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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)

ANNOUNCEMENT IN RELATION TO CHANGES IN ACCOUNTING POLICIES

The Resolution Regarding the Changes in Accounting Policies of the Company was considered and approved at the 28th meeting of the First Session of the Board of Directors and the Board meeting of 2018, and the 17th meeting of the First Session of the Board of Supervisors of WuXi AppTec Co., Ltd.* (無錫藥明康德新藥開發股份有限公司) (the “**Company**”). The changes in accounting policies are not subject to consideration and approval by shareholders at the general meeting of the Company.

I. SUMMARY

On December 7, 2018, the Ministry of Finance of the People's Republic of China (the “**PRC**”) issued the Circular regarding Amendment on the Accounting Standards for Enterprises No. 21 — Leases (《關於修訂印發〈企業會計準則第21號—租賃〉的通知》) (Cai Kuai [2018] No. 35) (“**New Standards on Leases**”), which requires companies that are listed both domestically and overseas, and companies that are listed overseas and prepare their financial reports in accordance with the International Financial Reporting Standards or the Accounting Standards for Enterprises to adopt this standard with effect from January 1, 2019, and for other companies that adopt the Accounting Standards for Enterprises to adopt this standard with effect from January 1, 2021. Companies with parent companies or subsidiaries that are listed overseas and prepare their overseas financial statements in accordance with the International Financial Reporting Standards or the Accounting Standards for Enterprises may adopt this standard in advance. However, it should not be adopted earlier than the date of adopting the Accounting Standards for Enterprises No. 22 — Recognition and Measurement of Financial Instruments (《企業會計準則第22號—金融工具確認和計量》) and the Accounting Standards for Enterprises No. 14 — Revenue (《企業會計準則第14號—收入》) issued by the Ministry of Finance on March 31, 2017 and July 5, 2017, respectively.

According to the above accounting treatment and amendments on the standards, the Company decided to adopt the New Standards on Leases from January 1, 2019 after careful consideration on the Company's situation. As a result, the previous accounting policies are required to be changed accordingly (the “**Changes**”).

II. DETAILS OF THE CHANGES IN ACCOUNTING POLICIES AND THEIR IMPACTS ON THE COMPANY

(I) Nature and Content of and reasons for the changes in accounting policies

There are material changes in the New Standards on Leases in terms of, among others, identification, initial recognition, subsequent measurement, presentation and disclosure of leases, especially in terms of lease contracts which require the inclusion of the leased assets under the Company's assets and liabilities, respectively, with reference to, among others, the discounted future lease payments, and subsequently the depreciation on the corresponding assets and the calculation of interest expenses for the corresponding liabilities using the effective interest method. There is no material change in leasing out, and leasing under finance leases.

According to the requirements of the current standards on leases, the lease expenses of the operating leased assets are recognized as relevant assets or expenses over the lease term. After the amendments, the lessee shall first identify whether it constitutes a lease, and then lease contracts that meet the definition of a lease are accounted for as required by the New Standards on Leases. At initial recognition, leased liabilities are recognized for leased assets under operating leases at the present value of the outstanding lease payments as at the commencement date of the lease while right-of-use assets are recognized at leased liabilities and other costs (such as initial expenses and restoration obligations). For subsequent measurement, right-of-use assets are depreciated and depreciation charges are recognized, while interest expenses of leased liabilities are recognized by using the effective interest method. For short-term leases and leases of low value assets, the recognition of right-of-use assets and leased liabilities is optional. Meanwhile, the specific requirements for disclosure of financial reports were imposed in respect of related matters.

(II) Major Impacts of the Changes in Accounting Policies on the Financial Reports of the Company

The impacts of the adoption of the New Standards on Leases on the Company are mainly reflected in the business premises leased by the Company. On the date of adoption of the New Standards on Leases, the Company intends to make financial treatments by way of "measuring leased liabilities at the present value discounted using the lessee's incremental borrowing rate at the date of initial adoption, and assuming that the new standards on leases are adopted to measure right-of-use assets since the commencement of the lease term".

For items of the statement of financial position, although there is an increase in both assets and liabilities due to the existence of operating lease contracts, it does not have a material impact on the financial position of the Company.

For items of the statement of comprehensive income, "interest expenses" provided for the corresponding leased liabilities using the effective interest method and "depreciation charges" provided for right-of-use assets were newly introduced under the New Standards on Leases, and the expenses of lease contracts of the recognized right-of-use assets and leased liabilities are no longer included in the "lease expenses". The total expenses of the same lease contract will be characterized by "a gradual decline from a high level at the beginning (i.e. the total expenses will be higher at the beginning of the lease term but will

gradually decline year-by-year)”, but the total expenses for the lease term are equal to those under the current standards. Accordingly, it is expected that there will be negative impact on the Company’s operation profit in the year of 2019 and beyond, but the impact may gradually become positive in the following years. The impact of the above changes in accounting policies on the Company’s operation profit for the year of 2019 and beyond will not be material.

The International Accounting Standards Board also issued the IFRS 16 — “Lease” in January of 2016. To prepare financial statements in accordance with accounting policies in compliance with the international financial report standards issued by the International Accounting Standards Board, the Company has adopted the new international accounting standards applicable for the period from and after January 1, 2019. The adoption of new international accounting standards shall have no material impacts on the operation profit of the Company for the year of 2019 and beyond.

III. OPINIONS OF INDEPENDENT DIRECTORS AND BOARD OF SUPERVISORS

The independent directors of the Company issued the following review opinions: “The Resolution Regarding the Changes in Accounting Policies of the Company was considered and approved at the 28th meeting of the First Session of the Board of Directors and the Board meeting of 2018. The Company will make changes in accounting policies of the Company in accordance with the relevant regulations promulgated by the Ministry of Finance. After the changes, the accounting policies will be in compliance with the national standardized accounting system and can objectively and fairly reflect the financial position and operating results of the Company, and also in line with the interests of the Company and its shareholders. As a result, we agreed to the changes of the accounting policies of the Company, and the changed accounting policies shall be implemented with effect from January 1, 2019.”

The Board of Supervisors of the Company issued the following review opinions: “The changes of accounting policies of the Company are in compliance with the relevant requirements of the circular issued by the Ministry of Finance and laws, regulations and relevant documents of the Ministry of Finance. The decision-making procedures are in compliance with relevant laws, regulations and the Articles of Association. Therefore, it is agreed that the accounting policies of the Company shall be changed with effect from January 1, 2019.”

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

Hong Kong, March 22, 2019

As of the date of this announcement, the Board of the Company 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