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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)

CHANGE IN ACCOUNTING POLICY

This announcement is made by the Company pursuant to Rule 13.09(2) and Rule 13.10B of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Company held a meeting of the Board on October 29, 2021, at which the Change in Accounting Policy (as defined below) was considered and approved. The Change in Accounting Policy is not subject to consideration and approval by the Shareholders at the general meeting of the Company. Details of which are as follows:

I. DETAILS OF AND REASONS FOR THE CHANGE IN ACCOUNTING POLICY

The Group has been continuously developing its integrated and end-to-end capabilities across the businesses of research, development, manufacturing, testing and clinical trials, and has also been continuously implementing the CRDMO and CTDMO strategies of the Group, while managing the various operating segments of the Group on the basis of globalization. In order to provide more transparent and relevant accounting information in the financial report that is reflective of the current business management structure of the Group, the Company has decided to adjust the presentation of its operating segments (the “**Change in Accounting Policy**”). Prior to the Change in Accounting Policy, reporting segments of the Group were mainly classified as China-based laboratory services, U.S.-based laboratory services, clinical research and other CRO services, CDMO services and others. Upon the implementation of the Change in Accounting Policy, reporting segments of the Group are mainly classified as the chemistry business (WuXi Chemistry), biology business (WuXi Biology), testing business (WuXi Testing), cell and gene therapy CTDMO business (WuXi ATU), Domestic Discovery Service Unit (WuXi DDSU) and others.

The major operating segments of the Group upon the implementation of the Change in Accounting Policy are as follows:

- (1) Chemistry business (WuXi Chemistry): integrating the chemistry business-related resources and capabilities, including WuXi STA (合全藥業), the Chemistry Service Unit (CSU), the International Discovery Service Unit (IDSU) and the Core Analytical Service (CAS) business units to offer new drug CRDMO services to customers;
- (2) Biology business (WuXi Biology): integrating the cutting-edge technologies of the Group in DNA-encoded library (DEL), biology, oncology and immunology to provide global customers with integrated drug discovery and research services;
- (3) Testing business (WuXi Testing): integrating the pre-clinical and clinical resources and capabilities of the Group, such as Lab Testing Division, WuXi Clinical (康德弘翼) (Clinical Development Services business) and MedKey (藥明津石) (Site Management Organization business) to better serve global customers in pharmaceutical, biopharmaceutical, medical device, and in vitro diagnostic sectors;
- (4) Cell and gene therapy CTDMO business (WuXi ATU): capitalizing on the resources and capabilities in the PRC, the U.S. and the United Kingdom to provide customers with integrated cell and gene therapy CTDMO services including testing, process development and manufacturing;
- (5) Domestic Discovery Service Unit (WuXi DDSU): based on customers' needs, providing customers with integrated new drug R&D services with a focus on patent creation, developing small molecule new drugs with internationally advanced level, and empowering the R&D of domestic pharmaceutical enterprises; and
- (6) Others: mainly including the income streams from administrative services, sales of raw materials and sales of scrap materials.

II. IMPACT OF THE CHANGE IN ACCOUNTING POLICY

(I) Requirements of the accounting standards

According to the relevant requirements for operating segments of the “Interpretation of Accounting Standards for Business Enterprises No. 3” (the “**Interpretation No. 3**”), enterprises shall determine operating segments in light of their internal organizational structure, management requirements and internal reporting system, and identify reporting segments based on operating segments. An operating segment shall refer to a segment within an enterprise that satisfies all of the following conditions:

- (1) such segment can generate income and incur expenses in its ordinary operations;
- (2) the management of the enterprise can regularly assess the results of operations of such segment so as to determine the allocation of resources and assess its performance; and
- (3) the enterprise can identify the relevant accounting information of such segment, including the financial position, results of operations and cash flows.

In the case of two or more operating segments of an enterprise with similar economic characteristics, if both of them are in compliance with Article 5 of the “Accounting Standards for Business Enterprises No. 35 — Segment Reporting” (the “**Standard No. 35**”), they may be consolidated into one operating segment.

An enterprise shall satisfy any of the three conditions under Article 8 of the Standard No. 35 when identifying reporting segments based on the operating segments. Where the conditions fail to be satisfied but the enterprise is of the view that disclosure of the information of such operating segment is meaningful to the users of the financial report, such segment may be identified as a reporting segment.

During and prior to the second quarter of 2021, for the purpose of information disclosure, the operating segments of the Group were mainly classified into China-based laboratory services, U.S.-based laboratory services, clinical research and other CRO services, CDMO services and others. With effect from the third quarter of 2021, in order to enhance the quality of information disclosure and provide more relevant segment financial information for users of financial statements, according to the Standard No. 35, the Interpretation No. 3 and the internal management requirements of the Company, for the purpose of information disclosure, the Company has decided that the operating segments of the Group will be reclassified into chemistry business (WuXi Chemistry), biology business (WuXi Biology), testing business (WuXi Testing), cell and gene therapy CTDMO business (WuXi ATU), Domestic Discovery Service Unit (WuXi DDSU) and others.

(II) Impact

The Change in Accounting Policy only affects the presentation of segmental information in the notes to the financial report of the Company and does not affect the data of the financial statements of the Company such as total assets, total liabilities, net assets and net profit. According to the ASBE, the Company has prepared segment reports based on the adjusted presentation of segment reports with effect from the third quarter of 2021 and has restated the data for the corresponding period in 2020. The Board (including the Audit Committee) is of the view that the new disclosure basis is more in line with the current business management structure and the actual global operations of the Group, and helps investors better understand and analyze the operation performance of the Group.

III. OPINIONS OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS, SUPERVISORY COMMITTEE AND AUDITOR

The independent non-executive Directors are of the view that: (i) the Change in the Accounting Policy has been approved at the meeting of the Board, at which the voting procedures complied with relevant requirements; (ii) the Change in the Accounting Policy is made in light of the actual situation of the continuous development by the Group of its integrated and end-to-end capabilities across the businesses of research, development, manufacturing, testing and clinical trials, and the continuous implementation of the CRDMO and CTDMO strategies of the Group, as well as the management of the various operating segments of the Group on the basis of globalization; (iii) upon the implementation of the Change in Accounting Policy, the accounting policies will be in compliance with the relevant requirements of the ASBE

and can objectively and fairly reflect the current business management structure, the financial position and results of operations of the Group; and (iv) the Change in Accounting Policy is in line with the interests of the Company and the Shareholders. As such, the independent non-executive Directors agreed to the Change in Accounting Policy, and the Change in Accounting Policy shall be implemented with effect from the third quarter of 2021.

The Supervisory Committee is of the view that: (i) the Change in Accounting Policy is in compliance with laws, regulations and relevant documents of the Ministry of Finance; and (ii) the decision-making procedures are in compliance with relevant laws, regulations and the articles of association of the Company. As such, the Supervisory Committee agreed to the Change in Accounting Policy, and the Change in Accounting Policy shall be implemented with effect from the third quarter of 2021.

The auditor of the Company, Deloitte Touche Tohmatsu (a special general partnership), issued the special explanation on the Change in Accounting Policy that Deloitte Touche Tohmatsu (a special general partnership), as an accounting firm, examined the information set out in the Special Explanation on the Change in Accounting Policy by the Board of Directors of WuXi AppTec Co., Ltd.* (《無錫藥明康德新藥開發股份有限公司董事會關於會計政策變更的專項說明》) and did not identify any non-compliance with the ASBE in all material respects.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings as set out below:

“ASBE”	Accounting Standards for Business Enterprises issued by the Ministry of Finance
“Board”	the board of Directors of the Company
“CDMO”	Contract Development and Manufacturing Organization
“Company”	WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司)
“CRDMO”	Contract Research Development and Manufacturing Organization
“CRO”	Contract Research Organization

“CTDMO”	Contract Testing Development and Manufacturing Organization
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MedKey”	Shanghai MedKey Med-Tech Development Co., Ltd. and its subsidiaries
“Ministry of Finance”	Ministry of Finance of the PRC
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“R&D”	research and development
“Shareholders”	the shareholders of the Company
“Supervisory Committee”	the supervisory committee of the Company
“U.S.”	the United States of America, its territories, its possession and all areas subject to its jurisdiction
“WuXi STA”	Shanghai SynTheAll Pharmaceutical Co., Ltd. and its subsidiaries

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

Hong Kong, October 29, 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