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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)

- (1) PROPOSED ISSUANCE OF H SHARES UNDER SPECIFIC MANDATE;**
(2) PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER
GENERAL MANDATE; AND
(3) PROPOSED CONSEQUENTIAL AMENDMENTS TO THE
ARTICLES OF ASSOCIATION

Placing Agents

Morgan Stanley



PROPOSED ISSUANCE OF H SHARES UNDER SPECIFIC MANDATE

The Board announces that it has approved the Proposed Issuance of H Shares pursuant to which the Company will issue not more than 68,205,400 New H Shares, representing not more than 40% of the total issued H Shares as at the date of this announcement, (or 95,487,500 New H Shares in the event that the Capitalization of Reserve is completed before the completion of the Proposed Issuance of H Shares, representing not more than 40% of the then total issued H Shares) to not less than 6 specific places. The Proposed Issuance of H Shares is subject to, among others, the approval of Shareholders at the AGM and the Class Meetings by way of special resolutions.

PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER GENERAL MANDATE

The Board further announces that it has approved the Proposed Non-public Issuance of A Shares pursuant to which the Company will issue not more than 75,000,000 A Shares, representing not more than 5.07% of the total issued A Shares of the Company as at the date of this announcement, to not more than 35 specific subscribers, which will raise gross proceeds of not more than RMB6,527.94 million. The Proposed Non-public Issuance of A Shares under the General Mandate is subject to, among others, the approval of Shareholders at the AGM by way of special resolutions.

PROPOSED CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The existing registered capital of the Company is set out in the Articles of Association. Upon completion of the Proposed Issuance of H Shares and the Proposed Non-public Issuance of A Shares, the number of H Shares and A Shares in issue, the registered capital and the capital structure of the Company will change. Under the Company Law of the PRC and the Articles of Association, any increase in the registered capital and any material changes to the Articles of Association are subject to the approval of the Shareholders.

The Board will seek the Shareholders' authorization at the AGM and the Class Meetings (if applicable) to authorize the Board, the Chairman and/or authorized persons of the Chairman to make necessary consequential amendments to the Articles of Association to the registered capital and capital structure of the Company subsequent to completion of the Proposed Issuance of H Shares or the Proposed Non-public Issuance of A Shares and deal with the relevant registration and filing procedures with the relevant authorities and other matters in relation to the implementation of the Shareholders' and the Board's resolutions during their validity period relating to each of the Proposals.

GENERAL

The AGM and Class Meetings will be convened to approve, among other things, (i) the Proposed Issuance of H Shares; (ii) the Proposed Non-public Issuance of A Shares; and (iii) the proposed consequential amendments to the Articles of Association.

A circular containing, among other things, details of (i) the Proposed Issuance of H Shares; (ii) the Proposed Non-public Issuance of A Shares; and (iii) the proposed consequential amendments to the Articles of Association will be despatched to the Shareholders as soon as possible.

Please note that, apart from the approvals to be sought from the Shareholders at the AGM and the Class Meetings (where applicable), the Proposed Issuance of H Shares and the Proposed Non-public Issuance of A Shares shall be subject to the approval by the CSRC and/or other regulatory authorities as well as the satisfaction of a number of conditions which are more particularly set out below. The Proposals are not inter-conditional upon each other. There is no assurance that the Proposed Issuance of H Shares or the Proposed Non-public Issuance of A Shares will proceed. Investors are advised to exercise caution when dealing in the H Shares or other securities of the Company. The Company will make timely disclosure on any matters in relation to further details of the Proposals.

PROPOSED ISSUANCE OF H SHARES UNDER SPECIFIC MANDATE

The Board announces that on March 24, 2020, it has approved the Proposed Issuance of H Shares pursuant to which the Company will issue not more than 68,205,400 New H Shares (or 95,487,500 New H Shares in the event that the Capitalization of Reserve is completed as before the completion of the Proposed Issuance of H Shares) to not less than 6 specific places. Details of the Proposed Issuance of H Shares are as follows:

(1) Issuance proposal for the Proposed Issuance of H Shares under Specific Mandate

(1) *Type and nominal value of shares to be issued*

The ordinary H Shares to be issued under the Proposed Issuance of H Shares are overseas-listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each. The New H Shares to be issued will rank *pari passu* in all respects with the issued H Shares when fully paid,

(2) *Time of issuance*

The Company will select an appropriate time and window within the validity period of the resolutions to be passed at the AGM and the Class Meetings to proceed with the Proposed Issuance of H Shares, which will be determined by the Board with reference to the international capital market conditions, as well as the status of review of the Company's application for the relevant approvals by the PRC and overseas administrative and/or regulatory authorities.

(3) *Method of issuance*

The Proposed Issuance of H Shares will be carried out by way of placing.

The Company has appointed Morgan Stanley & Co. International plc and Huatai Financial Holdings (Hong Kong) Limited as the placing agents for the Proposed Issuance of H Shares. The parties are expected to sign formal placing agreements in due course but details of the transaction (including the placing price and underwriting arrangement) are yet to be finalized.

(4) *Target placees*

Upon the grant of the Specific Mandate, the Board may proceed to place the New H Shares to not less than 6 qualified investors, who will be independent of and not connected with any director, supervisor, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

(5) *Pricing mechanism*

The New H Shares will be issued at a price to be determined through ordering and book building by the Board after taking into account the interests of 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 New H Shares, provided that the issue price will be not lower than 80% of the average closing price of the H Shares as quoted on the Hong Kong Stock Exchange over the last five trading days prior to the date of determining such issue price and shall comply with the relevant PRC practice at relevant time.

(6) *Method of subscription*

The New H Shares issued are to be placed in accordance with the terms of the placing agreement to be entered into between the Company and the placing agents in relation to the Proposed Issuance of H Shares.

(7) *Size of issuance*

The Company will issue under the Specific Mandate not more than (i) 68,205,400 New H Shares, representing not more than 40% of the total issued H Shares of the Company as at the date of this announcement; or (ii) 95,487,500 New H Shares, representing 40% of the total issued H Shares of the Company if the proposed profit distribution plan for the year ended December 31, 2019 as described in the annual results of the Company dated March 24, 2020 is approved at the AGM and the Class Meetings and the Capitalization of Reserve is completed before the date of the completion of Proposed Issuance of H Shares. The completion of the Capitalization Issue and the consequential increase in the maximum of New H Shares to be issued is not expected to result in a material change in the proceeds from the Proposed Issuance of H Shares.

For the avoidance of doubt, if there is any ex-right matter such as bonus issue/capitalization issue between the date of this announcement and the completion date of the Proposed Issuance of H Shares, the number of New H Shares to be issued will be adjusted in accordance with the following formula:

$$QA1=QA0*(1+EA),$$

where QA1 refers to the maximum number of New H Shares to be issued post-adjustment; QA0 refers to maximum number of New H Shares to be issued pre-adjustment; and EA refers to the number of bonus/capitalization issue Shares to be issued per Share. The aforesaid maximum number of New H Shares is subject to the adjustment and approval of CSRC and the Hong Kong Stock Exchange.

Prior to the Proposed Issuance of H Shares, the total number of Shares in issue of the Company is 1,651,126,531 Shares, in which the number of H Shares is 170,513,560 Shares.

- Assuming (i) the maximum 68,205,400 New H Shares are issued; and (ii) there is no other change in the total issued share capital of the Company from the date of this announcement and up to completion of the Proposed Issuance of H Shares; the New H Shares will represent not more than approximately 40.00% of the total number of H Shares in issue and 4.13% of the total number of Shares in issue of the Company as at the date of this announcement, respectively; or not more than approximately 28.57% of the total number of H Shares in issue and 3.97% of the total number of Shares in issue of the Company as enlarged by the Proposed Issuance of H Shares. The total number of Shares in issue of the Company will be enlarged to 1,719,331,931 Shares (including 238,718,960 H Shares and 1,480,612,971 A Shares).
- Assuming (i) the maximum 95,487,500 New H Shares are issued; (ii) the Capitalization of Reserve is completed; and (iii) there is no other change in the total issued share capital of the Company from the date of this announcement and up to completion of the Proposed Issuance of H Shares; the New H Shares will represent not more than approximately 40.00% of the total number of H Shares in issue and 4.13% of the total number of Shares in issue of the Company upon the completion of the Capitalization of Reserve, respectively; or not more than approximately 28.57% of the total number of H shares in issue and 3.97% of the total number of Shares in issue of the Company as enlarged by the Capitalization of Reserve and the Proposed Issuance of H Shares. The total number of Shares in issue of the Company will be enlarged to 2,407,064,643 Shares (including 334,206,484 H Shares and 2,072,858,159 A Shares).

The size of issuance of the New H Shares has been determined by the Board with reference to (i) the Company's plan to enlarge the equity base of the Company for the reasons as more particularly described in "Reasons for the Proposed Issuance of H Shares" below; (ii) the Company's business outlook; and (iii) the Company's expansion and development plan amidst growing industry demand. The actual size of the issuance shall be determined by the Board or its authorized person(s) within the above range, subject to the authorization by the Shareholders at the AGM and the Class Meetings, and in accordance with the relevant legal requirements, regulatory approval and market conditions.

(8) *Accumulated profits*

Any accumulated profits of the Company which remain undistributed immediately before the Proposed Issuance of H Shares shall be for the benefit of all the Shareholders (including the placees of the New H Shares) as a whole.

(9) *Use of proceeds*

The proceeds from the Proposed Issuance of H Shares, after deducting relevant costs and expenses, commission and levies, will be utilized in the following manner:

- (i) 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;
- (ii) approximately 20.0% will be used for expansion of the Group's overseas operation;
- (iii) approximately 15.0% will be used for construction of Changshu R&D Integrated Project;
- (iv) approximately 10.0% will be used for repaying bank loans and other borrowings; and
- (v) the remainder shall be used to replenish the working capital of the Company.

(10) Validity period of the resolutions

The resolutions relating to the Specific Mandate set out in the notices of AGM and the Class Meetings will be valid for 12 months, commencing from the date of passing of the relevant resolutions at the AGM and the Class Meetings.

If the Company obtains the issuance approval, permit, filing or registration from the applicable regulatory authority within the validity period as approved by the Shareholders, the Company may complete the Proposed Issuance of H Shares within the validity period as confirmed in such approval, permit, filing or registration.

As at the date of this announcement, the Company has not made any applications in relation to the proposed issuance of New H Shares to the CSRC. The Directors consider that a validity period of 12 months for the Specific Mandate is required since there is uncertainty as to the time required to obtain the CSRC approval and that a 12-month period will provide sufficient flexibility to the Directors to select the most suitable timing to determine the issue price and the time of the issuance. Depending on market conditions, the Board may or may not exercise the Specific Mandate, if granted, to issue the New H Shares. If the Board proceeds to issue the New H Shares pursuant to the Specific Mandate, a separate announcement will be made.

(2) Conditions precedent of the Proposed Issuance of H Shares

The Proposed Issuance of H Shares is subject to: (i) the grant of the Specific Mandate by the Shareholders to the Board having been obtained at the AGM and the Class Meetings; (ii) the approval of the proposed issue of the New H Shares under the Specific Mandate by the relevant PRC administrative and/or regulatory authorities, including the CSRC; (iii) the entering into of the placing agreement between the Company and the placing agents and the placing agreement not being terminated in accordance with the terms therein; and (iv) the Listing Committee of the Hong Kong Stock Exchange granting listing of and permission to deal in all of the New H Shares to be issued and allotted pursuant to the Proposed Issuance of H Shares.

Under the Listing Rules, no Shareholders are required to abstain from voting at the AGM and the Class Meetings.

For avoidance of doubt, the Proposed Non-public Issuance of A Shares and the Proposed Issuance of H Shares are not inter-conditional upon each other (in whole or in part).

(3) Effects of the Proposed Issuance of H Shares on Share Capital and Shareholding Structure

As at the date of this announcement, the total issued share capital of the Company is 1,651,126,531 Shares, which comprises 1,480,612,971 A Shares and 170,513,560 H Shares. The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the exercise of the Specific Mandate; and (iii) immediately after the exercise of the Specific Mandate and the Capitalization of Reserve is set out as follows:

Shareholder	Class of Shares	As at the date of this announcement		Immediately after the exercise of the Specific Mandate ⁽²⁾		Immediately after the exercise of the Specific Mandate and Capitalization of Reserve ⁽³⁾	
		Number of Shares	Approximately percentage of the total issued share capital ⁽¹⁾ (%)	Number of Shares	Approximately percentage of the total issued share capital ⁽¹⁾ (%)	Number of Shares	Approximately percentage of the total issued share capital ⁽¹⁾ (%)
The Founding Individuals	A	452,703,276	27.42%	452,703,276	26.33%	633,784,586	26.33%
Sub total		452,703,276	27.42%	452,703,276	26.33%	633,784,586	26.33%
Public Shareholders	A	1,027,909,695	62.26%	1,027,909,695	59.79%	1,439,073,573	59.79%
	H	170,513,560	10.33%	238,718,960	13.88%	334,206,484	13.88%
Sub total		1,198,423,255	72.58%	1,266,628,655	73.67%	1,773,280,057	73.67%
Total		<u>1,651,126,531</u>	<u>100.00%</u>	<u>1,719,331,931</u>	<u>100.00%</u>	<u>2,407,064,643</u>	<u>100.00%</u>

Note:

- (1) The approximate percentages of (i) the A Shares; (ii) the H Shares; and (iii) the total issued share capital are rounded to the nearest two decimal places and may not add up to 100% due to rounding.
- (2) The number of Shares assumes that (i) the maximum 68,205,400 New H Shares are issued; and (ii) there is no other change in the total issued share capital of the Company from the date of this announcement and up to completion of the Proposed Issuance of H Shares.

- (3) The number of Shares assumes that (i) the maximum 95,487,500 New H Shares are issued; (ii) the Capitalization of Reserve is completed; and (iii) there is no other change in the total issued share capital of the Company from the date of this announcement and up to completion of the Proposed Issuance of H Shares.

The Company will ensure that the target placees are independent third parties and the Company will ensure that upon completion of the Proposed Issuance of H Shares, the Company will continue to be in compliance with the relevant requirements of the Listing Rules on public float.

(4) Reasons for the Proposed Issuance of H Shares

The Board and senior management of the Company consider that the Proposed Issuance of H Shares is highly beneficial to the Company for the following reasons:

- (i) 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;
- (ii) The proceeds from the Proposed Issuance of H Shares 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 contract research organization ("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;
- (iii) 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;
- (iv) 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
- (v) 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.

The Board is of the opinion that the Proposed Issuance of H Shares is in the interests of the Company and the Shareholders as a whole.

(5) Authorization to the Board and its authorized persons

The Board will seek the Shareholders' authorization at each of the AGM and the Class Meetings to authorize the Board, the Chairman and/or such persons authorized by the Chairman to deal with severally or jointly, all the matters with full authority in relation to the Proposed Issuance of H Shares. Such matters include but are not limited to:

- (i) determine the terms of the Proposed Issuance of H Shares, including the determination of the timing (as determined by the Board with reference to global capital market conditions and the approval status of the application from the relevant PRC and overseas authorities), issuer, method, currency, par value, actual price (including the price range and final price), actual size, market, adjustment to the use of proceeds, underwriting arrangements, listing of the issued shares on the Hong Kong Stock Exchange and other matters in relation to the exercise of the Specific Mandate; make appropriate amendments to the terms of the Proposed Issuance of H Shares in light of the specific circumstances and pursuant to the approval(s) by the relevant regulatory authorities, policy change and change in market conditions, except for those matters that require a new resolution of the AGM, the Class Meetings or the Board as prescribed by the relevant laws and regulations or the Articles of Association;
- (ii) take all necessary actions in relation to the Proposed Issuance of H Shares under the Specific Mandate, including but not limited to:
 - engaging and appointing the placing agents, PRC and overseas legal advisers and other relevant professional parties;
 - applying to relevant domestic and overseas regulatory authorities for the approval, registration, filing and other procedures for the issuance, reporting, transaction and listing of the New H Shares on behalf of the Company;
 - execute, implement, amend and complete any document (including but not limited to placing agreement, underwriting agreement and listing documents) and do any act as necessary and appropriate in relation to the Proposed Issuance of H Shares;
- (iii) negotiate and execute placing agreement with placing agents, and approve any modification therein;

- (iv) agree that the Company submits the application for listing of additional H Shares to be issued to the Hong Kong Stock Exchange, including but not limited to the application for waiver from compliance with any applicable laws or regulations (the “**Listing Application**”), execute any documents and any listing documents related to the Listing Application submitted by the then relevant party authorized by the Chairman as the listing agent, and issue relevant announcements, circulars and notices related to the issuance of the New H Shares on the websites of the Hong Kong Stock Exchange and the Company, and submit relevant forms, documents or other information to the Hong Kong Stock Exchange;
- (v) Prepare, modify and submit the reporting materials related to the issuance, declaration, transaction and listing in respect of the issuance of the New H Shares in accordance with the relevant laws and regulations, opinions and suggestions of regulatory authorities and actual situation, and make any disclosure as required by the relevant authorities in relation to the Proposed Issuance of H Shares;
- (vi) make necessary amendments to the Articles of Association in connection with the registered capital and capital structure of the Company subsequent to completion of the Proposed Issuance of H Shares and deal with the relevant registration and filing procedures with the relevant industry and commerce administration authorities and other matters in relation to the implementation of the Shareholders’ and the Board’s resolutions; and
- (vii) deal with all other matters in relation to the Proposed Issuance of H Shares with full discretion, including but not limited to formulating, changing, approving, ratifying and confirming the issuance plan and all other terms, and signing, entering into and/or delivering any documents which he/she considers necessary or appropriate.

PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER GENERAL MANDATE

1. Issuance proposal for the Proposed Non-public Issuance of A Shares

The Board is pleased to announce that on March 24, 2020, the Board has approved the Proposed Non-public Issuance of A Shares pursuant to which the Company will issue not more than 75,000,000 A Shares (or not more than 105,000,000 A Shares in the event that the Capitalization of Reserve is completed prior to the completion of the Proposed Non-public Issuance of A Shares) to not more than 35 specific subscribers, at a final issue price to be determined in the manner described under “(4) Price benchmark date, pricing principles and issue price” below. The Company intends to raise gross proceeds of not more than RMB6,527.94 million. Details of the Proposed Non-public Issuance of A Shares are as follows:

(1) Type and nominal value of shares to be issued

The A Shares to be issued under non-public issuance are domestically listed ordinary shares denominated in RMB, with par value of RMB1.00 each.

(2) Method and time of issuance

The Proposed Non-public Issuance of A Shares will be undertaken by way of non-public issuance to specific subscribers. The Company will issue A Shares to specific subscribers at an appropriate time within the validity period as approved by the CSRC.

(3) Target subscribers and method of subscription

The target subscribers of the Proposed Non-public Issuance of A Shares will be not more than 35 specific investors, including securities investment fund management companies, securities companies, trust companies, finance companies and insurance institutional investors and qualified foreign institutional investors which satisfy the relevant requirements of the CSRC, and other legal persons, natural persons or other institutional investors which satisfy the relevant conditions of laws and regulations. A securities investment fund management company, securities company, qualified foreign institutional investor or RMB qualified foreign institutional investor subscribing through 2 or more funds under its management shall be deemed as one single subscriber. A trust investment company, as a subscriber, can only subscribe with its internal funds.

Upon obtaining the written approval of the CSRC for the Proposed Non-public Issuance of A Shares, the final target subscribers shall be determined by the Board, under the authorization granted at the AGM, with the sponsor and lead underwriters according to the relevant requirements and based on the price inquiry results.

All A Shares to be issued under the Proposed Non-public Issuance of A Shares will be subscribed for in RMB.

The A Shares to be issued under the Proposed Non-public Issuance of A Shares shall not be placed to the existing Shareholders of the Company.

As at the date of this announcement, (i) the Company has not entered into any agreement with any potential subscribers in respect of the Proposed Non-public Issuance of A Shares, and (ii) the Company expects that the A Shares to be issued under the Proposed Non-public Issuance of A Shares will be issued to subscribers who and whose ultimate beneficial owners are third parties independent of the Company and its connected person, and none of them will become substantial Shareholders upon completion of their respective subscriptions of the A Shares under the Proposed Non-public Issuance of A Shares.

(4) *Price benchmark date, pricing principles and issue price*

The price benchmark date of the Proposed Non-public Issuance of A Shares shall be the first day of the issue period of the Proposed Non-public Issuance of A Shares. The issue price of the issuance shall be no less than 80% of the average trading price (rounded up to the nearest two decimal places) of the A Shares of the Company for the 20 trading days preceding the price benchmark date (excluding the price benchmark date; same for below). The average trading price of the A Shares of the Company for the 20 trading days preceding the price benchmark date shall be the total trading amount of the A Shares for the 20 trading days preceding the price benchmark date divided by the total trading volume of the A Shares of the Company for the 20 trading days preceding the price benchmark date.

In the event that the Company distributes cash dividends, grants bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities in respect of A Shares during the period commencing from the price benchmark date of the Non-public Issuance of A Shares to the issuance date, adjustments shall be made to the base price for the Non-public Issuance of A Shares accordingly.

Based on the aforementioned base price, the final issue price shall be determined in accordance with relevant regulations, upon the Company obtaining the written approval of the CSRC for the Non-public Issuance of A Shares, by the Board of the Company or its authorized person(s) under the authorization granted at the general meeting, with the sponsor and lead underwriters with reference to the prices offered by the target subscribers as well as the results of market inquiry.

(5) *Issue Size*

Subject to a maximum of 20% of the total issued A Shares of the Company as at the date of the AGM and compliance with the regulatory requirements of the places where the Shares of the Company are listed, the number of A Shares to be issued under the Proposed Non-public Issuance of A Shares shall be no more than 75,000,000 A Shares, representing not more than 5.07% of the total issued A Shares and 4.54% of the total issued capital of the Company as at the date of this announcement.

After obtaining the written approval for the Proposed Non-public Issuance of A Shares from the CSRC, the Board or its authorized representative(s) shall, pursuant to the authorization of the Shareholders in the AGM, negotiate with the sponsor and lead underwriters to determine the final number of A Shares to be issued according to the relevant regulations of the CSRC and the price bids submitted by the target subscribers.

For the avoidance of doubt, if there is any ex-right matter such as bonus issue/capitalization issue between the date of this announcement and the completion date of the Proposed Non-public Issuance of A Shares, the number of A Shares to be issued will be adjusted in accordance with the following formula:

$$QA1=QA0*(1+EA),$$

where QA1 refers to the maximum number of A Shares to be issued post-adjustment; QA0 refers to maximum number of A Shares to be issued pre-adjustment; and EA refers to the number of bonus/capitalization issue Shares to be issued per Share. The issue size shall be subject to adjustment, if any, by the CSRC and other regulatory authorities.

(6) *Lock-up period*

The target subscribers shall undertake to subscribe A Shares to be issued, and will not transfer the shares within six (6) months from the listing of A Shares under the Proposed Non-public Issuance of A Shares. If there are other requirements on the lock-up period of shares to be subscribed by the target subscribers and the transfer of shares upon expiration from regulatory authorities related to the Proposed Non-public Issuance of A Shares, such other requirements shall be complied with.

In the event that any Shares obtained by the target subscribers within the above lock-up period are derived from circumstances such as distribution of dividends and conversion of capital reserves into share capital by the Company in relation to the A Shares to be subscribed by the target subscribers, the above lock-up arrangement shall also apply to such Shares. The target subscribers who receive A Shares under the Proposed Non-public Issuance of A Shares and reduce their shareholding upon expiration of the lock-up period are required to comply with the relevant requirements of laws, regulations, rules and regulatory documents such as the Company Law of the PRC, the Securities Law of the PRC and the Shanghai Listing Rules, as well as the Articles of Association.

(7) *Place of listing*

The A Shares to be issued under the Proposed Non-public Issuance of A Shares will be listed and traded on the Shanghai Stock Exchange upon expiration of the lock-up period.

(8) *Arrangement of accumulated undistributed profits before the Proposed Non-public Issuance of A Shares*

Both new Shareholders and existing Shareholders are entitled to the accumulated undistributed profits of the Company prior to the Proposed Non-public Issuance of A Shares upon completion of the Proposed Non-public Issuance of A Shares.

(9) *Validity period of the resolution of the Proposed Non-public Issuance of A Shares*

The resolution in relation to the Proposed Non-public Issuance of A Shares shall remain valid for 12 months from the date on which relevant resolutions are considered and approved at the AGM.

If the Proposed Non-public Issuance of A Shares is still pending the approval and permit from, and registration with, the regulatory authority, provided that the maximum number of A Shares to be issued does not exceed the limit of the general mandate for the next year as approved by the general meeting, the Proposed Non-public Issuance of A Shares may be conducted in accordance with the limit of the general mandate for the next year without the need of convening another general meeting or class meeting to approve any resolutions with respect to the Proposed Non-public Issuance of A Shares being issued under the general mandate in effect by then.

(10) Amount and use of proceeds

The actual gross proceeds to be raised from the Proposed Non-public Issuance of A Shares are determined based on the actual issue price and the final number of A Shares issued (gross proceeds = number of A Shares issued × actual issue price), and the Company does not intend to raise more than RMB6,527.94 (inclusive) million. After deducting relevant issuance expenses, the net proceeds to be raised from the Proposed Non-public Issuance of A Shares are intended to be used in the following areas:

No.	Name of projects	Proposed amount of proceeds to be applied (RMB million)	Percentage of proceeds from the Proposed Non-public Issuance of A Shares (%)
1	WuXi STA New Drug Pharmaceutical Development Service and inhibitor production (Phase I) (無錫合全藥業新藥製劑開發服務及製劑生產一期項目)	736.3	11.28%
2	STA global R&D center project (合全藥業全球研發中心及配套項目)	491.8	7.53%
3	Changzhou STA new drugs production and R&D centre (常州合全新藥生產和研發中心項目) ⁽¹⁾	660.6	10.12%
4	Changzhou STA new drug production and R&D integrated project (常州合全新藥生產和研發一體化項目)	1,789.3	27.41%
5	Upgrade of STA's platform technology of small molecule innovative drug production process of R&D (合全藥物研發小分子創新藥生產工藝平台技術能力升級項目)	300.0	4.60%
6	Upgrade of platform technology of drug research and development of WXAT Shanghai (上海藥明藥物研發平台技術能力升級項目)	600.0	9.19%
7	General working capital	1,950	29.87%
	Total	6,527.9	100.00%

Notes:

- (1) The construction is partially completed and the proceeds shall be used for funding the remaining construction project.
- (2) Any discrepancies in the table between total sum of amounts listed therein are due to rounding.

If the actual amount of net proceeds from the Proposed Non-public Issuance of A Shares is less than the proposed amount of proceeds to be applied in the above projects, the Company will adjust and determine the final specific investment projects, order of priority and specific investment amounts of each project based on the actual amount of net proceeds and the priority of each project, and any shortfall in the investment amounts will be made up by utilizing the internal capital of the Company or through other financing methods.

Prior to receipt of the proceeds to be raised from the Proposed Non-public Issuance of A Shares, the Company may contribute self-raised funds in accordance with the actual needs and progress of the projects. Upon receipt of the proceeds to be raised, the Company will replace the funds in accordance with the requirements under relevant laws and regulations.

2. Conditions precedent of the Proposed Non-public Issuance of A Shares

The Proposed Non-public Issuance of A Shares is subject to (i) the approval of the Shareholders at the AGM for the Proposed Non-public Issuance of A Shares; (ii) the approval of the Shareholders at the AGM for the proposed granting of the General Mandate; and (iii) the approval of the CSRC. Upon obtaining the approval of the CSRC, the Company will apply to the Shanghai Stock Exchange and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to complete the approval and registration procedures for the Proposed Non-public Issuance of A Shares.

Under the Listing Rules, no Shareholders are required to abstain from voting at the AGM. For avoidance of doubt, the Proposed Non-public Issuance of A Shares and the Proposed Issue of H Shares are not inter-conditional upon each other (in whole or in part).

3. Impact on the shareholding structure of the Company

As at the date of this announcement, the total issued share capital of the Company is 1,651,126,531 Shares, which comprises 1,480,612,971 A Shares and 170,513,560 H Shares. The shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Proposed Non-public Issuance of A Shares and (iii) immediately after the completion of the Proposed Non-public Issuance of A Shares as adjusted by the Capitalization of Reserve is set out as follows:

Shareholder	Class of Shares	As at the date of this announcement		Immediately after the completion of the Proposed Non-public Issuance of A Shares ⁽²⁾		Immediately after the completion of the Proposed Non-public Issuance of A Shares as adjusted by the Capitalization of Reserve ⁽³⁾	
		Number of Shares	Approximate percentage of the total issued share capital ⁽¹⁾ (%)	Number of Shares	Approximate percentage of the total issued share capital (%)	Number of Shares	Approximately percentage of the total issued share capital (%)
The Founding Individuals	A	452,703,276	27.42%	452,703,276	26.23%	633,784,586	26.23%
Sub total		452,703,276	27.42%	452,703,276	26.23%	633,784,586	26.23%
Public Shareholders	A	1,027,909,695	62.26%	1,102,909,695	63.90%	1,544,073,573	63.90%
	H	170,513,560	10.33%	170,513,560	9.88%	238,718,984	9.88%
Sub total		1,198,423,255	72.58%	1,273,423,255	73.77%	1,782,792,557	73.77%
Total		<u>1,651,126,531</u>	<u>100.00%</u>	<u>1,726,126,531</u>	<u>100%</u>	<u>2,416,577,143</u>	<u>100%</u>

Note:

- (1) The approximate percentages of (i) the A Shares and (ii) the total issued share capital are rounded to the nearest two decimal places and may not add up to 100% due to rounding.
- (2) The number of Shares assumes that (i) the maximum of 75,000,000 A Shares are issued; and (ii) there is no other change in the total issued share capital of the Company from the date of this announcement and up to completion of the Proposed Non-public Issuance of A Shares.
- (3) The number of Shares assumes that (i) the maximum of 105,000,000 A Shares are issued as adjusted by the Capitalization of Reserve; (ii) the Capitalization of Reserve is completed; and (iii) there is no other change in the total issued share capital of the Company from the date of this announcement and up to completion of the Proposed Non-public Issuance of A Shares.

The Company will continue to implement appropriate measures and mechanisms to ensure continual maintenance of the prescribed minimum public float of the Company under the Listing Rules.

4. Reasons for the Proposed Non-public Issuance of A Shares

Attributable to the active investment in pharmaceutical sector, increasing applications for new drugs, advancement of scientific technology, reform in pharmaceutical policy and regulations, emerging number of biotech companies and other factors, pharmaceutical outsourcing service industries within and outside China continue to experience rapid growth with promising outlook. Driven by the favourable industry development, market demand increases significantly and enterprises offering one-stop services covering from drug discovery to commercialized production are able to leverage on their outstanding service quality and rich experience and secure more project orders. A majority of quality projects are concentrated in the hands of leading enterprises. The Company is an open-access platform with internationally leading capabilities and capacities, offering comprehensive and integrated laboratory research and production services from drug discovery, development and commercialization for pharmaceutical and medical device companies across the world. The Company's platform provides services covering research, development and production of chemical drugs and cell and gene therapy products, drugs and medical device testing and clinical research. As one of the few integrated end-to-end new drug R&D service platform in the world, the Company is able to satisfy the increasing and diversified demands from global customers.

During the course of development of new drug R&D project, the Company strives to continue to expand our service offering by executing the strategy from “follow the project” to “follow the molecule” in order to satisfy the increasing and diversified demands from global customers. The Company intends to improve the capability and capacity of its R&D services platform, and strengthen its service capacity for the whole industry chain, especially the CDMO/CMO segment, the discovery for small molecule drugs and drug analysis and testing services segment through the Proposed Non-public Issuance of A Shares. In addition, the Company intends to use the proceeds from the Proposed Non-public Issuance of A Shares to enhance the process development, improvement and production services to provide quality service to customers. The Proposed Non-public Issuance of A Shares will also strengthen the capital resources and improve the capital structure of the Company, providing solid support to the strategy of integrated end-to-end development.

The Directors are of the opinion that the Proposed Non-public Issuance of A Shares is in the interests of the Company and the Shareholders as a whole.

5. General Mandate to issue the A Shares and/or H Shares

A special resolution will be proposed at the AGM to consider and approve the granting of the General Mandate to the Board, pursuant to which the Board may issue, allot and/or deal with additional A Shares and/or H Shares of not exceeding 20% of the respective total number of issued A Shares and/or H Shares of the Company as at the date of passing of the special resolution for the approval of the General Mandate. The Company will issue and allot new A Shares under the Proposed Non-Public Issuance of A Shares pursuant to the General Mandate to be considered and granted by the Shareholders at the AGM.

Subject to the passing of the special resolution for the approval of the General Mandate at the AGM, the General Mandate shall become effective immediately upon the passing of the relevant special resolution up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the 12-month period from the date of passing the relevant special resolution; and (iii) the date on which the General Mandate is revoked or varied by a special resolution of the Shareholders in general meeting, whichever is the earliest.

6. Authorization to the Board and its authorized persons

In connection with the Proposed Non-public Issuance of A Shares, a resolution will be submitted to the Shareholders for approval by way of a special resolution at the AGM to authorize the Board, the Chairman and/or and such persons authorized by the Chairman to deal with the matters in relation to the Proposed Non-public Issuance of A Shares within the scope of authorization. The contents of authorization include but are not limited to:

- (i) To formulate and implement the final scheme for the Proposed Non-public Issuance of A Shares within the scope permitted by the laws, regulations and rules of the CSRC and the Articles of Association according to the requirements of the regulatory authorities as well as the actual situations of the Company, including but not limited to formulating detailed offering terms, determining the timing of offering, funds to be raised, offering price, offering size, subscription targets, specific account for the proceeds, use of proceeds, the listing of the underlying shares and all the other matters related to the formulation and implementation of the offering scheme for the Proposed Non-public Issuance of A Shares before offering;

- (ii) To engage the intermediary institution for the Proposed Non-public Issuance of A Shares, sign the engagement agreement and handle other matters related thereto;
- (iii) To prepare, modify and submit the application materials related to the Proposed Non-public Issuance of A Shares according to the relevant laws and regulations, the requirements, opinions and suggestions of domestic and foreign securities regulatory authorities, as well as the actual situation, and handle the relevant information disclosure matters according to the regulatory requirements;
- (iv) To amend, supplement, execute and implement the agreements and documents in relation to the Proposed Non-public Issuance of A Shares (including but not limited to the share subscription agreements, underwriting and sponsorship agreements, agreements, circulars, announcements and other disclosure documents related to the raising of funds);
- (v) To make corresponding revision, adjustment and supplement to the matters related to the Proposed Non-public Issuance of A Shares, such as the specific scheme and the use of proceeds within the scope permitted by the relevant laws and regulations according to the opinions of the regulatory authorities as well as the actual situations of the Company and the market (except for the matters that should be re-voted on by the general meeting or the board of directors according to the relevant laws and regulations, the Articles of Association and the requirements of the regulatory authorities) if there is any change to the policies of regulatory authorities on the Proposed Non-public Issuance of A Shares or the market conditions; and
- (vi) To take all necessary actions to determine/handle other matters related to the Proposed Non-public Issuance of A Shares under the permission of the relevant laws and regulations, including but not limited to developing, changing, approving, rectifying and confirming the offering scheme and all other conditions for the Proposed Non-public Issuance of A Shares, executing, entering into and/or delivering any document deemed necessary and desirable.

7. 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 past 12 months immediately preceding the date of this announcement.

Fund raising activity

On September 17, 2019 (the “**Issue Date**”), the Company issued US\$300 million zero coupon convertible bonds due 2024 convertible at the option of the holders thereof into fully paid ordinary H Shares of the Company of par value RMB1.0 each at the initial Conversion Price of HK\$111.8 per H Share (the “**Bonds**”). Please refer to the relevant announcements of the Bonds issued on September 3, 2019, September 4, 2019, September 5, 2019 and September 17, 2019.

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 as of Issue Date). 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 the date of this announcement, the actual application on the intended use of the proceeds raised from the Bonds are as follows:

Use of proceeds	Percentage of net proceeds from the subscription of the Bonds %	Balance of utilized amount as at the Latest Practicable Date (RMB million)	Balance of unutilized amount as at the Latest Practicable Date ⁽¹⁾ (RMB million)	Expected timeline for utilizing the remaining balance of net proceeds from the Subscription of the Bonds ⁽²⁾
Mergers and acquisitions and business expansion	74.40%	—	1,547.1	December 31, 2020
Working capital and general corporate purposes	25.60%	—	532.3	December 31, 2020
Total	<u>100%</u>	<u>—</u>	<u>2,079.5</u>	

Notes:

- (1) If the sum of the data is inconsistent with the total, it is caused by rounding.
- (2) The expected timeline for utilizing the remaining proceeds is made based on the best estimation of the Company taking into account, among others, prevailing and future market conditions, regulatory changes and approvals as well as actual business development, and therefore is subject to change

Net proceeds from the subscription of the Bonds were received in US dollars. Before the Company may utilize the proceeds, the Company is required to complete the relevant regulatory filings with the PRC authorities. To meet the Company's business development needs, the Company has initially used its own working capital and bank loans to fund the merger of Suzhou Kanglu Co., Ltd. (in the amount of approximately RMB657.2 million) and partial consideration for the acquisition of STA non-controlling interest shares (in the amount of approximately RMB868.4 million) in late 2019. The Company is expected to substitute the expenditure on the above mentioned two projects with the proceeds from the Bonds offering after completing the regulatory filings to convert the proceeds into RMB during the course of 2020.

PROPOSED CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The existing registered capital of the Company is set out in the Articles of Association. Upon completion of the Proposed Issuance of H Shares and the Proposed Non-public Issuance of A Shares, the number of H Shares and A Shares in issue, the registered capital and the capital structure of the Company will change. Under the Company Law of the PRC and the Articles of Association, any increase in the registered capital and any material changes to the Articles of Association are subject to the approval of the Shareholders.

The Board will seek the Shareholders' authorization at the AGM and the Class Meetings (if applicable) to authorize the Board, the Chairman and/or authorized persons of the Chairman to make necessary consequential amendments to the Articles of Association to the registered capital and capital structure of the Company subsequent to completion of the Proposed Issuance of H Shares or the Proposed Non-public Issuance of A Shares and deal with the relevant registration and filing procedures with the relevant authorities and other matters in relation to the implementation of the Shareholders' and the Board's resolutions during their validity period relating to each of the Proposals.

GENERAL

The AGM and Class Meetings will be convened to approve, among other things, (i) Proposed Issuance of H Shares; (ii) the Proposed Non-public Issuance of A Shares; and (iii) the proposed consequential amendments to the Articles of Association.

A circular containing, among other things, details of (i) the Proposed Issuance of H Shares; (ii) the Proposed Non-public Issuance of A Shares; and (iii) consequential amendments to the Articles of Association will be despatched to the Shareholders as soon as possible.

Please note that, apart from the approvals to be sought from the Shareholders at the AGM and Class Meetings (where applicable), the Proposed Issuance of H Shares and the Proposed Non-public Issuance of A Shares shall be subject to the approval by the CSRC and/or other regulatory authorities as well as the satisfaction of a number of conditions which are more particularly set out above. The Proposals are not inter-conditional upon each other. There is no assurance that the Proposed Issuance of H Shares or the Proposed Non-public Issuance of A Shares will proceed. Investors are advised to exercise caution when dealing in the H Shares or other securities of the Company. The Company will make timely disclosure on any matters in relation to further details of the Proposals.

DEFINITIONS

“A Share(s)”	ordinary share(s) of the Company with nominal value of RMB1.00 each listed on the Shanghai Stock Exchange
“A Share Class Meeting”	the A Share class meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Proposals
“AGM”	the annual general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Proposals
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors of the Company
“Capitalization of Reserve”	the proposed issue of 4 Shares for every 10 Shares by way of capitalization of reserve, representing a total increase of 660,450,612 Shares comprising 68,205,424 new H Shares and 592,245,188 new A Shares based on the Company’s total share capital of 1,651,126,531 Shares (comprising 170,513,560 H Shares and 1,480,612,971 A Shares) as at this announcement, subject to any change of number of Shares until the record date for determining Shareholders’ entitlement to the Capitalization of Reserve.
“CDMO”	Contract Development and Manufacturing Organization, a CMO that in addition to comprehensive drug manufacturing services, also provide process development and other drug development services in connection with its manufacturing services
“Chairman”	the chairman of the Board
“Changshu R&D Integrated Project”	Changshu WuXi AppTec new drug production and research and development integrated project (Phase I) (常熟藥明康德新藥生產和研發一體化項目(一期))
“Class Meetings”	the A Share Class Meeting and H Share Class Meeting

“CMO”	Contract Manufacturing Organization, a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive drug manufacturing services
“Company”	WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司), a joint stock limited company incorporated under the laws of the PRC
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“General Mandate”	an unconditional and general mandate proposed to be granted to the Directors at the AGM to allot, issue or deal with additional A Shares and/or H Shares of not exceeding 20% of the total number of issued A Shares and/or H Shares as at the date of the AGM
“H Share(s)”	overseas-listed foreign share(s) in the share capital of the Company, with nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
“H Share Class Meeting”	the first H Share class meeting of the Company of 2020 to be convened to consider and, if thought fit, approve, among other things, the Proposals
“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 from time to time

“New H Shares”	the new H Shares to be issued upon the exercise of the Specific Mandate, the maximum number of which is (i) 68,205,400 New H Shares, representing not more than 40% of the total issued H Shares of the Company as at the date of this announcement; or (ii) 95,487,500 New H Shares, representing 40% of the total issued H Shares of the Company if the proposed profit distribution plan for the year ended December 31, 2019 as described in the announcement of annual results of the Company dated March 24, 2020 is approved at the AGM and Class Meetings and the Capitalization of Reserve is completed as at the date of the completion of the Proposed Issuance of H Shares
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposals”	the Proposed Issuance of H Shares and the Proposed Non-public Issuance of A Shares
“Proposed Issuance of H Shares”	the proposed issuance of the New H Shares under Specific Mandate by the Company to specific subscribers
“Proposed Non-public Issuance of A Shares”	the proposed non-public issuance of not more than 75,000,000 A Shares by the Company to specific subscribers
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Stock Exchange”	Shanghai Stock Exchange (上海證券交易所)
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including both A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Share(s)

“Specific Mandate”	the specific mandate proposed to be granted to the Board by the Shareholders at the AGM and the Class Meetings in relation to the Proposed Issuance of H Shares
“STA”	Shanghai SynTheAll Pharmaceutical Co., Ltd. (上海合全藥業股份有限公司), a majority-owned subsidiary of the Company
“WXAT Shanghai”	WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司)
“%”	per cent

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

Hong Kong, March 24, 2020

As of the date of this announcement, the Board comprises Dr. Ge Li, Mr. Edward Hu, Mr. Xiaozhong Liu, 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 purpose only*