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Pharmaron Beijing Co., Ltd.*

康龍化成(北京)新藥技術股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3759)

CONNECTED TRANSACTION

(1) ACQUISITION OF EQUITY INTERESTS IN PHARMARON CLINICAL

AND

(2) CAPITAL INCREASE IN PHARMARON CLINICAL

As part of the restructuring of Pharmaron Clinical as disclosed in the annual report of the Company for the year ended December 31, 2021 and the interim report of the Company for the six months ended June 30, 2022, the Board has approved the Acquisition and the Capital Increase. Details of the Acquisition and the Capital Increase are set out below:

THE ACQUISITION

On October 27, 2022, the Company entered into the following Equity Transfer Agreements, pursuant to which the Company exercised its pre-emptive rights and agreed to acquire, and the vendors under the respective Equity Transfer Agreements agreed to sell, in aggregate, 23.2280% equity interests in Pharmaron Clinical at a total consideration of approximately RMB542.79 million.

- (1) the Company, Mr. Yu Wu, Mr. Li Xianghao and Pharmaron Clinical entered into the Equity Transfer Agreement I, pursuant to which the Company agreed to acquire, and Mr. Yu Wu and Mr. Li Xianghao agreed to sell, in aggregate, 21.6874% of equity interests in Pharmaron Clinical at a consideration of approximately RMB506.79 million.
- (2) the Company, Mr. Liu Yang and Pharmaron Clinical entered into the Equity Transfer Agreement II, pursuant to which the Company agreed to acquire, and Mr. Liu Yang agreed to sell, in aggregate, 1.5406% of equity interests in Pharmaron Clinical at a consideration of approximately RMB36.00 million.

THE CAPITAL INCREASE AGREEMENT

On October 27, 2022, the Company also entered into the Capital Increase Agreement with Mr. Howe Li, Xiamen Longtaikanglin, Mr. Liu Yang, the Minority Shareholders and Pharmaron Clinical in relation to the Capital Increase in Pharmaron Clinical, pursuant to which the registered capital of Pharmaron Clinical will increase from RMB536.81 million to RMB701.96 million, and the Company has conditionally agreed to subscribe for the increased registered capital of RMB147.94 million in Pharmaron Clinical at the consideration of RMB700.00 million. Meanwhile, each of Mr. Howe Li and Xiamen Longtaikanglin has also conditionally agreed to subscribe for the increased registered capital of RMB14.79 million and RMB2.42 million in Pharmaron Clinical at the consideration of RMB70.00 million and RMB11.45 million, respectively. All the contribution of the Capital Increase in excess of the newly increased registered capital will be credited to the capital reserve of Pharmaron Clinical.

Prior to the Acquisition and the Capital Increase, the Company holds approximately 55.8856% of the equity interest in Pharmaron Clinical and Pharmaron Clinical is a non-wholly owned subsidiary of the Company. Upon completion of the Acquisition and the Capital Increase, the equity interest in Pharmaron Clinical held by the Company will increase from 55.8856% to 81.5759% and Pharmaron Clinical will remain as a non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Pharmaron Clinical is a non-wholly owned subsidiary of the Company and is held as to 55.8856%, 14.3794%, 12.7755%, 7.3080%, 6.0003% and 3.6512% by the Company, Mr. Yu Wu, Xiamen Longtaikanglin, Mr. Li Xianghao, Mr. Liu Yang and the Minority Shareholders. As such, the Company, Mr. Yu Wu and Xiamen Longtaikanglin are substantial shareholders of Pharmaron Clinical, respectively. Mr. Yu Wu and Mr. Liu Yang are also the directors of Pharmaron Clinical and Mr. Li Xianghao is the brother-in-law of Mr. Yu Wu. Mr. Liu Yang is also the general partner of Xiamen Longtaikanglin.

Therefore, each of Mr. Yu Wu, Xiamen Longtaikanglin, Mr. Li Xianghao and Mr. Liu Yang is a connected person at the subsidiary level of the Company, and the transactions contemplated under each of the Equity Transfer Agreements and the Capital Increase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction under the Equity Transfer Agreements and the Capital Increase Agreement is more than 1% but less than 5%, the transaction contemplated under the Equity Transfer Agreements and the Capital Increase Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As part of the restructuring of Pharmaron Clinical as disclosed in the annual report of the Company for the year ended December 31, 2021 and the interim report of the Company for the six months ended June 30, 2022, the Board has approved the Acquisition and the Capital Increase. Details of the Acquisition and the Capital Increase are set out below:

THE ACQUISITION

On October 27, 2022, the Company entered into the following Equity Transfer Agreements, pursuant to which the Company exercised its pre-emptive rights and agreed to acquire, and the vendors under the respective Equity Transfer Agreements agreed to sell, in aggregate, 23.2280% equity interests in Pharmaron Clinical at a total consideration of approximately RMB542.79 million.

(i) Equity Transfer Agreement I

Date:	October 27, 2022
Parties:	(1) The Company; (2) Mr. Yu Wu; (3) Mr. Li Xianghao; and (4) Pharmaron Clinical.
Subject matter:	Pursuant to the Equity Transfer Agreement I, the Company has conditionally agreed to acquire and Mr. Yu Wu and Mr. Li Xianghao has conditionally agreed to sell, in aggregate, 21.6874% equity interests in Pharmaron Clinical.
Consideration:	Upon the execution of the Equity Transfer Agreement I, Mr. Yu Wu and Mr. Li Xianghao shall transfer an aggregate of 21.6874% equity interests in Pharmaron Clinical to the Company as follows:

Vendors	Amount of relevant registered capital to be transferred (RMB)	Percentage of Shareholding to the transferred	Consideration (RMB)
Mr. Yu Wu	77,190,000	14.3794%	336,020,000
Mr. Li Xianghao	39,230,000	7.3080%	170,770,000
Total	116,420,000	21.6874%	506,790,000

The consideration of the acquisition contemplated under the Equity Transfer Agreement I (“**Equity Transfer Agreement I Consideration**”) is RMB506,790,000 and will be financed by internal resources of the Group.

Further, the parties to the Equity Transfer Agreement I agreed and confirmed that, as of the date of signing the Equity Transfer Agreement I, as the subscribed capital contribution of Mr. Yu Wu and Mr. Li Xianghao to Pharmaron Clinical has not been fully paid, the Company is entitled to deduct such unpaid amount from the Equity Transfer Agreement I Consideration. The Company shall then be subject to the corresponding capital contribution obligation, and pay the corresponding capital contribution upon the completion of the equity transfers under the Equity Transfer Agreement I.

In this connection, the actual consideration to be paid by the Company is as follows:

Vendors	Registered capital (RMB)	Initially subscribed capital contribution (RMB)	Unpaid capital contribution (RMB)	Actual consideration to be paid to the vendors (RMB)
Mr. Yu Wu	77,190,000	91,080,000	91,080,000	244,940,000
Mr. Li Xianghao	39,230,000	46,290,000	16,750,000	154,020,000
Total	116,420,000	137,370,000	107,830,000	398,960,000

The Equity Transfer Agreement I Consideration is tax inclusive, and shall be paid in cash in the following manner:

- (i) 70% of the Equity Transfer Agreement I Consideration shall be paid to Mr. Yu Wu and Mr. Li Xianghao within ten (10) working days upon the satisfaction (or otherwise waived by the Company) of conditions precedents (i), (ii), (iii) and (iv) set forth below;
- (ii) the remaining 30% of the Equity Transfer Agreement I Consideration shall be paid to Mr. Yu Wu and Mr. Li Xianghao before December 31, 2022 upon the satisfaction (or otherwise waived by the Company) of conditions precedents (iv), (v) and (vi) set forth below.

Basis of determining the amount of the Equity Transfer Agreement I Consideration

The Equity Transfer Agreement I Consideration was determined upon arm’s length negotiation between the parties with reference to the consideration of the Capital Increase.

Accordingly, the Directors are of the view that the Equity Transfer Agreement I Consideration is fair and reasonable.

Conditions precedent:

The completion of the Equity Transfer Agreement I is conditional upon the satisfaction or otherwise waived by the Company of the following conditions:

- (i) the Equity Transfer Agreement I having been signed by all parties and becomes effective;
- (ii) Pharmaron Clinical and the Company having performed their respective internal governance procedures in accordance with the law regarding the equity transfer, and other relevant shareholders unconditionally having waived their relevant pre-emptive rights of in relation to this equity transfer;
- (iii) the equity transfer is not restricted by any relevant laws, regulations, normative documents, government orders or otherwise, and the relevant government departments have not restricted or prohibited the equity transfer through formulation, promulgation and implementation of relevant laws, regulations, normative documents, government orders or otherwise;
- (iv) each of Mr. Yu Wu and Mr. Li Xianghao not having violated any representation, warranty and undertaking stipulated in the Equity Transfer Agreement I;
- (v) Mr. Yu Wu having resigned from Pharmaron Clinical; and
- (vi) both Mr. Yu Wu and Mr. Li Xianghao having cooperated with Pharmaron Clinical and completed the signing of relevant documents related to the change registration/filing procedures of the market regulation and management authority (市場監督管理部門).

(ii) Equity Transfer Agreement II

- Date:** October 27, 2022
- Parties:**
- (1) The Company;
 - (2) Mr. Liu Yang; and
 - (3) Pharmaron Clinical.
- Subject matter:** Pursuant to the Equity Transfer Agreement II, the Company has conditionally agreed to acquire and Mr. Liu Yang has conditionally agreed to sell 1.5406% equity interests in Pharmaron Clinical.
- Consideration:** The consideration of the acquisition contemplated under the Equity Transfer Agreement II (“**Equity Transfer Agreement II Consideration**”) is RMB36,000,000 and will be financed by internal resources of the Group.
- The Equity Transfer Agreement II Consideration is tax inclusive, and shall be paid in cash in the following manner:
- (i) 70% of the Equity Transfer Agreement II Consideration shall be paid to Mr. Liu Yang within ten (10) working days upon the satisfaction (or otherwise waived by the Company) of conditions precedents (i), (ii) and (iii) set forth below;
 - (ii) the remaining 30% of the Equity Transfer Agreement II Consideration shall be paid to Mr. Liu Yang within ten (10) working days upon the satisfaction (or otherwise waived by the Company) of conditions precedents (iv) and (v) set forth below.
- Basis of determining the amount of the Equity Transfer Agreement II Consideration**
- The Equity Transfer Agreement II Consideration was determined upon arm’s length negotiation between the parties with reference to the consideration of the Capital Increase.
- Accordingly, the Directors are of the view that the Equity Transfer Agreement II Consideration is fair and reasonable.

Conditions precedent:

The completion of the Equity Transfer Agreement II is conditional upon the satisfaction or otherwise waived by the Company of the following conditions:

- (i) the Equity Transfer Agreement II having been signed by all parties and becomes effective;
- (ii) Pharmaron Clinical and the Company having performed their respective internal governance procedures in accordance with the law regarding the equity transfer, and other relevant shareholders unconditionally having waived their relevant pre-emptive rights of in relation to this equity transfer;
- (iii) the equity transfer is not restricted by any relevant laws, regulations, normative documents, government orders or otherwise, and the relevant government departments have not restricted or prohibited the equity transfer through formulation, promulgation and implementation of relevant laws, regulations, normative documents, government orders or otherwise;
- (iv) Pharmaron Clinical having completed the signing of documents related to the change registration/filing procedures of the market regulation and management authority (市場監督管理部門) relating to the equity transfer; and
- (v) Mr. Liu Yang not having violated any representation, warranty and undertaking stipulated in the Equity Transfer Agreement II.

THE CAPITAL INCREASE AGREEMENT

On October 27, 2022, the Company, entered into the Capital Increase Agreement with Mr. Howe Li, Xiamen Longtaikanglin, Mr. Liu Yang, the Minority Shareholders and Pharmaron Clinical in relation to the Capital Increase in Pharmaron Clinical, pursuant to which the Company has conditionally agreed to subscribe for the increased registered capital of RMB147.94 million in Pharmaron Clinical at the consideration of RMB700.00 million. Meanwhile, Mr. Howe Li and Xiamen Longtaikanglin has conditionally agreed to subscribe for the increased registered capital of RMB14.79 million and RMB2.42 million in Pharmaron Clinical at the consideration of RMB70.00 million and RMB11.45 million, respectively. All the contribution of the Capital Increase in excess of the newly increased registered capital will be credited to the capital reserve of Pharmaron Clinical.

The principal terms of the Capital Increase Agreement are summarized below:

Date: October 27, 2022

Parties:

- (1) The Company;
- (2) Mr. Howe Li;
- (3) Xiamen Longtaikanglin Enterprise Management Partnership (Limited Partnership), an employee incentive platform of Pharmaron Clinical;
- (4) Mr. Liu Yang;
- (5) the Minority Shareholders; and
- (6) Pharmaron Clinical.

(together, the “**Parties to the Capital Increase Agreement**”)

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Mr. Howe Li is an Independent Third Party.

The Capital Increase:

(i) Increase in registered capital

The registered capital of Pharmaron Clinical shall increase from RMB536,810,000 to RMB701,960,000. The amount of increase in registered capital of Pharmaron Clinical is RMB165,150,000.

(ii) Means and amount of the Capital Increase

The Parties to the Capital Increase Agreement agreed to settle the capital increase to Pharmaron Clinical by way of cash, and the respective amount of the Capital Increase shall be paid by the relevant Parties to the Capital Increase Agreement to the bank account designated by Pharmaron Clinical upon the satisfaction of all conditions precedents set forth below. The specific time and method of payment shall be agreed among the Parties to the Capital Increase Agreement separately, but in any event shall be paid no later than December 31, 2022.

The table below sets out the respective capital to be credited to Pharmaron Clinical pursuant to the Capital Increase Agreement:

Shareholders	Capital to be credited (RMB)	Amount to be credited to the registered capital of Pharmaron Clinical (RMB)	Amount to be credited to the capital reserve of Pharmaron Clinical (RMB)
The Company	700,000,000	147,940,000	552,060,000
Mr. Howe Li	70,000,000	14,790,000	55,210,000
Xiamen Longtaikanglin	11,450,000	2,420,000	9,030,000
Total	781,450,000	165,150,000	616,300,000

Basis of determining the amount of the Capital Increase

The Capital Increase is conducted on a voluntary, fair and legal basis, and the consideration in relation to the Capital Increase contemplated under the Capital Increase Agreement was determined upon arm's length negotiation among the Parties to the Capital Increase Agreement (including the Company and the Independent Third Parties) after taking into account the technical capabilities, industry development prospects of Pharmaron Clinical. The consideration in relation to the Capital Increase contemplated under the Capital Increase Agreement is also consistent with the valuation of Pharmaron Clinical carried out by an independent professional consultant.

Accordingly, the Directors are of the view that the consideration contemplated under the Capital Increase Agreement is fair and reasonable.

Condition precedents

The completion of the Capital Increase Agreement is conditional upon the satisfaction or otherwise waived by the Company of the following conditions:

- (i) the Capital Increase Agreement having been signed by the Parties to the Capital Increase Agreement and becomes effective;
- (ii) Pharmaron Clinical and each of the other Parties to the Capital Increase Agreement, if necessary having performed their respective relevant internal governance procedures;
- (iii) Xiamen Longmaikanglin Enterprise Management Partnership (Limited Partnership)* (廈門龍邁康臨企業管理合夥企業 (有限合夥), being an employee incentive platform of the Pharmaron Clinical, having registered as a limited partner of Xiamen Longtaikanglin and completed the corresponding registration procedures of the market regulation and management authority (市場監督管理部門); and
- (iv) Pharmaron Clinical having completed the signing of documents related to the change registration/filing procedures of the market supervision and management authority (市場監督管理部門) relating to the equity transfer.

SHAREHOLDING STRUCTURE OF PHARMARON CLINICAL IMMEDIATELY AND AFTER THE ACQUISITION AND THE CAPITAL INCREASE

The table below sets out the shareholding structure of Pharmaron Clinical immediately before and after the Acquisition and the Capital Increase:

Shareholders	Immediately before completion of the Acquisition and the Capital Increase		Immediately after completion of the Acquisition and the Capital Increase	
	Registered capital (RMB)	Shareholding percentage	Registered capital (RMB)	Shareholding percentage
The Company	300,000,000	55.8856%	572,630,000	81.5759%
Mr. Yu Wu	77,190,000	14.3794%	—	—
Xiamen Longtaikanglin Enterprise Management Partnership (Limited Partnership)	68,580,000	12.7755%	71,000,000	10.1145%
Mr. Li Xianghao	39,230,000	7.3080%	—	—
Mr. Liu Yang	32,210,000	6.0003%	23,940,000	3.4105%
Mr. Howe Li	—	—	14,790,000	2.1070%
The Minority Shareholders	19,600,000	3.6512%	19,600,000	2.7922%
Total	536,810,000	100%	701,960,000	100%

Prior to the Acquisition and the Capital Increase, the Company holds approximately 55.8856% of the equity interest in Pharmaron Clinical and Pharmaron Clinical is a non-wholly owned subsidiary of the Company. Upon completion of the Acquisition and the Capital Increase, the equity interest in Pharmaron Clinical held by the Company will increase from 55.8856% to 81.5759%. Pharmaron Clinical will remain as a non-wholly owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENTS AND THE CAPITAL INCREASE AGREEMENT

The implementation of the Equity Transfer Agreements and the Capital Increase Agreement can further strengthen the Company's control over Pharmaron Clinical, enhance the integrated clinical R&D service capability, and develop a solid integrated clinical R&D service platform. It further increases the capital adequacy ratio of Pharmaron Clinical, hence satisfying the capital needs for developing the principal business of Pharmaron Clinical, which maximizes Shareholders' interests.

The Directors (including independent non-executive Directors) are of the view that each of the Equity Transfer Agreement I, Equity Transfer Agreement II, and the Capital Increase Agreement is entered into on normal commercial terms and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Board has approved the Equity Transfer Agreements, the Capital Increase Agreement and the transaction contemplated thereunder. As none of the Directors have a material interest in the Equity Transfer Agreements, the Capital Increase Agreement and the transactions contemplated thereunder, no Director had abstained from voting on such Board resolutions.

INFORMATION ABOUT THE PARTIES TO THE EQUITY TRANSFER AGREEMENTS AND THE CAPITAL INCREASE AGREEMENT

The Company and the Group

The Company was established under the laws of the PRC with limited liability, and its Shares are listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange. It is a leading fully-integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for its customers.

Pharmaron Clinical

Pharmaron Clinical is a limited company established in the PRC on May 27, 2021, and principally engages in clinical development services business in the PRC and overseas.

Set out below is a summary of the unaudited financial information of Pharmaron Clinical for the years ended 31 December 2021 and for the nine months ended September 30, 2022, prepared in accordance with the generally accepted accounting principles in the PRC:

	For the year ended December 31, 2021 RMB	For the nine months ended September 30, 2022 RMB
Revenue	629,406,127	734,664,634
Net loss before tax	-194,284,483	-190,049,672
Net loss after tax	-193,705,768	-189,004,538

Note:

The unaudited financial figures of Pharmaron Clinical for the year ended December 31, 2021 set forth above have been adjusted to take into account of the acquisition of entities that completed the equity transfer under common control, being Enyuan Pharmaceutical Technology (Beijing) Co., Ltd.* (恩遠醫藥科技(北京)有限公司) and Pharmaron CPC, Inc. in February 2022 and August 2022, respectively.

The unaudited net asset value of Pharmaron Clinical as at December 31, 2021 was approximately RMB272,187,471.

The original acquisition costs of Mr. Yu Wu, Mr. Li Xianghao and Mr. Liu Yang for their respective 14.3794%, 7.3080% and 1.5406% equity interests in Pharmaron Clinical were RMB91.08 million, RMB46.29 million and RMB9.76 million, respectively.

Upon completion of the Acquisition and the Capital Increase, Pharmaron Clinical will remain as a non-wholly owned subsidiary of the Company and the financial results of Pharmaron Clinical will remain to be consolidated into the Company's financial results.

Other parties to the Equity Transfer Agreements

Mr. Yu Wu

Mr. Yu Wu is a substantial shareholder and director of Pharmaron Clinical. Upon the completion of the Acquisition, Mr. Yu Wu will no longer be a connected person of the Company.

Mr. Li Xianghao

Mr. Li Xianghao is the brother-in-law of Mr. Yu Wu. Upon the completion of the Acquisition, Mr. Li Xianghao will no longer be a connected person of the Company.

Mr. Liu Yang

Mr. Liu Yang is a director of Pharmaron Clinical. He is also the general partner of Xiamen Longtaikanglin.

Other Parties to the Capital Increase Agreement

Mr. Howe Li

Mr. Howe Li is an Independent Third Party. He was the founder of DeltaMed which was acquired by Pharmaron Clinical in September 2021. DeltaMed is a company incorporated in PRC on September 13, 2018 which is principally engaged in the provision of clinical development services in the PRC.

Mr. Liu Yang

Mr. Liu Yang is a director of Pharmaron Clinical. He is also the general partner of Xiamen Longtaikanglin.

Xiamen Longtaikanglin

Xiamen Longtaikanglin is a limited partnership established in the PRC on September 16, 2021 with a registered capital of RMB80.96 million, which principally serves as an employee incentive platform of Pharmaron Clinical. As at the date of this announcement, Xiamen Longtaikanglin is held as to 35.1902%, 32.5469%, 14.7604%, 13.2041%, 4.2861% and 0.0124% by Xiamen Longyuekanglin Enterprise Management Partnership (Limited Partnership)* (廈門龍悅康臨企業管理合夥企業(有限合夥)) (as a limited partner), Xiamen Xiya Enterprise Management Partnership (Limited Partnership)* (廈門希雅企業管理合夥企業(有限合夥)) (as a limited partner), Xiamen Sainuomaikang Enterprise Management Partnership (Limited Partnership)* (廈門賽諾邁康企業管理合夥企業(有限合夥)) (as a limited partner), Xiamen Deshu Enterprise Management Partnership (Limited Partnership)* (廈門德數企業管理合夥企業(有限合夥)) (as a limited partner), Xiamen Huili Enterprise Management Partnership (Limited Partnership)* (廈門薈勵企業管理合夥企業(有限合夥)) (as a limited partner) and Mr. Liu Yang (as a general partner) respectively. All of the limited partners of Xiamen Longtaikanglin are employee incentive platforms of Pharmaron Clinical. Except for Xiamen Deshu Enterprise Management Partnership (Limited Partnership)* (廈門德數企業管理合夥企業(有限合夥)) which is ultimately owned by Mr. Liu Yang, none of the other limited partners of Xiamen Longtaikanglin is owned by connected persons of the Company.

The Minority Shareholders

The shareholders holding an aggregate of 3.6512% of equity interests in Pharmaron Clinical as at the date of the Capital Increase Agreement and are Independent Third Parties.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Pharmaron Clinical is a non-wholly owned subsidiary of the Company and is held as to 55.8856%, 14.3794%, 12.7755%, 7.3080%, 6.0003% and 3.6512% by the Company, Mr. Yu Wu, Xiamen Longtaikanglin, Mr. Li Xianghao, Mr. Liu Yang and the Minority Shareholders. As such, the Company, Mr. Yu Wu and Xiamen Longtaikanglin are substantial shareholders of Pharmaron Clinical, respectively. Mr. Yu Wu and Mr. Liu Yang are the directors of Pharmaron Clinical and Mr. Li Xianghao is the brother-in-law of Mr. Yu Wu. Mr. Liu Yang is also the general partner of Xiamen Longtaikanglin.

Therefore, each of Mr. Yu Wu, Xiamen Longtaikanglin, Mr. Li Xianghao and Mr. Liu Yang is a connected person at the subsidiary level of the Company, and the transaction contemplated under each of the Equity Transfer Agreements and the Capital Increase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction under the Equity Transfer Agreements and the Capital Increase Agreement is more than 1% but less than 5%, the transaction contemplated under the Equity Transfer Agreements and the Capital Increase Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“A Shares”	ordinary share(s) of the Company with nominal value of RMB1.00 each listed on the Shenzhen Stock Exchange
“Acquisition”	the acquisition of an aggregate of 23.2280% of equity interests in Pharmaron Clinical by the Company pursuant to the Equity Transfer Agreements
“Board”	the board of Directors
“Capital Increase”	subscription for the increased registered capital of RMB147.94 million, RMB14.79 million and RMB2.42 million in Pharmaron Clinical by the Company, Mr. Howe Li and Xiamen Longtaikanglin, respectively, pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into among the Company, Mr. Howe Li, Xiamen Longtaikanglin, Mr. Liu Yang, the Minority Shareholders and Pharmaron Clinical on October 27, 2022 in relation to the capital increase to Pharmaron Clinical
“Company”	Pharmaron Beijing Co., Ltd.* (康龍化成(北京)新藥技術股份有限公司), a joint stock limited company incorporated under the laws of the PRC on July 1, 2004, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300759) and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3759)
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreements”	Equity Transfer Agreement I and Equity Transfer Agreement II
“Equity Transfer Agreement I”	the equity transfer agreement to be entered into among the Company, Mr. Yu Wu, Mr. Li Xianghao and Pharmaron Clinical in relation to the acquisition of 21.6874% of equity interests in Pharmaron Clinical
“Equity Transfer Agreement II”	the equity transfer agreement to be entered into among the Company, Mr. Liu Yang and Pharmaron Clinical in relation to the acquisition of 1.5406% of equity interests in Pharmaron Clinical
“Group”	the Company and its subsidiaries

“H Share(s)”	overseas listed foreign invested ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third parties independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Minority Shareholders”	the shareholders holding an aggregate of 3.6512% of equity interests in Pharmaron Clinical as at the date of the Capital Increase Agreement and are Independent Third Parties
“Pharmaron Clinical”	Pharmaron (Chengdu) Clinical Services Co., Ltd. (康龍化成(成都)臨床研究服務有限公司), a company incorporated in PRC on May 27, 2021
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“R&D”	research and development
“Share(s)”	the ordinary shares of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Xiamen Longtaikanglin” Xiamen Longtaikanglin Enterprise Management Partnership (Limited Partnership)* (廈門龍泰康臨企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on September 16, 2021, which principally serves as an employee incentive platform of Pharmaron Clinical

“%” per cent

In this announcement, the terms “associate”, “connected person”, “controlling shareholder”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By order of the Board
Pharmaron Beijing Co., Ltd.*
Dr. Lou Boliang
Chairman

Beijing, the PRC
October 27, 2022

As at the date of this announcement, the Board of Directors comprises Dr. Lou Boliang, Mr. Lou Xiaoqiang and Ms. Zheng Bei as executive Directors; Mr. Chen Pingjin, Mr. Hu Baifeng, Mr. Li Jiaqing and Mr. Zhou Hongbin as non-executive Directors; Ms. Li Lihua, Mr. Zhou Qilin, Mr. Tsang Kwan Hung Benson and Mr. Yu Jian as independent non-executive Directors.

* *For identification purposes only*