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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)

**INSIDE INFORMATION ANNOUNCEMENT
REGARDING THE ESTIMATE FOR
INTERIM RESULTS OF 2022**

This announcement is made by Pharmaron Beijing Co., Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The following is the estimate of the Company for the interim results of 2022. The financial data contained in this results estimate has not been audited and is, except for non-IFRSs (International Financial Reporting Standards) adjusted net profit attributable to owners of the parent or as otherwise indicated, prepared in accordance with the PRC Accounting Standards for Business Enterprises.

I. ESTIMATE FOR INTERIM RESULTS OF 2022

1. Period for the results estimate: January 1, 2022 to June 30, 2022
2. Estimated results: Loss Turn loss into profit Up year-on-year Down year-on-year
3. Results estimate is as follows:

Item	Current reporting period	Same period last year
Revenue	Revenue: 4,566.8606 million- 4,665.4259 million Growth compared with the same period of last year: 39% – 42%	Revenue: 3,285.5112 million
Net profit attributable to owners of the parent	Profit: 564.8362 million – 610.0231 million Growth compared with the same period of last year: 0% – 8%	Profit: 564.8362 million

Item	Current reporting period	Same period last year
Net profit attributable to owners of the parent excluding non-recurring gains or losses (<i>Note 2</i>)	Profit: 641.8149 million – 688.4924 million Growth compared with the same period of last year: 10% – 18%	Profit: 583.4681 million
Basic earnings per share (<i>Note 3</i>)	0.4767/share – 0.5148/share	Profit: 0.4751/share
Non-IFRSs adjusted net profit attributable to owners of the parent (<i>Note 4</i>)	Profit: 775.1566 million – 827.2680 million Growth compared with the same period of last year: 19% – 27%	Profit: 651.3921 million

Note 1:

The “million” in this results estimate is in RMB million, unless otherwise defined.

Note 2:

According to the preliminary estimate by the Company, the non-recurring gains or losses attributable to owners of the parent for the interim period of 2022 would be in the range of approximately RMB-120 million and RMB-70 million, which mainly includes:

- 1) during the reporting period, the Company’s gains or losses from fair value change of equity investments in listed and unlisted companies as presented in other non-current financial assets of approximately RMB-80 million; and
- 2) gains related to the investment in low – and medium-risk bank wealth management products, government subsidies included in the profit and loss, foreign exchange related losses or gains arisen from ineffective hedge of foreign currency forward contracts and options, and gains or losses from fair value change of the derivative financial instrument components of convertible bonds, etc.

Note 3:

The general meeting of the Company approved the Profit Distribution Plan for 2021 which included the issuance of capitalization shares on the basis of 5 capitalization shares for every existing 10 shares of the Company by way of capitalization of reserve. The Company has calculated the basic earnings per share for the reporting period based on the number of shares outstanding after the completion of such capitalization of reserve and the basic earnings per share for the same period of last year was restated accordingly.

Note 4:

To supplement the financial statements prepared by us, we use non-IFRSs adjusted net profit attributable to owners of the parent as an additional financial measure. We define non-IFRSs adjusted net profit attributable to owners of the parent as net profit before certain expenses/(gains): 1) share-based compensation expenses; 2) foreign exchange gains and losses and the income statement impact of the gains or losses of the corresponding foreign exchange hedging instruments; 3) realized and unrealized related gains or losses from equity investments; 4) fair value gains or losses from derivative financial instrument components of convertible bonds; 5) costs of the issuance of convertible bonds.

The Company believes that the consideration of the non-IFRSs adjusted net profit attributable to owners of the parent by eliminating the impact of certain incidental, non-cash or non-operating items is useful for better understanding and assessing underlying business performance and operating trends for the Company's management, shareholders and potential investors.

The non-IFRSs adjusted net profit attributable to owners of the parent is not an alternative to: (i) profit before tax or net profit (as determined in accordance with IFRSs) as a measure of our operating performance, (ii) cash flows from operating, investing and financing activities as a measure of our ability to satisfy our cash needs, or (iii) any other measures of performance or liquidity. In addition, the presentation of the non-IFRSs adjusted net profit attributable to owners of the parent is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRSs. Shareholders and potential investors should not view the non-IFRSs adjusted net profit attributable to owners of the parent on a stand-alone basis or as a substitute for results under the IFRSs, or as being comparable to results reported or forecasted by other companies.

II. COMMUNICATION STATUS WITH THE ACCOUNTING FIRM

The results estimate has not been audited or pre-audited by the certified public accountants.

III. REASONS FOR CHANGES IN RESULTS

1. Impact of principal business

- 1) The Company's business plan is carried out in an orderly fashion. During the reporting period, the income from principal business grew steadily, and the scale and profitability of the mature business lines were improved with the economy of scale and operational efficiency improvement;
- 2) In the past two years, the Company adhered to its core growth strategy to build and improve our global end-to-end drug R&D services platform with several mergers and acquisitions of overseas operations with an aim to expand its service offerings and global footprints. As those new businesses are still in the integration and investment stages during the reporting period, their profit margins were thus relatively low. In the first half of 2022, with the inflation pressure in Europe and the United States, the operating costs of our overseas operations increased which further slow down the overall margin growth of the Group;
- 3) Since the second half of 2021, the Company began to reorganize the clinical development capabilities in China and rapidly expanding the team in advance to support the growth strategy. In addition, in the first half of 2022, the domestic clinical R&D services were affected by the COVID-related restrictions in several major cities in China which further slow down the overall margin growth of the Group;

- 4) In the first half of 2022, as a result of the international macro environment changes, the returns of some of our principal protected/variable return's low- and medium-risk bank wealth management products dropped sharply, which had certain adverse impact on the Company's net profit attributable to owners of the parent and the non-IFRSs adjusted net profit attributable to owners of the parent.

As a result, the net profit attributable to owners of the parent excluding non-recurring gains or losses increased by 10% to 18% compared with the same period last year; and the non-IFRSs adjusted net profit attributable to owners of the parent increased by 19% to 27% compared with the same period of last year.

2. Impact of non-recurring gains or losses

As described above, mainly affected by fair value change of other non-current financial assets, the amount of non-recurring gains or losses attributable to owners of the parent during the reporting period was approximately RMB-120 million to RMB-70 million, representing a decrease of approximately RMB51.3681 million to RMB101.3681 million when compared with RMB-18.6319 million in the last year.

Under the combined influence of the steady growth of principal business and the relatively substantial decrease in non-recurring gains or losses, the Company's net profit attributable to owners of the parent has no significant change when compared with the same period of last year.

IV. RISK WARNING

1. The estimated data of the results disclosed in this announcement is only a preliminary estimate made by the finance department of the Company and has not been audited by the certified public accountants.
2. Details of the Company's interim results of 2022 prepared under the PRC Accounting Standards for Business Enterprises or IFRSs will be disclosed in the interim report 2022 to be published by the Company on the Shenzhen Stock Exchange or The Stock Exchange of Hong Kong Limited, respectively. Investors are advised to exercise caution and pay attention to investment risks involved.

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
July 17, 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; Mr. Dai Lixin, Ms. Chen Guoqin, Mr. Tsang Kwan Hung Benson and Mr. Yu Jian as independent non-executive Directors.

* For identification purposes only