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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)

**CONTINUING CONNECTED TRANSACTIONS
COMMISSIONED EXPERIMENTS AND RESEARCH FRAMEWORK
AGREEMENT 2023**

**COMMISSIONED EXPERIMENTS AND RESEARCH FRAMEWORK AGREEMENT
2023**

Reference is made to the announcement of the Company dated May 28, 2021 in relation to the Framework Agreement 2021. In light of the upcoming expiration of the Framework Agreement 2021 on December 31, 2023, the Board approved to renew the Framework Agreement 2021 by entering into the Framework Agreement 2023 with Ningbo Newbay Technology Development Co., Ltd.* (寧波新灣科技發展有限公司) (“**Newbay Technology**”) by December 31, 2023.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Newbay Technology is held as to, amongst others, 22.3484% and 8.9585% by Xiamen Yuanbo Investment Partnership (Limited Partnership)* (廈門元博投資合夥企業(有限合夥)) (“**Yuanbo**”) and Ningbo Kangjun Zhongyuan Equity Investment Partnership (Limited Partnership)* (寧波康君仲元股權投資合夥企業(有限合夥)) (“**Kangjun Zhongyuan Fund**”), respectively. Yuanbo is owned as to 50% and 50% by our executive Directors and the substantial shareholders of the Company, being Mr. Lou Xiaoqiang (as a limited partner) and Ms. Zheng Bei, the spouse of Mr. Lou Xiaoqiang (as a general partner). In addition, the general partner of Kangjun Zhongyuan Fund is Kangjun Investment Management (Beijing) Co.Ltd.* (康君投資管理(北京)有限公司) (“**Kangjun Investment**”), which is in turn ultimately owned by Mr. Lou Xiaoqiang.

Therefore, Newbay Technology is a connected person of the Company, and the transactions contemplated under the Framework Agreement 2023 constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the annual caps are more than 0.1% but less than 5%, and all other applicable percentage ratios are less than 5%, the Framework Agreement 2023 is only subject to the reporting, announcement and annual review requirements but does not require the approval by independent Shareholders of the Company.

COMMISSIONED EXPERIMENTS AND RESEARCH FRAMEWORK AGREEMENT 2023

Reference is made to the announcement of the Company dated May 28, 2021 in relation to the Framework Agreement 2021 which set out a framework of the terms governing the provision of pharmaceutical research and development, manufacturing, clinical research and other technical services by the Group to the Newbay Group.

The Group shall continue to provide special technical services such as relevant laboratory services, process development and manufacturing, and clinical development services to the Newbay Group (the “**Services**”). In light of the upcoming expiration of the Framework Agreement 2021 on December 31, 2023, the Board approved to renew the Framework Agreement 2021 by entering into the Framework Agreement 2023 with Newbay Technology by December 31, 2023.

Date of approval

October 27, 2023

Parties

1. The Company; and
2. Newbay Technology

Term

January 1, 2024 – December 31, 2026

Scope of services under the Framework Agreement 2023

Pursuant to the Framework Agreement 2023, the Group will continue to provide Services to the Newbay Group.

With respect to specific service requests that may be identified in the future, the Group members and the relevant members of the Newbay Group will enter into separate individual agreements or work orders to provide for the specific terms and conditions including service scope, service fee and other terms, subject to and in accordance with the Framework Agreement 2023.

Pricing policy

Services fees will be charged at rates no less favorable than rates at which the Group charges independent third parties for comparable transactions and will be determined by the relevant parties through arm’s length negotiations based on a number of factors applicable to all customers, including but not limited to the nature, complexity, and value of tasks completed by the Group at each stage under each work order, the materials required to complete the tasks, the fees charged for historical transactions of similar nature and the prevailing market rates.

Historical transaction amounts

The historical transaction amounts for the services under the Framework Agreement 2021 for the period from May 28, 2021 to December 31, 2021, the year ended December 31, 2022, and the nine months ended September 30, 2023 were approximately RMB13.36 million, RMB47.52 million and RMB36.59 million, respectively.

Annual caps

The total service fees receivable by the Group from the Newbay Group for the services under the Framework Agreement 2023 for the financial years ended December 31, 2024, 2025 and 2026 are expected not to exceed RMB70 million, RMB80 million and RMB90 million, respectively.

The annual cap has been arrived at based on (i) the historical transaction amounts received by the Group from the Newbay Group; (ii) the service fees received or receivable by the Group with respect to existing agreements between the Group and the Newbay Group; and (iii) the potential business opportunity after taking into account the development stages and expected development of the projects of the Newbay Group.

METHODS, PROCEDURES AND INTERNAL CONTROL IN DETERMINING THE PRICE AND TERMS

In determining the price and terms of the transactions under the Framework Agreement 2023, the Company follows the internal procedures which are applicable to all clients engaging the Company for similar services. Such internal procedures cover the execution of confidential disclosure agreements with potential clients, discussions with potential clients to understand service needs and demands, preparation of work proposal and fee quote, arm's length negotiations with clients on the terms of transactions, preparation and internal review of written agreements and execution of the same. In preparing the fee quote, the relevant personnel of the Company follows the price list and pricing principles set by the Company for different kinds of services, such price list and pricing principles are applicable to all clients of the Company.

In addition to the above business procedures, the Company has also put in place internal control systems with applicable rules for determination and execution of written agreements with clients. For instance, the legal department will review the agreements from a legal perspective and the finance department will review the consideration and payment terms. If the clients are identified as related parties or connected persons of the Company, the finance department, security affair department and internal control and internal audit department will also review the specific agreement or work order in accordance with the Management Policy on Related/Connected Transactions (關聯／關連交易管理制度) (the “**Policy**”) and ensure that the aggregate amount is within the relevant annual cap limit as approved by the Board and/or the Shareholders.

In line with the general business management procedures applicable to all clients, the Company has followed and will continue to abovementioned procedures in the determination of the price and terms of the transactions under the Framework Agreement 2023.

Since the transactions under the Framework Agreement 2023 are continuing connected transactions of the Company, the review and approval procedures for the Framework Agreement 2023 are also subject to the Policy and other internal control procedures for connected transactions adopted by the Company. In particular, the Policy requires that any transaction with a connected entity of a consideration more than RMB3 million and accounts for more than 0.5% as compared to the Company's latest audited net assets shall be approved by the Board. Furthermore, the Policy also provides for setting an annual cap for continuing connected transactions and, depending on the amount of such annual cap, obtaining the Board's or the Shareholders' approval for such annual cap. The Company has complied with the requirements under the Listing Rules and the abovementioned internal policies in the review and approval procedures for the Framework Agreement 2023.

Furthermore, the Company has also established the following internal control measures to ensure that the price and terms of the continuing connected transactions contemplated under the Framework Agreement 2023 are on normal commercial terms and not prejudicial to the interests of the Company and its shareholders:

1. The financial department will review regularly the transactions under the Framework Agreement 2023 to ensure compliance with the pricing policies and that the proposed annual caps are not exceeded.
2. The actual transaction amount will be monitored by the relevant department specifically responsible for the connected transactions under the Framework Agreement 2023 between the Company and the Newbay Group. If the actual transaction amount exceeds the estimated transaction amount on the basis of the annual cap, the relevant department will report to the Board and the Company will revise the annual cap and comply with the relevant announcement and/or shareholders' approval requirements in accordance with the Listing Rules.
3. The Company will conduct internal control review and financial audit on an annual basis so as to ensure that the terms of the Framework Agreement 2023 and the pricing policies are complied with.
4. The auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions entered into under the Framework Agreement 2023 in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT 2023

The provisions of pharmaceutical research and development, manufacturing, clinical research and other technical services under the Framework Agreement 2023 are in the ordinary and usual course of business of the Group. The transactions under the Framework Agreement 2023 will facilitate in expanding the Company's economies of scale.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the aforesaid agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

Information on the Group

The Company is a leading fully-integrated pharmaceutical R&D services platform with global operations to accelerate drug innovation for our customers. The principal activity of the Group is to provide contract research, development and manufacturing services for innovative pharmaceutical products throughout the research and development cycle and the services are organised in four major categories: laboratory services, CMC (small molecule CDMO) services, clinical development services and Biologics and CGT services.

Information on the Newbay Group

The Newbay Group is principally engaged in the business of medical technology development, consulting, services and transfer. To the best knowledge of the Directors, as of the date of this announcement, Newbay Technology is held as to 22.7754%, 22.3485%, 17.9424%, 8.9585%, 8.4954%, 7.5613%, 4.0778%, 2.8318%, 2.0227%, 1.4931% and 1.4931% by Sure Fairy Limited, Yuanbo, Ningbo Taikanghuisheng Enterprise Management Consulting Partnership (Limited Partnership)* (寧波泰康匯盛企業管理諮詢合夥企業(有限合夥)) (“**Taikang**”), Kangjun Zhongyuan Fund, Ningbo Xinwantaixin Enterprise Management Consulting Partnership (Limited Partnership)* (寧波新灣泰信企業管理諮詢合夥企業(有限合夥)) (“**Ningbo Xinwantaixin**”), Mr. Yu Yuejiang, Five Group Holdings Limited, Mr. Dong Ruiping, Ningbo Jiufeng Equity Investment Partnership (Limited Partnership)* (寧波久灃股權投資合夥企業(有限合夥)) (“**Jiufeng**”), Ningbo Yufeng Venture Capital Partnership (Limited Partnership)* (寧波煜灃創業投資合夥企業(有限合夥)) (“**Yufeng Venture**”), and Xiamen Jianfa Emerging Industry Equity Investment No.2 Partnership Enterprise (Limited Partnership)* (廈門建發新興產業股權投資貳號合夥企業(有限合夥)) (“**Xiamen Jianfa**”), respectively.

Sure Fairy Limited is a limited company incorporated in Hong Kong and is wholly-owned by Skill Fame Limited, a limited company incorporated in the British Virgin Islands. To the best knowledge of the Directors, Sure Fairy Limited is principally engaged in investment holding and is an investment vehicle of Legend Capital Co., Ltd.* (君聯資本管理股份有限公司) (“**Legend Capital**”). Legend Capital is held as to 80% and 20% by Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (“**Juncheng Hezhong**”) and Legend Holdings Corporation (聯想控股股份有限公司), respectively. The general partner of Juncheng Hezhong is Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司), which is in turn held as to 40%, 20%, 20% and 20% by Mr. Chen Hao, Mr. Li Jiaqing (our non-executive Director), Mr. Zhu Linan and Mr. Wang Nengguang, respectively.

Yuanbo is a limited partnership established in the PRC and is beneficially owned as to 50% and 50% by our executive Directors, Ms. Zheng Bei (as the general partner) and Mr. Lou Xiaoqiang (as the limited partner), respectively. The principal business of Yuanbo is investment holding.

Taikang is a limited partnership established in the PRC and is beneficially owned as to 1% and 99% by Mr. Yu Yuejiang (as the general partner) and our executive Director, Mr. Lou Xiaoqiang (as the limited partner), respectively. The principal business of Taikang is the provision of corporate management consultation services.

Kangjun Zhongyuan Fund is a limited partnership established in the PRC, which principally engages in equity investment. As of the date of this announcement, Kangjun Zhongyuan Fund is held as to 18.62%, 18.62%, 13.83%, 13.30%, 5.27%, 4.07%, 1.06% and 0.24% by Xiamen Kanghongwan Investment Partnership (Limited Partnership)* (廈門康泓灣投資合夥企業(有限合夥)) (as a limited partner) (“**Xiamen Kanghongwan**”), Service Trade Innovation Development Guidance Fund (Limited Partnership)* (服務貿易創新發展引導基金(有限合夥)) (as a limited partner) (“**Service Trade Innovation**”), the Company (as a limited partner), Ningbo Industrial Development Fund Co., Ltd* (寧波市產業發展基金有限公司) (as a limited partner) (“**Ningbo Industrial Development**”), Ningbo Tongshang Venture Capital Partnership (Limited Partnership)* (寧波通商創業投資合夥企業(有限合夥)) (as a limited partner) (“**Ningbo Tongshang Venture Investment**”), Xiamen Zhongyuan Zhikang Management Consulting Partnership (Limited Partnership)* (廈門仲圓至康管理諮詢合夥企業(有限合夥)) (as a limited partner) (“**Xiamen Zhongyuan Zhikang**”), Hainan Junqi Venture Capital Co., Ltd* (海南君祺創業投資有限公司) (as a limited partner) (“**Hainan Junqi**”) and Kangjun Investment (as the general partner), respectively. The remaining 24.99% equity interest is held by 10 limited partners who are Independent Third Parties, of which each of such limited partners holds less than 5% of equity interests in Kangjun Zhongyuan Fund. Xiamen Kanghongwan is jointly owned by Mr. Lou Xiaoqiang and Ms. Zheng Bei, our executive Directors, as to 50% and 50%. Service Trade Innovation, Ningbo Industrial Development and Ningbo Tongshang Venture Investment are ultimately owned by Ningbo SASAC and the State Council who are Independent Third Parties. The general partner of Xiamen Zhongyuan Zhikang is Kangjun Investment, and Xiamen Zhongyuan Zhikang is ultimately owned by Mr. Lou Xiaoqiang, our executive Director. Hainan Junqi is wholly owned by Legend Capital, and Mr. Li Jiaqing, our non-executive Director, is one of the directors of Hainan Junqi and Legend Capital.

Ningbo Xinwantaixin was established for the purpose of incentivizing employees of Newbay Technology, and is currently held by its employees who are Independent Third Parties.

Jiufeng is a limited partnership established in the PRC which engages in equity investment. As of the date of this announcement, Jiufeng is held as to 65%, 15%, 15% and 5% by Ningbo Yingxin Enterprise Management Consulting Partnership (Limited Partnership)* (寧波盈鑫企業管理諮詢合夥企業(有限合夥)) (“**Ningbo Yingxin**”), Cixi Economic Development Co., Ltd.* (慈溪市經濟開發有限公司) (“**Cixi Economic Development**”), Ningbo Qianwan Emerging Industry Venture Capital Co., Ltd.* (寧波前灣新興產業創業投資有限公司) (“**Ningbo Qianwan**”) and Ningbo Hongfeng Investment Management Co., Ltd.* (寧波宏豐投資管理有限公司) (“**Ningbo Hongfeng**”). Ningbo Yingxin is held as to 30.7586%, 19.2476%, 19.2476%, 15.3731% and 15.3731% by Mr. Yu Yuejiang (as a general partner), and by four other individuals who are Independent Third Parties. Cixi Economic Development and Ningbo Qianwan are both ultimately held by Ningbo Qianwan New Area Management Committee* (寧波前灣新區管理委員會). Ningbo Hongfeng is held as to 75% by Ningbo Huichangjian Investment Co., Ltd.* (寧波匯昌健投資有限公司), which is in turn held as to 24.7202% by Mr. Lou Guoqiang (a brother of our executive Directors, Dr. Lou Boliang and Mr. Lou Xiaoqiang) and held as to 75.2798% by Ms. Chen Jing (the spouse of Mr. Lou Guoqiang), respectively.

Five Group Holdings Limited is a limited company incorporated in Hong Kong and is owned as to 100% by Highlight Capital Partners I L.P., an exempted limited partnership formed under the laws of the Cayman Islands, which is an Independent Third Party. To the best knowledge of the Directors, Five Group Holdings Limited is principally engaged in making equity investments with a focus on healthcare, industrial materials and equipment manufacturing.

Yufeng Venture is a limited partnership established in the PRC which engages in investment management. As of the date of this announcement, Yufeng Venture is held as to 40%, 30%, 10%, 8%, 5%, 5% and 2% by Ningbo Yuxin Enterprise Management Consulting Partnership (Limited Partnership)* (寧波鈺鑫企業管理諮詢合夥企業(有限合夥)) (as a limited partner) (“**Ningbo Yuxin**”), Ningbo Qianwan Emerging Industry Venture Capital Co., Ltd.* (寧波前灣新興產業創業投資有限公司) (as a limited partner) (“**Ningbo Qianwan Venture Capital**”), Mr. Lou Xiaoqiang, our executive Director (as a limited partner), Ningbo Huichangjian Investment Co., Ltd.* (寧波匯昌健投資有限公司) (as a limited partner) (“**Ningbo Huichangjian**”), Beijing Huijia Investment Management Co., Ltd.* (北京匯嘉投資管理有限公司) (as a limited partner) (“**Beijing Huijia Investment**”), Ningbo Jierui Equity Investment Co., Ltd.* (寧波捷瑞股權投資有限公司) (as a limited partner) (“**Ningbo Jierui**”) and Ningbo Hongfeng (as the general partner), respectively. Ningbo Yuxin, Ningbo Qianwan Venture Capital, Beijing Huijia Investment and Ningbo Jierui are ultimately owned by PRC nationals and state-owned enterprises who are Independent Third Parties. Ningbo Hongfeng is owned by Ningbo Huichangjian. Ningbo Huichangjin is owned by Ms. Chen Jing (the spouse of Mr. Lou Guoqiang who is a brother of Dr. Lou Boliang and Mr. Lou Xiaoqiang, our executive Directors) and Mr. Lou Guoqiang.

Xiamen Jianfa is a limited partnership established in the PRC and is principally engaged in investment activities. At present, Xiamen Jianfa is held as to 99.9750% and 0.0250% by Xiamen Jianfa Emerging Industry Equity Investment Co., Ltd.* (廈門建發新興產業股權投資有限責任公司) (“**Xiamen Jianfa Emerging Industry**”) and Xiamen Jianxin Investment Co., Ltd.* (廈門建鑫投資有限公司), respectively. Xiamen Jianfa Emerging Industry is owned as to 90% by Xiamen C&D Corporation Limited* (廈門建發集團有限公司), which is in turn owned by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People’s Government.

Save as disclosed above and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, the other shareholders of Newbay Technology and their respective ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Newbay Technology is held as to, amongst others, 22.3484% and 8.9585% by Yuanbo and Kangjun Zhongyuan Fund, respectively. Yuanbo is owned as to 50% and 50% by our executive Directors and the substantial shareholders of the Company, being Mr. Lou Xiaoqiang (as a limited partner) and Ms. Zheng Bei, the spouse of Mr. Lou Xiaoqiang (as a general partner). In addition, the general partner of Kangjun Zhongyuan Fund is Kangjun Investment, which is in turn ultimately owned by Mr. Lou Xiaoqiang.

Therefore, Newbay Technology is a connected person of the Company, and the transactions contemplated under the Framework Agreement 2023 constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the annual caps are more than 0.1% but less than 5%, and all other applicable percentage ratios are less than 5%, the Framework Agreement 2023 is only subject to the reporting, announcement and annual review requirements but does not require the approval by independent Shareholders of the Company.

BOARD'S APPROVAL

The Framework Agreement 2023 and the annual caps for the financial years ending December 31, 2024, 2025 and 2026 with Newbay Group were approved by the Board. Each of Mr. Lou Xiaoqiang, Dr. Lou Boliang and Ms. Zheng Bei had abstained from voting on the relevant resolutions of the Board approving the Framework Agreement 2023.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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, the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300759) and listed on the Hong Kong Stock Exchange (stock code: 3759)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Framework Agreement 2021”	the Commissioned Experiments and Research Framework Agreement dated May 28, 2021 entered into between the Company and Newbay Technology
“Framework Agreement 2023”	the Commissioned Experiments and Research Framework Agreement to be entered into between the Company and Newbay Technology by December 31, 2023 in relation to the provision of the Services
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“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 as amended from time to time
“Newbay Group”	Newbay Technology and its subsidiaries

“Newbay Technology”	Ningbo Newbay Technology Development Co., Ltd.* (寧波新灣科技發展有限公司), a company incorporated in the PRC on July 25, 2016
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Listing Rules”	Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules and the term “subsidiaries” shall be construed accordingly
“substantial Shareholders”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司
Dr. Lou Boliang
Chairman

Beijing, the PRC
October 29, 2023

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. Hu Baifeng and Mr. Li Jiaqing 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