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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)

**PROPOSED USE OF SURPLUS NET PROCEEDS FROM
THE A SHARE LISTING AND THE NON-PUBLIC ISSUANCE OF
A SHARES TO PERMANENTLY REPLENISH WORKING CAPITAL
OF THE COMPANY SUBSEQUENT TO COMPLETION OF PART OF
THE INVESTMENT PROJECTS**

References are made to (i) 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**”), (ii) the circular of the Company dated March 31, 2020 (the “**Circular**”), and (iii) the announcements of the Company dated December 1, 2020, August 12, 2021 and December 31, 2021, in relation to, among other things, the delay in the expected timeline for utilizing the remaining net proceeds and proposed change in use of proceeds from the A Share Listing, as well as the delay in the expected timeline for utilizing the remaining net proceeds from the Non-public Issuance of A Shares (the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the 2021 Interim Report, the Circular and the Announcements.

INTRODUCTION

Use of proceeds from the A Share Listing

The total net proceeds from the issuance of A Shares by the Company in its A Share Listing amounted to approximately RMB2,130.3 million. As at December 31, 2021, the total utilized net proceeds from the A Share Listing was approximately RMB1,490.7 million. The table below sets out the planned application of the net proceeds from the A Share Listing and actual usage up to December 31, 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 December 31, 2021) (RMB million)	Percentage of the utilized amount (as at December 31, 2021)	Actual and expected timeline for utilizing the remaining net proceeds from the A Share Listing
Suzhou and Nantong drug safety evaluation centre expansion project ^(Note)	727.2	291.5	40.09%	Expected to be fully utilized by December 31, 2022
Tianjin chemical R&D laboratory expansion and upgrade project (the “ Tianjin Project ”)	564.0	360.1	63.85%	Have been fully utilized as at 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	<u>2,130.3</u>	<u>1,490.7</u>	<u>69.98%</u>	

Note: On December 31, 2021, the Board resolved to (i) subject to Shareholders’ approval, change the implementation entity and implementation location of the Suzhou drug safety evaluation centre expansion project (the “**Suzhou Project**”) 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; 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. For further details, please refer to the relevant announcement of the Company dated December 31, 2021.

Use of proceeds from the Non-public Issuance of A Shares

The total net proceeds from the Non-public Issuance of A Shares amounted to approximately RMB6,461.2 million. As at December 31, 2021, the total utilized net proceeds from the Non-public Issuance of A Shares was approximately RMB5,192.6 million. The table below sets out the planned application of the net proceeds from the Non-public Issuance of A Shares and actual usage up to December 31, 2021:

Use of proceeds from the Non-public Issuance of A Shares	Allocation of net proceeds (RMB million)	Balance of the utilized amount (as at December 31, 2021) (RMB million)	Percentage of the utilized amount (as at December 31, 2021)	Actual and expected timeline for utilizing the remaining balance of net proceeds from the Non-public Issuance of A Shares
Phase I new drug development services and drug manufacturing project of WuXi STA Pharmaceutical Co., Ltd.	736.3	627.4	85.21%	Expected to be fully utilized by August 31, 2022
Global research and development centre and ancillary facilities project of Shanghai STA Pharmaceutical Co., Ltd.	491.8	380.9	77.46%	Expected to be fully utilized by August 31, 2022
New drug manufacturing and research and development centre project of Changzhou SynTheAll Pharmaceutical Co., Ltd. (the “Changzhou STA Centre Project”)	660.6	600.7	90.92%	Have been fully utilized as at December 31, 2021
New drug manufacturing and research and development integrated project of Changzhou SynTheAll Pharmaceutical Co., Ltd.	1,789.3	1,280.5	71.56%	Expected to be fully utilized by August 31, 2022
Small molecule new drug manufacturing skill platform technical capability upgrade project of Shanghai STA Pharmaceutical R&D Co., Ltd.	300.0	133.1	44.37%	Expected to be fully utilized by September 30, 2022
Research and development platform technical capability upgrade project of WuXi AppTec (Shanghai) Co., Ltd.	600.0	290.4	48.39%	Expected to be fully utilized by September 30, 2022
Replenishing the working capital of the Company	1,883.3	1,879.7	99.81%	N/A
Total	6,461.2	5,192.6	80.37%	

Note: Any discrepancies in the sum of amounts listed in the above table with the breakdown of use of net proceeds is due to rounding

COMPLETION OF THE TIANJIN PROJECT AND THE CHANGZHOU STA CENTRE PROJECT

As at December 31, 2021, the development of the Tianjin Project and the Changzhou STA Centre Project had been completed and they had reached the intended state of utilization.

As at December 31, 2021, the planned application and actual usage of the net proceeds from the A Share Listing and the Non-public Issuance of A Shares allocated for the Tianjin Project and the Changzhou STA Centre Project, respectively, are as follows:

Use of Proceeds from the A Share Listing or the Non-public Issuance of A Shares	Allocation of net proceeds (RMB million) (1)	Balance of the utilized amount (as at December 31, 2021) ^(Note 1) (RMB million) (2)	Difference between the balance of the utilized amount (as at December 31, 2021) and the allocation of net proceeds (RMB million) (3) = (1) - (2)	Interest income and wealth management income net of bank charges (RMB million) (4)	Surplus amount (RMB million) (5) = (1) + (4) - (2)	Percentage of the unutilized amount (as at December 31, 2021) (6) = (3)/(1)
The Tianjin Project	564.0	360.1	203.9	38.3	242.2	36.15%
The Changzhou STA Centre Project	660.6	600.7	60.0	8.3	68.3	9.08%
Total	1,224.6	960.8	263.8	46.6	310.5	21.54%

- Note:*
1. The balance of the utilized amount includes the net proceeds used to replace the Company's own funds that had been utilized in advance.
 2. Any discrepancies in the sum of amounts listed in the above table with the breakdown of use of net proceeds is due to rounding

REASONS FOR THE SURPLUS OF THE NET PROCEEDS ALLOCATED TO THE TIANJIN PROJECT AND THE CHANGZHOU STA CENTRE PROJECT

Reasons for the surplus of the net proceeds allocated to the Tianjin Project

In the course of implementation of the Tianjin Project, WuXi AppTec (Tianjin) Co., Ltd. * (天津藥明康德新藥開發有限公司), a wholly-owned subsidiary of the Company, received government grants from relevant government authority, and part of the expenses relating to the Tianjin Project were paid using the aforementioned government grants. As such, a relatively large amount of surplus was generated.

In addition, through comparison of prices offered by multiple parties for centralised civil construction, renovation in batches and equipment procurement without compromising their functions during the Company's implementation of the Tianjin Project, the actual purchase price of the equipment was lower than the design estimates. Meanwhile, for the purpose of improving the efficiency of the utilization of the net proceeds, the Company utilized part of the idle net proceeds for cash management on the premise that the normal operation of the investment plan and the safety of the net proceeds would not be jeopardized. As such, the Company has obtained a certain amount of investment income.

Reasons for surplus of the net proceeds allocated to the Changzhou STA Centre Project

In the course of implementation of the Changzhou STA Centre Project, the Company strictly controlled, supervised and managed all types of expenses. The Company made reasonable planning for the utilization and payment of funds on the premise of ensuring the progress and effectiveness of the Changzhou STA Centre Project. The surplus of net proceeds allocated to the Changzhou STA Centre Project mainly comprise the remaining balance of contract amounts and warranty that are payable, which the Company will settle with its own funds in due course.

In addition, the Company performed cash management on idle net proceeds in compliance with applicable laws and in accordance with relevant regulations on the management and use of proceeds while ensuring the construction of investment projects funded by the net proceeds and the safety of the net proceeds will not be affected, thereby improving the utilisation efficiency of idle net proceeds and generating certain wealth management income.

ARRANGEMENTS FOR THE USE OF SURPLUS NET PROCEEDS FROM THE A SHARE LISTING AND THE NON-PUBLIC ISSUANCE OF A SHARES TO PERMANENTLY REPLENISH WORKING CAPITAL OF THE COMPANY SUBSEQUENT TO THE COMPLETION OF PART OF THE INVESTMENT PROJECTS

On March 23, 2022, as a result of the completion of the Tianjin Project and the Changzhou STA Centre Project and for the purpose of improving the utilisation efficiency of the funds of the Company, the Board has resolved to use the abovementioned surplus net proceeds from the A Share Listing and the Non-public Issuance of A Shares as at December 31, 2021 in the amount of RMB310.5 million (including interest income and wealth management income net of bank charges of RMB46.6 million, and the final amount of funds to be transferred to the account containing the Company's own funds shall depend on the actual balance of the special net proceeds account on the day when the funds are transferred out accordingly) to permanently replenish the working capital of the Company (the "**Permanent Replenishment of Working Capital**"). The abovementioned surplus net proceeds comprise (i) the surplus net proceeds allocated to the Tianjin Project in the amount of RMB242.2

million (including interest income and wealth management income net of bank charges of RMB38.3 million); and (ii) the surplus net proceeds allocated to the Changzhou STA Centre Project in the amount of RMB68.3 million (including interest income and wealth management income net of bank charges of RMB8.3 million). After the completion of the Permanent Replenishment of Working Capital, the Company will cancel the relevant special net proceeds account.

IMPACT OF THE PERMANENT REPLENISHMENT OF WORKING CAPITAL

The Permanent Replenishment of Working Capital is a prudent decision made by the Company based on changes in the market environment, the Company's strategy and actual situation, which is in line with the changing trend of the overall industry environment and the Company's future development needs, and is conducive to improving the utilisation efficiency of the net proceeds. There is no use of the net proceeds in violation of applicable rules and regulations and there are also no circumstances where the interests of the Company and its Shareholders as a whole will be damaged.

OPINION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors were of the view that the Permanent Replenishment of Working Capital is based on the actual situation of the Company. They are conducive to improving the utilization efficiency and income of the surplus net proceeds and in line with the objective situation and the long-term development needs of the Company, and they do not create any damage to the interests of the Shareholders as a whole. The decision-making procedure for the Permanent Replenishment of Working Capital 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 Permanent Replenishment of Working Capital and the proposal of the Permanent Replenishment of Working Capital for consideration at the Shareholders' meeting of the Company.

OPINION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee was of the view that the Permanent Replenishment of Working Capital has 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 Permanent Replenishment of Working Capital.

GENERAL

The Permanent Replenishment of Working Capital 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 Permanent Replenishment of Working Capital and a notice convening the annual general meeting will be despatched by the Company to the Shareholders in due course.

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

Hong Kong, March 23, 2022

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*