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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)

**DELAY IN THE EXPECTED TIMELINE FOR
THE UTILIZATION AND THE PROPOSED
CHANGE IN USE OF PROCEEDS FROM
THE A SHARE LISTING FOR AN INVESTMENT PROJECT**

Reference is made to the interim report of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司) (the “**Company**”) for the six months ended June 30, 2021 (the “**2021 Interim Report**”) and the announcement of the Company dated December 1, 2020 in relation to the delay in the expected timeline for utilizing the remaining net proceeds from the A Share Listing allocated to the Investment Projects (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning as those defined in the 2021 Interim Report and the Announcement.

INTRODUCTION

The total net proceeds from the issue of A Shares by the Company in its A Share Listing amounted to approximately RMB2,130.3 million and the total utilized net proceeds from the A Share Listing was approximately RMB1,483.0 million as at November 30, 2021. The table below sets out the planned application of the net proceeds from the A Share Listing and actual usage up to November 30, 2021:

Use of proceeds from the A Share Listing	Allocation of net proceeds as disclosed in the A Share Prospectus (RMB million)	Balance of the utilized amount (as at November 30, 2021) (RMB million)	Percentage of the utilized amount (as at November 30, 2021)	Actual and expected timeline for utilizing the remaining net proceeds from the A Share Listing
Suzhou drug safety evaluation centre expansion project (the “Suzhou Project”)	727.2	285.2	39.22%	Expected to be fully utilized by December 31, 2021
Tianjin chemical R&D laboratory expansion and upgrade project (the “Tianjin Project”) ^(Note)	564.0	358.7	63.60%	Expected to be fully utilized by December 31, 2021
Company’s headquarter and analytical diagnostic service R&D centre	200.0	200.0	100.00%	Have been fully utilized as at May 31, 2018
Working capital uses	639.1	639.1	100.00%	N/A
Total	2,130.3	1,483.0	69.61%	

Note:

In light of the government subsidies received for the Tianjin Project and the strict control of construction costs by the Company in the course of construction, it is expected that a surplus of the net proceeds allocated to the Tianjin Project will remain when it is ready for the intended use in accordance with the expected timeline. The Company will carry out internal approval and make necessary announcement in connection with the proportion and use of such surplus net proceeds following the completion of the Tianjin Project.

DELAY IN THE EXPECTED TIMELINE FOR THE UTILIZATION AND THE PROPOSED CHANGE IN USE OF PROCEEDS FROM THE A SHARE LISTING FOR AN INVESTMENT PROJECT

After careful consideration of the current status of the Investment Projects, on December 31, 2021, the Board has resolved to (i) subject to Shareholders’ approval, change the implementation entity and implementation location of the Suzhou Project (the “**Change in Use of Proceeds**”) by applying a portion of the net proceeds from the A Share Listing originally allocated to the Suzhou Project to the Nantong drug safety evaluation centre project (the “**Nantong Project**”, together with the Suzhou Project, the “**Suzhou and Nantong Project**”); and (ii) delay the expected date on which the Suzhou Project is completed and become available for use from December 31, 2021 to December 31, 2022 (the “**Delay**”, together with the Change in Use of Proceeds, the “**Adjustments**”). The table below sets out further details of the Adjustments:

Use of proceeds from the A Share Listing	Before or after the Adjustments	Expected timeline for utilizing the remaining net proceeds from the A Share Listing	Implementation entity	Implementation location
The Suzhou Project (after the Adjustments, the Suzhou and Nantong Project)	Before the Adjustments	Expected to be fully utilized by December 31, 2021	WuXi AppTec (Suzhou) Co., Ltd.* (蘇州藥明康德新藥開發有限公司) (“ WXAT Suzhou ”)	1318 Wuzhong Road, Wuzhong District, Suzhou, Jiangsu Province, PRC
	After the Adjustments	Expected to be fully utilized by December 31, 2022	WXAT Suzhou and Nantong WXAT Pharmaceutical Technology Co., Ltd.* (南通藥明康德醫藥科技有限公司) (“ WXAT Nantong ”)	1318 Wuzhong Road, Wuzhong District, Suzhou, Jiangsu Province, PRC and 2588 Qiantangjiang Road, Qidong, Jiangsu Province, PRC

In particular, the details of and the reasons for the Adjustments are set out below:

The Suzhou Project was scheduled to be completed in December 2021. The progress of the Suzhou Project was significantly affected by the COVID-19 pandemic. Certain planning permits and construction permits were not issued as scheduled. The progress of the Suzhou Project was also affected as pandemic prevention measures were adopted to separate the area under construction from the existing facilities. Changes in international trade policies during the construction of the Suzhou Project also resulted in additional time being needed to conduct preliminary assessments for the purchase of key equipment in order to manage risks appropriately. The progress of the Suzhou Project was therefore further delayed.

As at the date of this announcement, the Suzhou Project is back on track and the first phase of which has been completed for use. The utilization of the facilities has reached the expected level and there is no material change to the feasibility from business perspective.

Having considered the current construction and investment progress of the Suzhou Project and the remaining construction schedule, the Company prudently extends the target completion date of the Suzhou Project from December 31, 2021 to December 31, 2022.

In addition, having considered the strict environmental protection and water resources preservation requirements of the area around Taihu, where WXAT Suzhou operates, and the discharge of nitrates and phosphorylates from the expansion of the relevant safety evaluation facilities, the Company intends to have WXAT Nantong construct part of the safety evaluation capacity expansion. The efficiency and effectiveness of the use of proceeds can be improved by reallocating part of the proceeds originally allocated for the Suzhou Project to the Nantong Project as well.

The details of the Adjustments are set out below:

Overview

With the addition of WXAT Nantong as an implementation entity, the extended safety evaluation centre construction project is proposed to be conducted at 2588 Qiantangjiang Road, Qidong, Jiangsu Province, PRC. The Nantong Project involves the construction of 125 large animal rooms and 54 small animal rooms. Productions of the facilities of the Nantong Project are expected to gradually commence in 2023 in order to meet the increasing needs of customers for drug safety evaluation.

Necessity and feasibility of the change

The existing equipment and facilities of WXAT Suzhou are being utilized at almost full capacity. In view of the high market demand, the existing capacity of the drug safety evaluation centre in Suzhou is not able to meet the needs for the Company's future development. The construction of an additional drug safety evaluation centre can solve the problem of insufficient capacity and support the future development of the Company. The Nantong Project can also further strengthen the Company's drug safety evaluation capability, as well as its drug safety evaluation business along the industry chain. It can enhance the synergistic effects of unification to a greater extent and thereby the overall competitiveness of the Company.

Investment breakdown

As at November 30, 2021, the planned application and actual usage of the net proceeds from the A Share Listing for the Suzhou Project are as follows:

Use of proceeds from the A Share Listing	Allocation of net proceeds as disclosed in the A Share Prospectus (RMB million)	Balance of the utilized amount (as at November 30, 2021) (RMB million)	Difference between the balance of the utilized amount (as at November 30, 2021) and the allocation of net proceeds as disclosed in the A Share Prospectus (RMB million)
The Suzhou Project	727.2	285.2	442.0

The estimated follow-up investment of the Suzhou and Nantong Project is as follows:

No.	Investment category	Estimated follow-up investment (RMB million)	Percentage
The Suzhou Project			
1.	Construction expenses	64.8	24.89%
2.	Installation engineering expenses	135.2	51.94%
3.	Equipment purchase expenses	60.0	23.05%
4.	Other cost of asset	0.3	0.12%
	Subtotal	260.3	100.00%
The Nantong Project			
1.	Construction expenses	71.7	16.04%
2.	Installation engineering expenses	215.2	48.15%
3.	Equipment purchase expenses	159.0	35.58%
4.	Other cost of asset	1.0	0.23%
	Subtotal	446.9	100.00%
	Total	707.2	

An additional investment of RMB260.3 million will be required to complete the Suzhou Project and RMB446.9 million will be required for the completion of the Nantong Project (of which the total estimated investment is RMB646.9 million, with approximately RMB200.0 million contributed from the Company's own funds).

The balance of the unutilized proceeds as at November 30, 2021 for the Suzhou Project in the amount of RMB442.0 million will be used for the Suzhou and Nantong Project. Any shortfall of funding will be made up by the Company's own funds until the completion of the projects.

Cost-benefit analysis

The after-tax financial internal rate of return of the Nantong Project is 21.5%, and the investment payback period is 7.2 years (including the construction period). Hence, the economic benefits are satisfactory.

The progress of project land use, filing and environmental impact assessment procedures

The Nantong Project has obtained the relevant land certificate, and the registration and approval procedures such as project initiation and environmental assessment have been completed.

The Board is of the view that the Adjustments will not have any material adverse impact on the operations of the Group and are in the best interests of the Company and its Shareholders as a whole.

OPINION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors were of the view that the Adjustments are based on examination of the actual status of the projects. The Adjustments do not create any detriment to the interests of the Shareholders, and are also in line with the objective situation and the long-term development needs of the Company. The decision making procedure for the Adjustments complies with relevant regulations on the use of proceeds by listed companies issued by the China Securities Regulatory Commission and the Shanghai Stock Exchange. As such, the independent non-executive Directors agreed to the Adjustments and the proposal of the Change in Use of Proceeds for consideration at the Shareholders' meeting of the Company.

EXAMINATION OPINION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee was of the view that the Adjustments have undergone necessary decision-making procedures, complies with relevant laws and regulations, is in favor of the long-term development of the Company, and is in the interest of the Company and the Shareholders as a whole. As such, the Supervisory Committee agreed to the Adjustments.

GENERAL

The Change in Use of Proceeds shall be subject to the approval by the Shareholders and the relevant resolution is currently expected to be proposed at the forthcoming annual general meeting of the Company. A circular containing, among other things, further details of the Change in Use of Proceeds and a notice convening the annual general meeting will be despatched by the Company to the Shareholders as and when appropriate.

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

Hong Kong, December 31, 2021

As at the date of this announcement, the Board 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