per H Share as quoted on the Stock Exchange for the five consecutive trading days of the H Shares immediately prior to the date of the Placing Agreement; and
- (iii) a discount of approximately 4.6% to the average closing price of HK\$113.24 per H Share as quoted on the Stock Exchange for the ten consecutive trading days of the H Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined through order and book building process by the Board and arm's length negotiations between the Company and the Placing Agents with reference to the prevailing market price of the H Shares, the interests of the existing Shareholders, investors' capabilities and the potential issuance risks, as well as the market practice and applicable regulatory requirements, and with reference to the capital market conditions and the valuations of comparable companies at the time when the Company issues the Placing Shares.

The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

(h) Conditions of the Placing

Completion of the Placing is conditional upon the satisfaction of the following conditions (the "**Conditions**"):

- (a) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares);
- (b) the approvals issued by the relevant PRC government body (including but not limited to the CSRC) in connection with the Placing remaining in full force and effect on the Closing Date (as defined below); and
- (c) the respective Placing Agents having received copies of all necessary PRC, Hong Kong and U.S. legal opinions from the respective legal advisers of the Company and the Placing Agents.

Application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

The Company has obtained the necessary PRC regulatory approval for the Placing, being the approval from the CSRC.

(i) Termination

The Placing Agents may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which may be given at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date (as defined below), upon the occurrence of events including but not limited to:

- (a) there develops, occurs or comes into force circumstances such as:
 - (i) any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority which in the sole opinion of the Placing Agents is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (ii) any event, or series of events beyond the reasonable control of the Placing Agents (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak or escalation of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong, the People's Republic of China, the United Kingdom, the European Union (or any member thereof) or the United States, or the declaration by Hong Kong, the People's Republic of China, the United Kingdom, the European Union (or any member thereof) or the United States of war or a state of emergency or calamity or crisis;
- (b) any breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement (or, in the case of any such representations, warranties and undertakings which are not qualified by materiality, any breach of any of such representations, warranties and undertakings in any material respect); (ii) any event occurs or any matter arises on or after the date hereof and prior to the completion of the Placing on the Closing Date which if it had occurred or arisen before the date hereof would have rendered any of the representations, warranties and undertakings set out in Placing Agreement untrue or incorrect; or (iii) there has been a breach of, or failure to perform, any other provision of the Placing Agreement in any material respect on the part of the Company; or

- (c) there is any change, or any development involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing Agreement) as a whole which in the sole opinion of the Placing Agents is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith.

(j) Completion of the Placing

Completion of the Placing shall take place on the business day, being any day (excluding a Saturday, Sunday and public holidays in Hong Kong) on which licensed banks are generally open for business in Hong Kong and the Hong Kong Stock Exchange is generally open for trading of securities in Hong Kong, after the date on which the Conditions are fulfilled but in any event no later than 14 days before the end of the validity period of the Specific Mandate, or such other date as the Company and the Placing Agents may agree in writing (the “**Closing Date**”).

LOCK-UP UNDERTAKING

The Company has undertaken to the Placing Agents that for a period from the date of the Placing Agreement up to three months after the Closing Date (as defined below), neither the Company nor any person acting on its behalf will:

- (a) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares; or
- (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above; or
- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above without first having obtained the written consent of the Placing Agents,

provided that, for the avoidance of doubt, this undertaking shall not restrict (i) the allotment and issuance of Placing Shares, (ii) the allotment and issuance of Shares pursuant to (a) the terms of any employee share award or share option scheme of the Company that have been or will be established from time to time or (b) any outstanding subscription warrants or (c) share splits, bonus or scrip dividends, or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with

the Company's articles of association or (d) conversion of outstanding convertible bonds and issuance of H Shares pursuant to the Bonds (as defined below), and (iii) the allotment and issuance of A Shares pursuant to the proposed non-public issuance of not more than 105,000,000 A Shares by the Company to specific subscribers, as approved by the Shareholders at the AGM held on May 15, 2020.

SPECIFIC MANDATE TO ISSUE THE PLACING SHARES

As disclosed in the Circular and Poll Results Announcement, the grant of the Specific Mandate was approved by the Shareholders at the AGM and class meetings of the Company held on May 15, 2020.

As at the date of this announcement, the number of new H Shares that can be issued by the Company under the Specific Mandate is 95,487,500 H Shares. Up to the date of this announcement, no H Shares have been issued by the Company under the Specific Mandate. The Placing Shares will be issued pursuant to the Specific Mandate. The issuance of the Placing Shares will utilize approximately 71.43% of the Specific Mandate. As such, the Placing is not subject to any further approval of the Shareholders.

REASONS FOR THE PLACING

The Board and senior management of the Company consider that the Placing is highly beneficial to the Company for the following reasons:

- (a) It will broaden the Company's H Shares Shareholder base and profile, thereby enhancing its access to international investors of strategic value by allowing it to further leverage on the Hong Kong Stock Exchange's H share trading platform;
- (b) The proceeds from the Placing will provide readily available funding for the Company to seize large transient opportunities for securing acquisition of suitable overseas target companies in the businesses of CDMO, clinical CRO and pre-clinical CRO and drug discovery with valuation of approximately US\$500 million or above and over 10 years of operating history and 1,000 employees, which could potentially provide effective synergy with its service platform and support for the growth of the Group's healthcare ecosystem;
- (c) By expanding its global capacity and capabilities amidst the industry trend of localization and in response to the recent policy trend and legislation initiatives of the U.S. in increasing domestic pharmaceutical manufacturing activities as a result of the COVID-19 pandemic, the Company will become more resilient to the localization trend and related risks that may affect the global supply chain;

- (d) It will allow the Company to expand its CMO/CDMO capacity in the PRC, thereby enabling the Company to capture the market opportunities and consolidate its existing market share in the PRC; and
- (e) By applying a portion of the net proceeds to repay part of its existing indebtedness to reduce the interest on the borrowings, the Company will lower its level of indebtedness and optimize its financing structure.

Please refer to the Circular for further details of the reasons for the Placing.

USE OF PROCEEDS

Assuming that all Placing Shares are subscribed for in full, the aggregate gross proceeds from the Placing are expected to be approximately HK\$7.37 billion.

The net proceeds from the Placing, after deducting relevant costs and expenses, commission and levies, are expected to be approximately HK\$7.29 billion (on this basis the net price per Placing Share will be approximately HK\$106.95), and will be utilized in the following manner:

- (a) approximately 35.0% will be used for mergers and acquisitions including, but not limited to, expansion of the Group's presence in the US, Europe and Asia Pacific;
- (b) approximately 20.0% will be used for expansion of the Group's overseas operation;
- (c) approximately 15.0% will be used for construction of Changshu R&D Integrated Project;
- (d) approximately 10.0% will be used for repaying bank loans and other borrowings, the details of which are disclosed under the paragraph headed "Reasons for the Proposed Issuance of H Shares — (v) Optimization of financing structure" in the Circular; and
- (e) the remainder shall be used to replenish the working capital of the Company.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that all Placing Shares are subscribed for in full, and there is no other change in the share capital of the Company immediately prior to the Completion, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion are set out as follows:

Shareholder	Class of Shares	As at the date of this announcement		Immediately after the Completion	
		Number of Shares	Approximate percentage of the total issued share capital (%)	Number of Shares	Approximate percentage of the total issued share capital (%)
The Founding Individuals	A	633,784,587	27.42%	633,784,587	26.63%
Sub total		<u>633,784,587</u>	<u>27.42%</u>	<u>633,784,587</u>	<u>26.63%</u>
The Placees	H	—	—	68,205,400	2.87%
Other Public Shareholders	A	1,439,073,572	62.26%	1,439,073,572	60.47%
	H	238,718,984	10.33%	238,718,984	10.03%
Sub total		<u>1,677,792,556</u>	<u>72.58%</u>	<u>1,745,997,956</u>	<u>73.37%</u>
Total		<u>2,311,577,143</u>	<u>100.00%</u>	<u>2,379,782,543</u>	<u>100.00%</u>

Note:

The approximate percentages of the total issued share capital are rounded to the nearest two decimal places and may not add up to 100% due to rounding.

PROCEEDS RAISED OVER THE PAST 12 MONTHS

Save and except for the fund raising activity mentioned below, the Company did not conduct any fund raising activities during the 12 months immediately preceding the date of this announcement.

(a) Fund raising activity

On September 17, 2019, the Company issued US\$300 million zero coupon convertible bonds due 2024 (the “**Bonds**”) convertible at the option of the holders thereof into fully paid ordinary H Shares of the Company of nominal value RMB1.00 each at the initial conversion price of HK\$111.80 per H Share (the “**Conversion Price**”). The Conversion Price has been adjusted subsequently pursuant to the 2019 Profit Distribution Plan to HK\$79.85 per H Share. For further details in relation to the Bonds, please refer to the relevant announcements of the Company dated September 3, 2019, September 4, 2019, September 5, 2019, September 17, 2019 and June 3, 2020.

(b) Use of proceeds raised from the Bonds

The net proceeds raised from the Bonds, after the deduction of fees, commissions and expenses payable, were approximately US\$294 million (or approximately RMB2,079.5 million based on an exchange rate on the Issue Date, being September 17, 2019). The Company intends to use the proceeds for, among others, (i) mergers and acquisitions, and business expansion, and (ii) working capital and general corporate purposes.

As at June 30, 2020, the actual application of the net proceeds raised from the Bonds is as follows:

Use of proceeds	Percentage of net proceeds from the subscription of the Bonds %	Balance of utilized amount as at June 30, 2020 (RMB million)	Balance of unutilized amount as at June 30, 2020 (RMB million)	Expected timeline for utilizing the remaining balance of net proceeds from the subscription of the Bonds
Mergers and acquisitions and business expansion	74.40%	1,547.1	—	Have been fully utilized as at June 30, 2020
Working capital and general corporate purposes	25.60%	532.3	—	Have been fully utilized as at June 30, 2020
Total	100.00%	2,079.5	—	

Note:

Certain amounts set out in the table above have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As Completion of the Placing is subject to the satisfaction of the Conditions and the Placing Agents' termination rights, the Placing may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By order of the Board
WuXi AppTec Co., Ltd.*
Dr. Ge Li
Chairman

Hong Kong, July 29, 2020

As of the date of this announcement, the Board of the Company comprises Dr. Ge Li, Mr. Edward Hu, Dr. Steve Qing Yang, Mr. Zhaohui Zhang and Dr. Ning Zhao as executive Directors, Mr. Xiaomeng Tong and Dr. Yibing Wu as non-executive Directors and Dr. Jiangnan Cai, Ms. Yan Liu, Mr. Dai Feng, Dr. Hetong Lou and Mr. Xiaotong Zhang as independent non-executive Directors.

** For identification purposes only*