LBO PROPOSAL OF

WUXI APPTEC (NYSE: WX)

Jasper Chang

Professor David Yu - PE/VC 2020

MEMO

TO: David YU

FROM: Jasper CHANG

DATE: 8/14/2015

SUBJECT: WuXi AppTec Buyout Proposal

This memo sets forth a non-binding proposal, other than as expressly set forth herein, by which the Ally Bridge Group ("ABG") would form a consortium ("Buyer Group") with Boyu Capital ("Boyu"), Hillhouse Capital Group ("Hillhouse"), Nan Fung Life Sciences ("NFLS"), Ping An Capital ("Ping An"), Temasek Holdings ("Temasek") and WuXi AppTec executives ("Chairman Parties") to propose a USD $3.4 billion merger of WuXi AppTec ("Company") for the privatization of the Company. As a result of the merger, the Company's American Depositary Shares ("ADSs") will no longer be listed on the New York Stock Exchange ("NYSE") and will terminate. The Buyer Group expects to complete this merger by cash contributions of USD $2.6 billion via equity commitment letters, USD $800 million via debt commitments and remainders paid by cash from the Company.

Proposition Timeline

Following the financial results released in 4Q2014 on March 15th, 2015, WuXi AppTec chairman decided to consider an acquisition, as the markets responded negatively. Between the next month, Chairman Li held preliminary meetings with ABG to consider a proposal; then on April 20, 2015, Temasek met with ABG to consider the potential transaction. Then on April 29, 2015, Dr. Li and ABG Group delivered to the Board a preliminary non-binding letter for a going-private delisting acquisition, to buy out all the outstanding shares of the Company not already owned by the buyer group, for USD $46 per ADS or $5.75 in cash per ordinary share. The letter noted a "16.2% premium over the closing price of the ADSs on the NYSE on April 28, 2015, a premium of 24.1% to the volume-weighted average closing price of the ADSs during the prior 180 trading days and a premium of 8.7% to the ADSs 52-week high closing price" (SEC Prospectus). The letter also affirmed the collaboration between Dr/Chairman Li and Ally Bridge, to work together to pursue the transaction with both equity and debt financing.

Business Description & Governance

WuXi Apptec, the said "Company", 无锡药明康德新药开发股份有限公司, is a company registered in the Wuxi city of the Jiangsu Province in China/PRC. Founded in 2000, operations were based mainly in Shanghai, and is a (in broader terms) "contract research organization" serving pharmaceutical, biotech and medical device industries, all of

which go under the category of “life sciences”. As a leading drug research and developmental technology platform (CRO) company, WuXi AppTec also built an industry chain platform in CMO/CDMO (contract manufacturing/contract development), pioneering global drug research and development.

Throughout the early 2000s, back then known as WuXi PharmaTech, introduced a variety of outsourcing businesses under its management, providing services in the fields of synthetic chemistry, manufacturing process development, R&D, bio-analytical and antibody discovery. After which in 2007, it was listed into the NYSE under ticker symbol WX:US, entering toxicology services as well. Notable developments throughout this time include an acquisition of AppTec Laboratory Services with locations in various American states, in which WuXi PharmaTech was renamed to WuXi Apptec. Several manufacturing bases were set up in Chinese cities to further the Company’s strategy network as a “Contract Development and Manufacturing Organizations” (CDMO), as mentioned above. Specifically, under the large branch of WuXi Apptec, there are multiple “subsidiaries"; notably, STA Pharmaceutical Co. Ltd., is one that orients itself in Active Pharmaceutical Ingredients (API) and related services. Specifically, under STA, the following services/solutions are offered (STA Pharma):

- Drug substance development and manufacturing
- Drug product development and manufacturing
- Oligonucleotide process development and manufacturing
- Peptide process development and manufacturing
- Analytical development and quality control
- Global regulatory affairs CMC filing

The main purpose of this is to provide a “one-stop” supply chain from raw material sourcing to international shipping. To support these functionalities, WuXi STA has a focus, similar to the main Company, on technological advances in these fields. They have technologies such as continuous processing (flow chemistry), crystallization & micronization, biocatalysis and preparative chromatography (HPLC), which at the time was already one of the leading providers in terms of expertise breadth (see Appendix Figure 5 for an overview of the drug development process which the Company has vested interests). Importantly, they all operated under the vision “every drug can be made and every disease can be treated”.

Going into governance, see Appendix Figure 3 for a direct business scope/company structure; in terms of infrastructure and operations, the Company has a total of 27 operation sites (as of 2017) and branch offices internationally, 25,000 employees with over 21,000 scientists and 4000+ partners globally. The more direct corporate-affiliate structure is different from the one aforementioned, which has more technicalities and branch/entity breakdowns (See Figure 4) in regards to acquisitions of Chemdepo, Abgent, etc., which are wholly owned subsidiaries that complement the business scope of the Company.

The two most important figures from the Company are Ge Li -the chairman/CEO- and Edward Hu- the VP and global CIO. With strong scientist/entrepreneur backgrounds, both Ge Li and Edward Hu entered the Company at early stages of development. Ge Li, graduating from Columbia with a Ph.D. in organic chemistry received a multitude of awards throughout the two decades for influence and considerable societal impact. Edward Hu, on the other hand, was a business leader with experience in operational management, VCs, finance and M&As. Prior to joining the Company, he was the SVP and COO at Tanox; Edward, also, graduated from Carnegie Mellon University with an MBA and Master's in chemistry. Overall, with very solid understandings of the chemistry-pharmaceutical industries, these were leaders who not only led the management/organizations, but were individuals who contributed largely to the development/direction of the Company, as they understood market trends as well as pharmaceutical costs and needs.

The way in which the Company generates income is through FFS and FTE models. Fee-for-services (FFS) entails payment schedules and service fees at each production/research developmental stage, which accounted for about 32.8 million RMB in 2016. On top of the service fees, there are royalty costs that come from single digit percentages of the relevant drug product, given that it is commercialized. As of the date in which this proposition is occuring, however, there is no accumulated royalty fee revenue. For the FTE model, employees are designed for client projects at fixed rates per time that may have terms of up to three or four years.

Lead Acquirer Information: Ally Bridge ("ABG"), CEO Fan Yu

Founded in 2011, Ally Bridge is the world leading healthcare-focused investment platform, strategically investing in innovative biomedical technology companies in US, European and Chinese markets, ranging from early to late venture capital, cross-border M&As to growth investments. Through 2011, Ally Bridge invested and led LifeTech, a small scale high-growth potential medical devices company, in a strategic cooperation with the world-leading Medtronic, laying the foundations for Chinese medtech seeds. Later In 2016, Ally Bridge led the iconic Wuxi AppTec's NYSE privatization, unleashing valuation-based growth and its developmental potential within A-share and H-share markets. Relying on its unique vision and profound insights into global markets, Ally Bridge has consistently invested in unicorn companies within this sector, representing the groundbreaking direction of the med-tech equipment and life science tools. Completing over 4 billion USD of financing with solid track records, Ally Bridge remains aligned with its original core values, positioning itself with an international perspective unto the frontier of Chinese markets.

Before founding Ally Bridge, Fan Yu served as the managing director and head of the Greater China branch of Och-Ziff Capital Management (OZ), the world's top hedge fund, leading and completing a series of important investments. Prior to this, Mr. Yu served as the managing director of Goldman Sachs (HK), completing multiple iconic corporate restructurings, listings and M&As in the Chinese market. This has all provided Yu with a wealth of experience in cross-border investments with companies globally, fully embodying a pioneering spirit; these core values have been a constant within Ally Bridge, from its inception and onwards.

With approximately USD $1.5 billion AUM at the time of the deal, Ally Bridge had three funds (an Asian hedge fund) and a range of international LPs (See Appendix Figure 7 for Ally Bridge's Portfolio). Yu believed that WuXi was a hidden gem, as it was uniquely positioned to extract value in the Chinese market, especially among the movement of the Chinese governmental policy towards encouraging innovation. Approximately 10% of the Company's revenues came from China and Yu believed that the trends were looking positive (see Industry Overview section). Frankly, Yu viewed WuXi AppTec as an arbitrage, as there was a bubble in the country's equity market that saw valuations exceed other US competitors, while WuXi AppTec was the only real "world-class" company in the competitive environment.

Industry Overview, Opportunities and Trends

Positioning as a contract research organization (CRO) within the life sciences industry, the Company at the time was considered one of the largest frontrunning industry leaders. By total revenue in 2017, it was by far the biggest one dedicated to the research and development of pharmaceuticals. The reason for this was because China was one of the strongest emerging markets for pharmaceutical development, even more so, compared to developed markets. This competitive edge came down to mostly the reduced R&D costs, leading to the entrance of a multitude of international firms that established bases in China, such as QuintilesIMS, Covance, inVentiv Health, Parexel, Charles River, etc. By market share, WuXi AppTec occupied about 2% of the global CRO market and 9.5% of the Chinese market, as of 2016 (F&S reports).

General trends of the pharmaceutical industry at this time were shifts into CRO-based R&D. Pharmaceutical enterprises and large players such as Novartis, GSK, etc., were shutting down R&D centers in China because they were more expensive to maintain; it was much easier and effective to use CRO enterprises for drug research, like WuXi AppTec. The general CRO industry was forecasted to maintain rapid growth rates throughout years 2015 and onwards, with estimations to double in size to 120 billion RMB by 2021. General expenses spent on R&D have also been steadily increasing, meaning that revenue size for CROs will drastically increase in the near future; biotech startups and virtual pharmaceutical companies are also drivers for CRO service demands because of lead times and infrastructure/in-house building. As of 2017, all of the world's top 20 pharmaceutical companies were Company clients.

Especially within China, governmental policies have been relatively supportive of developments in this field. On June 15th 2015, the central government released *"Several Policy Measures to Promote the Acceleration of the Development of the Private Investments in the Healthcare Sector"*. These policies ranged from relaxing entry barriers, expanding channels and overall investment flows, promoting resource sharing and development, etc. In short, this policy encouraged local businesses to explore development however they deemed it necessary, to bring about innovative solutions and more investment within the sector. With many FDA-approved new drugs entering the market (NDAs, BLAs), demand is expected to increase greatly. Towards the Company, the extensive service R&D platform, strong management team and innovative technology-oriented approach have created core consumer bases

as well as expanding healthcare networks, leading to a competitive advantage over peers in the industry. By effectively positioning as a firm that lowers entry barriers into the pharmaceutical healthcare industry, the Company has also invested considerable amounts of capital into new biotechnology companies and AI capabilities, to help with further advancements in the field for the coming years.

Valuation Discussion, Calculations of the Target and Comparables

At the time of the transaction, it has been cited in multiple sources that the market cap and general valuation was around USD $3 billion.

It is important to note that in all valuation and target calculations, dividends are not included. This is because of the fact that the Company expressed its concerns to retain all cash dividends from 2012 to 2015, to further the development of operations and innovative technologies.

For comparable EBITDA multiples, these competitors were used, in accordance with data from Credit Suisse in 2015. As such, an EBITDA multiple of 11.5x to 15.0x was set for 2015 and 10.5x to 14.0x was set for 2016 (see Figure 9). For the buyout deal, a 18.35x EV-EBITDA valuation multiple was used with an implied 17.26x multiple (Pitchbook). Share price multiples, however, for comparables, ranged from 16.8x to 25.0x, indicating a reference range of USD $31.75 to $44.92 per ADS. Given a DCF analysis, however, estimated NPV of the unlevered free cash flow of the Company was at 6.4 RMB per USD exchange rate, rather than the 6.2 RMB per USD assumed by the Company. This meant a valuation range of USD $41.04 to $59.98 per ADS, in comparison to the proposed merger USD $46 per ADS.

General market fair value was at USD $3 billion, but through initial calculations, it was seen that the enterprise value easily exceeded USD $3.347 billion. Given the size of the deal as a proposed USD $3.3 billion, the transaction actually occurred on the lower side of the valuation; importantly, the long term prospects were to eventually justify the slightly higher than market valuations. Here, an IRR is not as suitable because there are no dividends, so it will be on the lower end - 23%. This is still relatively acceptable, but cannot predict or account for large amounts of company growth (See Figure 10 for calculations). The MOIC, here, is 1.9x, translating to a pretty quick return on investment. With high profits (decent IRR but good MOIC) and a slight market undervaluation, this investment is well-recommended, not on the basis of its financial performance, but also because of upcoming trends and positive outlooks that cannot be quantified.

Deal Structure

As seen from Figure 8, there exists an additional entity under the two most important figures from the Company; the Group & Cloud Limited is a party in which the equity interest is indirectly owned - 75% by CEO Dr. Li and 25% by Dr. Zhao. As per the valuation discussion, USD $800 million was to come from debt financing while $2.5 billion would come from equity commitments. The consortium entered an LBO Facility Agreement with Ping An Bank

Co., Ltd and Shanghai Pudong Development Bank Co. Ltd. (the "Lenders"), in which the loan was extended.

The general deal structure is the creation of an exempted limited liability SPE called WuXi Merger Limited, incorporated in the Cayman Islands, a wholly owned subsidiary of the "Parent": New WuXi Life Science Limited. This merger subsidiary will then be merged into the Company, as the surviving company under the Parent. New WuXi Life Science Holdings Limited ("HoldCo"), is the only shareholder of the Parent. HoldCo, along with "Merger" and the other "Buyer Group" will together acquire the entirety of the Company. Prior to this acquisition, the Buyer Group owns approximately 4.6% of the issued and outstanding ordinary shares. Following the completion of the merger, the Parent will own 100% of the equity interests and management/operations will remain the same being conducted via the current Company. Although it was not to be explicitly stated in the Prospectus, ownership of the company was split about 39% towards the Chairman Party and 61% towards the investor consortium.

Investment and Operational Risks & Corporate Governance Items

Risk factors toward the deal include ones directly related to the operations for the Company. On the most fundamental level, the Company's operations are partly denominated in RMB, while the ADS is traded in USD, although it is not a problem given the China revenue only stands for 10% out of the total. However, this means that this Company is positioned within the scope of US-China relations. Changes in trade and restrictions in the form of tariffs or exporting, may lead to deterioration of economic environments/circumstances, posing as serious issues towards profitability of operations. Likewise, because the company is based within the PRC, it is very easily impacted by movements from the central government. These sovereign related issues will pose as large operational risks towards the future cash flow generation. In the specific case of WuXi AppTec, however, industry-wide regulations are most likely to be centered mainly around hospital and healthcare insurance related matters, so specific hindrances towards pharmaceuticals or related CROs may remain relatively low. To sum up, if there are specific regulations, the Company will need to position itself to follow these policies or face repercussions - a failure to renew or obtain certifications, permits or the required documentation, will hence have very tangible consequences on operations - it is also important to realize that in particular cases, capital injections or investments may be needed to reposition the Company if there is a necessity.

Other risks from operations come down to consumer demand. Despite current positive industry outlooks from 2015 and onwards, it remains uncertain whether consumer demand on outsourced R&D, testing and developing pharmaceuticals will change in the near future. A reduction in spending and demand may have large adverse effects on business revenues. Additionally, in terms of governance, this is a business in an industry that heavily relies on the professionality and expertise of scientists/personnel. Services of senior management or well trained technicians/scientists, if denied or diminished, could create large disruptions in productivity and the overall outlook/development of the Company. On a broader note, other risks come down to risks that are commonly associated with all businesses, especially ones in cutting edge R&D sectors. There is no guarantee of an ROI and technological investments may not be completely successful. Growth strategy and expansion may not properly

protect the Company, even in the position of an incumbent, against disruptive competitors. Lastly, in the process of developing pharmaceuticals, there are serious liabilities and risks in workplace management and issues with products or testing.

Post Transaction

At year end December 2015, Ally Bridge, along with Boyu Capital, Temasek and Hillhouse Capital, led WuXi AppTec's $3.3 billion privatization and completed its delisting on the New York Stock Exchange. As a strategic partner of many new drug development companies, WuXi AppTec had actually not received sufficient attention from investors in the Chinese market. A lot of domestic opinions revolved around a perception that WuXi AppTec was purely a drug development outsourcing service provider, ignoring the company's strength and accumulation of multiple technological advantages. The global market, on the other hand, saw technological strength but did not sufficiently understand its growth potential in the Chinese market. As a result, Ally Bridge's positioning was entirely different from the mainstream market opinions of the time. Being undervalued, the delisted WuXi AppTec looked to secure a market listing in one that would fully recognize its values and better support its long-term growth/development. Because China's pharmaceutical market at the time was dominated by generic drugs, innovative drugs had huge market potential and received strong backing by the central government. WuXi AppTec's comprehensive one-stop CRO platform provided strong support during drug discovery phases and preclinical R&D, which required high degrees of expertise. Through the continuous accumulation of technological strength on the open technology platform and the ability to cooperate with others, WuXi AppTec obtained strong developmental momentum, leading to the eventual listing on the Shanghai and Hong Kong stock exchanges.

The valuation then went from a privatization consideration of $3.3 billion (23 billion RMB) to a market value of more than 300 billion RMB, a 10 fold increase.

Appendix

Figure 1: Income Statement

Income Statement (US$ thousands)	2012	2013	2014	2015E	2016E	2017E
Revenue	**499,912**	**578,082**	**674,279**	**808,207**	**975,134**	**1,180,884**
COGS	(316,672)	(366,518)	(422,536)	(526,535)	(647,719)	(787,819)
Gross profit	**183,240**	**211,564**	**251,743**	**281,672**	**327,415**	**393,065**
Non-GAAP Gross profit	**189,128**	**217,008**	**258,098**	**293,475**	**341,436**	**409,327**
Selling expenses	(15,336)	(16,488)	(22,091)	(31,049)	(31,204)	(35,427)
General and administrative expenses and R&D expenses	(78,461)	(89,832)	(125,924)	(172,927)	(199,903)	(242,081)
Impairment charges	(24)	-	-	-	-	-
EBIT	**89,419**	**105,244**	**103,728**	**77,696**	**96,308**	**115,557**
Non-GAAP EBIT	**105,741**	**123,379**	**127,104**	**113,306**	**133,440**	**159,570**
Other income, net	8,548	23,253	16,162	14,668	21,453	28,341
Loss from equity-method investments		-				
Interest income (expenses), net	6,010	9,534	16,720	12,593	15,319	14,898
Non-GAAP Adjustments	-	-	-	-	-	-
Breakup fee	-	-	-	-	-	-
Income before income taxes and minority interests	**103,977**	**138,031**	**136,611**	**104,957**	**133,080**	**158,796**
Non-GAAP Income before income taxes and minority int	**120,299**	**156,166**	**159,987**	**140,566**	**170,211**	**202,809**
Taxation	(17,393)	(23,464)	(24,453)	(17,877)	(28,992)	(34,544)
Tax rate	17%	17.0%	17.9%	17.0%	17.0%	17.0%
Income (loss) from continuing operations	**86,584**	**114,567**	**112,158**	**87,079**	**104,088**	**124,252**
Deferred tax impact related to acquired intangible assets	(735)	(83)	(154)	(1,200)	(1,200)	(1,200)
Non-GAAP Net income from continuing operations	**102,171**	**132,619**	**135,380**	**121,489**	**140,019**	**167,065**
Loss from discontinued operations before income taxes	-	-	-	(577)	-	-
GAAP Net income attributable to Equity holders	**86,584**	**114,567**	**112,158**	**86,502**	**104,088**	**124,252**
Diff. between NI to ADS holders and ord.shareholders	**-**	**-**	**-**	**(651)**	**-**	**-**
Non-GAAP Net income attributable to holders of ADS	**102,171**	**132,619**	**135,380**	**120,838**	**140,019**	**167,065**
ADS: Basic (Non−GAAP)	1.44	1.87	1.92	1.69	1.92	2.26
ADS: Diluted (Non−GAAP)	**1.40**	**1.82**	**1.88**	**1.65**	**1.88**	**2.21**

Source: Deutsche Bank October 2015

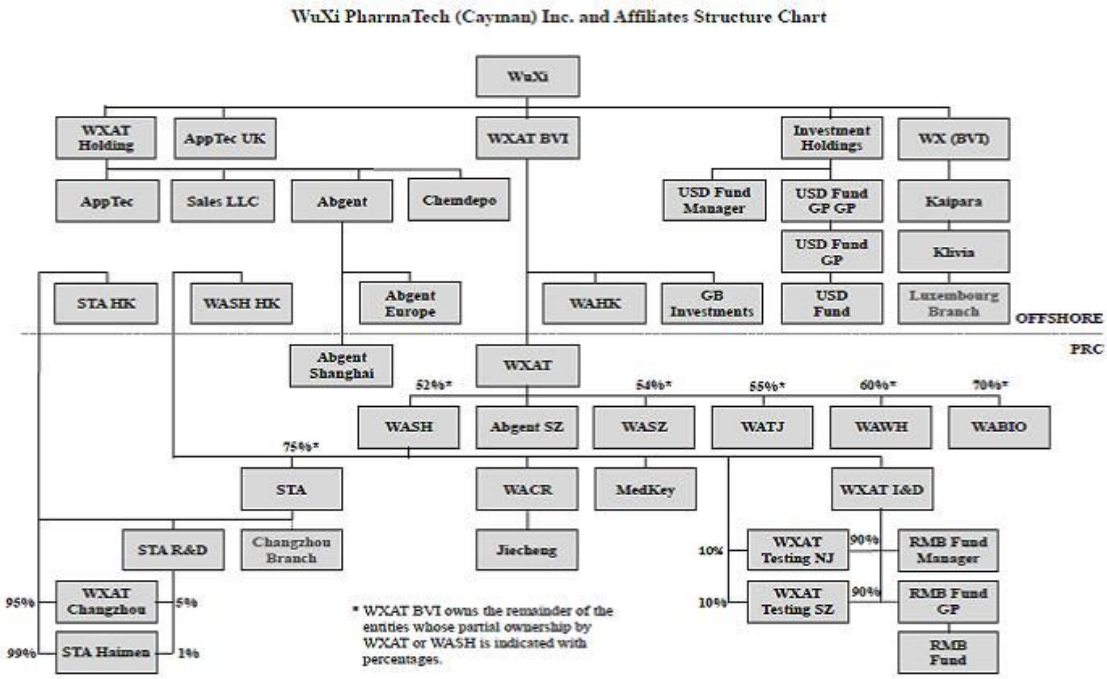
Figure 2: Balance Sheet

Balance sheet (US$ thousands)	2012	2013	2014	2015E	2016E	2017E
Assets						
Cash and cash equivalents	54,133	88,871	211,456	315,521	305,593	401,649
Restricted cash	423	3,145	793	793	793	793
Short-term investments	175,245	302,267	223,533	223,533	223,533	223,533
Accounts receivable	99,578	126,996	162,942	191,340	262,832	319,522
Inventories	47,774	45,097	48,546	75,514	119,689	139,320
Other current assets	18,807	32,604	36,387	43,614	52,622	63,726
Current assets of discontinued operations		-	-	-	-	-
Current assets	**395,960**	**598,980**	**683,657**	**850,316**	**965,062**	**1,148,543**
Goodw ill	32,561	31,087	53,619	53,619	53,619	53,619
Property, plant and equipment, net	264,381	279,254	351,688	489,387	567,107	582,649
Intangible assets, net	7,268	7,128	23,020	23,020	23,020	23,020
Prepaid land use rights	5,564	5,604	14,120	14,120	14,120	14,120
Deferred tax assets	3,037	251	1,417	1,417	1,417	1,417
Long-term investment	14,015	21,781	49,037	49,037	49,037	49,037
Other non−current assets	19,749	4,782	5,068	5,068	5,068	5,068
Non current assets	**346,575**	**349,887**	**497,969**	**635,668**	**713,388**	**728,930**
Total assets	**742,535**	**948,867**	**1,181,626**	**1,485,985**	**1,678,450**	**1,877,473**
Equity and Liabilities						
Short−term bank borrow ings	59,089	67,853	199,719	199,719	199,719	199,719
Accounts payable	21,808	33,477	58,466	56,939	85,027	87,646
Accrued liabilities	27,411	34,605	43,454	54,149	66,612	81,020
Amounts due to related parties		218	275	275	275	275
Deferred revenue	17,052	28,149	27,669	33,165	40,015	48,458
Advanced subsidies	9,265	13,958	12,106	14,511	17,508	21,202
Other taxes payable	1,581	107	2,299	2,756	3,325	4,026
Income tax payable		-	-	-	-	-
Other current liabilities	11,215	15,738	29,787	29,787	29,787	29,787
Current liabilities of discontinued operations		-	-	-	-	-
Current liabilities	**147,421**	**194,105**	**373,775**	**391,300**	**442,267**	**472,132**
Long−term debt, excluding current portion	5,697	11,124	13,987	178,987	178,987	178,987
Advanced subsidies	2,663	2,295	2,286	2,286	2,286	2,286
Convertible notes	-	-	-	-	-	-
Deferred tax liabilities		-	-	-	-	-
Other non−current liabilities	8,531	6,594	13,724	17,102	21,038	25,588
Non current liabilities	**16,891**	**20,013**	**29,997**	**198,375**	**202,311**	**206,861**
Total liabilities	**164,312**	**214,118**	**403,772**	**589,675**	**644,578**	**678,994**
Shareholders' equity:						
Ordinary shares	11,222	11,445	11,223	11,223	11,223	11,223
Additional paid-in capital	331,715	353,173	295,308	327,262	360,736	401,092
Accumulated deficit	46,682	66,960	55,994	55,994	55,994	55,994
Accumulated other comprehensive income	188,604	303,171	415,329	501,831	605,919	730,171
Non-controlling interests						
Total equity	**578,223**	**734,749**	**777,854**	**896,310**	**1,033,872**	**1,198,480**
Total equity and liabilities	**742,535**	**948,867**	**1,181,626**	**1,485,985**	**1,678,450**	**1,877,473**

Source: Deutsche Bank October 2015

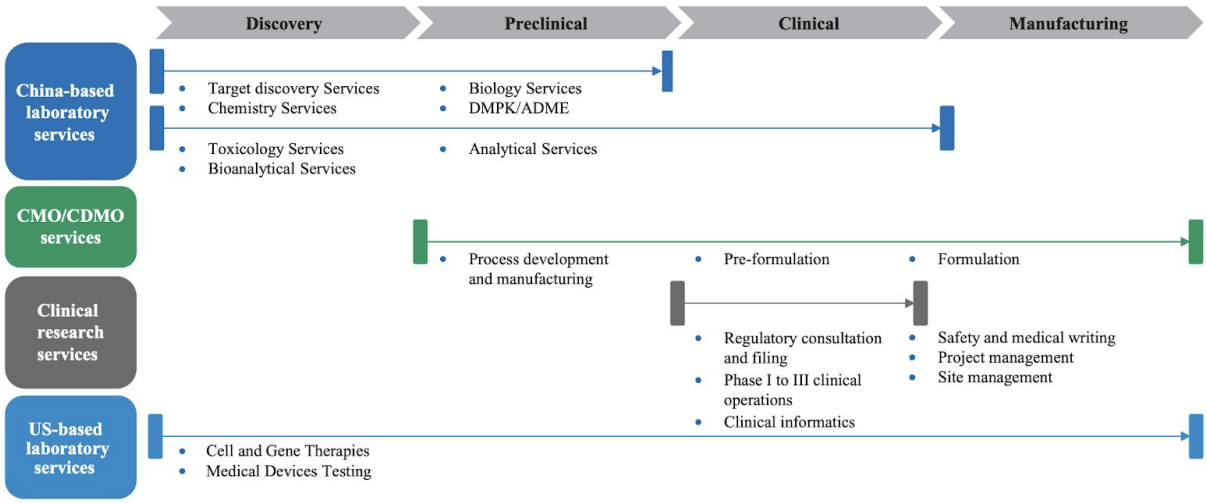
Figure 3: Company Platform + Scope Of Business

Figure 4: Corporate-Affiliate Structure



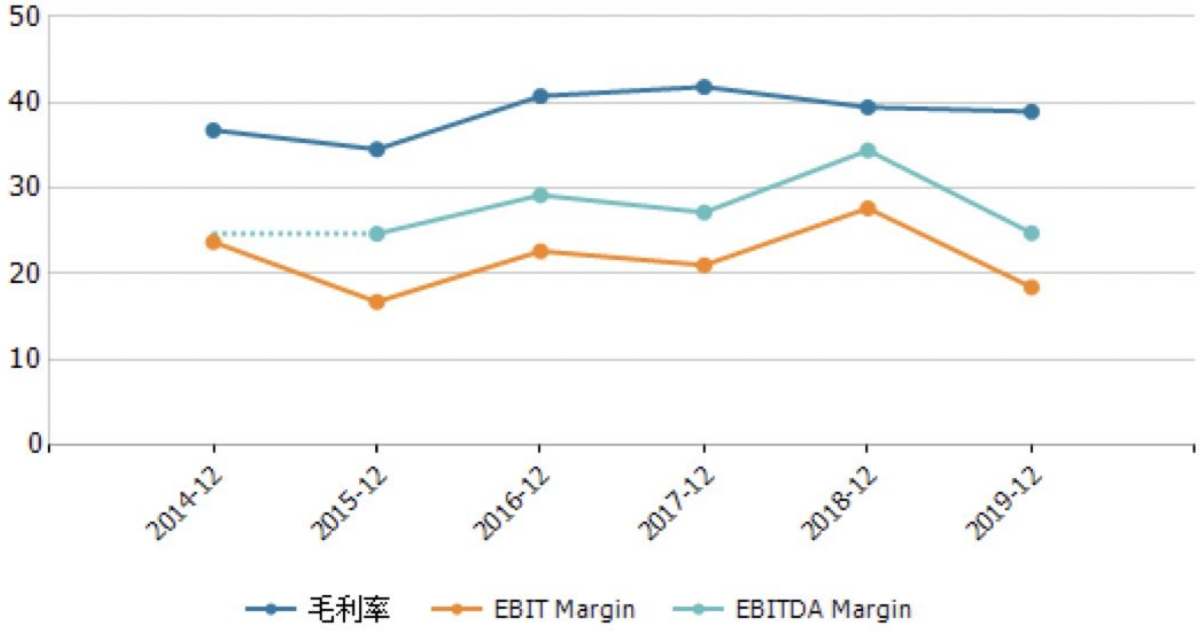
Source: WuXi AppTec Global Offering (2018)

Figure 5: Drug Development Process



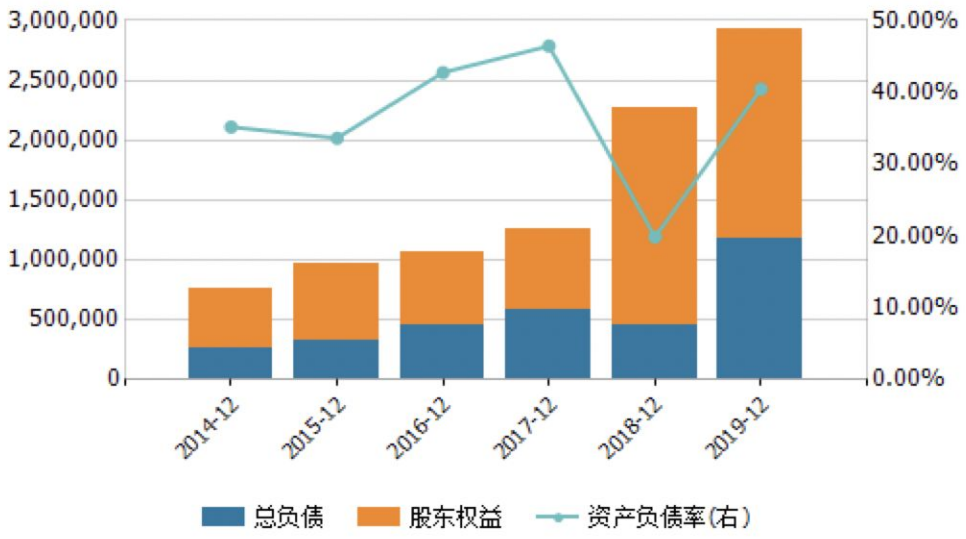
Source: WuXi AppTec Global Offering (2018)

Figure 5: EBIT/EBITDA Margins



Source: Wind

Figure 6: Financial Leverage (Debt-Equity Ratio)



Source: Wind

Figure 7: Ally Bridge's Portfolio

ALLY BRIDGE'S PORTFOLIO

Ally Bridge Group has disclosed investments in at least 17 biotech companies, several of which are developing potentially first-in-class or best-in-class technologies. Details on the size of the firm's investments were not disclosed. Portfolio companies grouped below based on indication of lead program. *Source: Ally Bridge, BCIQ: BioCentury Online Intelligence.*

Company	Lead program	Phase
	Cancer	
Tesaro Inc. (NASDAQ:TSRO)	Varubi rolapitant, a neurokinin 1 (NK1) substance P receptor (TACR1) antagonist to treat chemotherapy-induced nausea and vomiting	Mkt
Cold Genesys Inc.	CG0070, a modified adenovirus expressing granulocyte macrophage colony-stimulating factor (GM-CSF; CSF2) to treat bladder cancer	Ph III
Sorrento Therapeutics Inc. (NASDAQ:SRNE)	Four biosimilar mAbs for cancer and autoimmune indications licensed from **Mabtech Ltd.**	Ph III
Adaptimmune Therapeutics plc (NASDAQ:ADAP)	ADAP NY-ESO TCR, an enhanced T-cell therapy targeting cancer/testis antigen 1B (NY-ESO-1; CTAG1B) to treat cancer	Ph I/II
3-V Biosciences Inc.	TVB-2640, a first-in-class fatty acid synthase (FASN; FAS) inhibitor to treat solid tumors	Ph I
Aeglea BioTherapeutics Inc. (NASDAQ:AGLE)	AEB1102, a first-in-class a pegylated human recombinant arginase 1 (ARG1) to treat cancer	Ph I
Apexigen Inc.	APX005M, agonistic humanized mAb that targets CD40 to treat solid tumors	Ph I
Cellectis S.A. (Euronext:ALCLS; NASDAQ:CLLS)	UCART19, chimeric antigen receptor (CAR)-modified, CD19-targeted allogeneic T cells to treat CD19-positive B cell acute lymphoblastic leukemia	Ph I
ImmunGene Inc.	IGN002, interferon (IFN) alpha linked to an anti-CD20 mAb to treat CD20-positive cancers	Preclin
	Other indications	
AltheaDx Inc.	IDgenetix, a test to detect alterations in cytochrome P450 genes that predicts metabolism of drugs for cardiovascular, neurological and thrombotic indications	Mkt
Otonomy Inc. (NASDAQ:OTIC)	Otiprio ciprofloxacin otic suspension to treat otitis media	Mkt
Hua Medicine Ltd.	Sinogliatin, a small molecule glucokinase (GCK; GK) activator to treat Type II diabetes	Ph II
Alzheon Inc.	ALZ-801, an oral small molecule prodrug of tramiprosate to treat Alzheimer's disease	Ph I
Kato Pharmaceuticals Inc.	Resolvine, an intravitreal injection to treat vitreomacular attachment	Ph I
Pieris Pharmaceuticals Inc. (NASDAQ:PIRS)	PRS-080, a first-in-class anticalin hepcidin antagonist to treat anemia	Ph I
Symic Biomedical Inc.	First-in-class artificial proteoglycan mimetics: SB-030 mimics decorin to treat cardiovascular diseases and SB-061 mimics aggrecan to treat osteoarthritis	Ph I
Tunitas Therapeutics Inc.	Epsi-gam, a first-in-class fusion protein comprising the Fc portions of human IgE and IgG1 to treat asthma	Ph I

Source: Ally Bridge

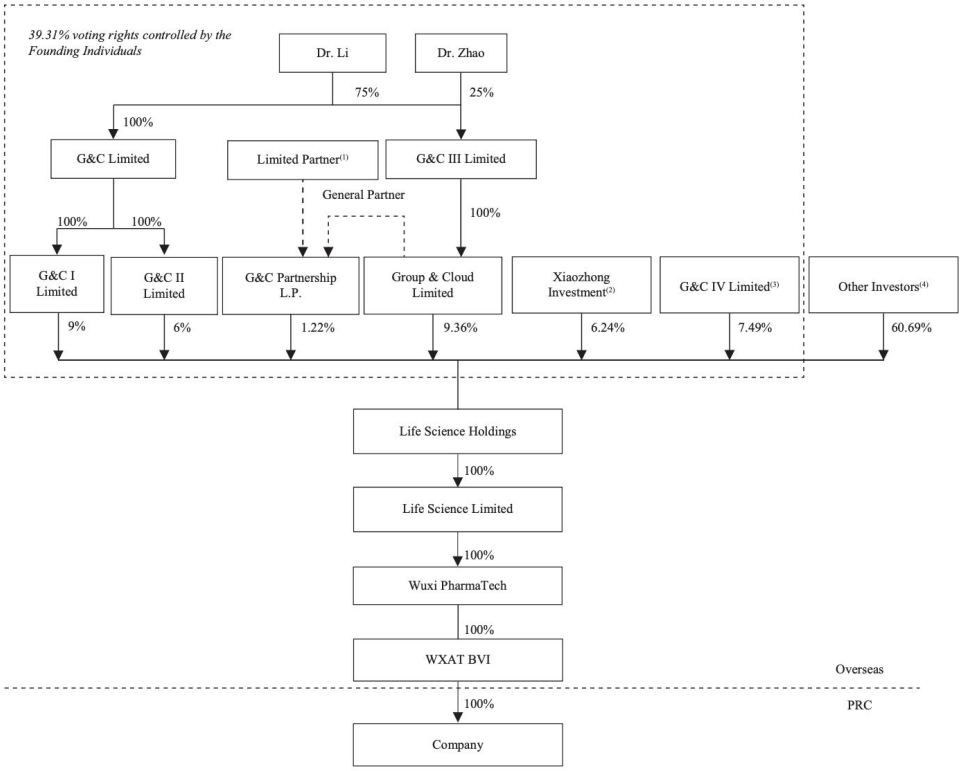
Figure 8: Ownership Prior/After the Merger

	Ownership Prior to the Merger(1)			
	Net Book Value		Earnings	
Name	$'000	%	$'000	%
Dr. Ge Li(3)	11,096.5	1.4	1,610.9	1.4
Mr. Xiaozhong Liu(3)	1,425.5	0.2	206.9	0.2
Mr. Zhaohui Zhang(3)	8,180.9	1.1	1,187.6	1.1
Dr. Ning Zhao(3)	1,653.2	0.2	240.0	0.2
Hillhouse	12,817.5	1.7	1,860.7	1.7
ABG	—	—	—	—
Boyu	—	—	—	—
Temasek	—	—	—	—
Ping An	—	—	—	—

(1) The ownership percentages are based on [567,825,208] ordinary shares outstanding as of the date of this proxy statement.
(2) The ownership percentages are subject to adjustment pursuant to the terms and conditions of the equity commitment letters.
(3) Ownership including restricted share units that have vested but have not yet been settled by the Company's registrar agent.

Name of Shareholder	Number of Shares Held	Shareholding Percentage
G&C I Limited	50,173,154	9.00%
G&C IV Limited	41,739,130	7.49%
Xiaozhong Investment	34,782,609	6.24%
Group & Cloud Limited	34,000,080	6.10%
G&C II Limited	33,448,770	6.00%
G&C Partnership L.P.	6,826,308	1.22%
Boyu Capital	113,266,802	20.32%
Summer Bloom Investments Pte. Ltd.	57,391,304	10.29%
Ally Bridge	52,173,913	9.36%
Hillhouse Capital	44,199,241	7.93%
Ping An	34,782,609	6.24%
SPDB International	10,434,783	1.87%
Yunfeng Capital	8,695,652	1.56%
Sequoia Capital China	8,695,652	1.56%
Legend Capital	8,695,652	1.56%
Fertile Harvest	6,490,655	1.16%
Relian Investment Limited	6,490,654	1.16%
L&C Investment	2,596,262	0.47%
Eastern Star	2,596,262	0.47%
Total	557,839,492	100%

NOTE: G&C is an "equity interest" indirectly owned by Dr. Li and Dr. Zhao, 75-25% respectively.



Source: SEC Prospectus & WuXi AppTec Global Offering (2018)

Figure 9: EV-EBITDA Multiples

Comparable/EBITDA	2015E	2016E
Quintiles	13.8x	12.2x
ICON	14.2x	12.8x
Charles River Labs	12.3x	11.5x
Paraxel	11.4x	9.9x
PRA	14.8x	13.4x
INC Research	15.2x	13.6x

Figure 10: Backward Induction and IRR

Backward Induction Calculation	**2016**	**2017**	**2018**	**2019**
Total Debt	$644.58	$644.58	$678.99	$678.99
Equity Value	$4,716.74	$5,006.62	$5,314.12	$5,639.01
Total Enterprise Value	$5,361.32	$5,651.20	$5,993.12	$6,318.00
% Debt	12.02%	11.41%	11.33%	10.75%
% Equity	87.98%	88.59%	88.67%	89.25%
Equity Beta	0.7956604677	0.7901218744	0.7894401223	0.7842871598
Cost of Equity	0.06176132572	0.06145670309	0.06141920672	0.06113579379

Note: These values are based on Expected EBITDAs, multiplied by a share price/EPS 18x multiple.

IRR Calculation		
	2015	2019
Initial Investment	-2500	
Terminal Equity Value		$5,639.01
Net Cash Flow To Buyer Group	-$2,500.00	$5,639.01
IRR	23%	

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