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**Sincere Pharmaceutical Group Limited**

**先聲藥業集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 2096)**

## **CONTINUING CONNECTED TRANSACTIONS**

- (1) ORDER COLLECTION COMPREHENSIVE SERVICES AGREEMENT;  
AND  
(2) EXCLUSIVE PROMOTION SERVICES COOPERATION AGREEMENT**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **Order Collection Comprehensive Services Agreement**

The Board hereby announces that on December 29, 2023 (after trading hours), Jiangsu Sincere, an indirectly wholly-owned subsidiary of the Company, entered into the Order Collection Comprehensive Services Agreement with Jiangsu Medical Diagnostics, pursuant to which Jiangsu Medical Diagnostics agreed to entrust Jiangsu Sincere to provide certain order collection comprehensive services for its testing products in the field of neurology and infection treatment.

#### **Exclusive Promotion Services Cooperation Agreement**

The Board hereby also announces that on December 29, 2023 (after trading hours), Jiangsu Sincere entered into the Exclusive Promotion Services Cooperation Agreement with Beijing Sincere Sanroad, pursuant to which Jiangsu Sincere agreed to grant the exclusive promotion rights to Beijing Sincere Sanroad to promote the Product of the Group (i.e. Fumarate Bedaquiline Tablets) within the Promotion Indications and the Promotion Region.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Jiangsu Medical Diagnostics is held as to approximately 52.66% and approximately 7.44% by Nanjing Qiyi and Nanjing Xianqi, respectively, both of which are wholly owned by Mr. Ren Yong (任用) and his spouse, Ms. Li Shimeng (李詩濛), who are both the controlling Shareholders of the Company. As a result, Jiangsu Medical Diagnostics is an associate of Mr. Ren Yong and Ms. Li Shimeng and a connected person of the Company. Accordingly, the transactions contemplated under the Order Collection Comprehensive Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Beijing Sincere Sanroad is held as to approximately 86.67% by Shanghai BioSciKin Investment Management Co., Ltd.\* (上海百家匯投資管理有限公司), which is indirectly wholly owned by Mr. Ren Jinsheng, one of the executive Directors and the controlling Shareholders of the Company, through State Good Group Limited and Nanjing BioSciKin Technology Development Co., Ltd.\* (南京百家匯科技發展有限公司) in turn. Beijing Sincere Sanroad is also held as to approximately 8.95% by Nanjing Baijiarui Enterprise Management Consulting LLP.\* (南京百佳瑞企業管理諮詢合夥企業(有限合夥)), which is in turn held as to approximately 42.41% by its general partner, Shanghai BioSciKin Investment Management Co., Ltd. As a result, Beijing Sincere Sanroad is an associate of Mr. Ren Jinsheng and a connected person of the Company. Accordingly, the transactions contemplated under the Exclusive Promotion Services Cooperation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions under each of the Order Collection Comprehensive Services Agreement and Exclusive Promotion Services Cooperation Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under each of the Order Collection Comprehensive Services Agreement and Exclusive Promotion Services Cooperation Agreement are only subject to the reporting, announcement and annual review requirements but exempted from the independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **INTRODUCTION**

### **Order Collection Comprehensive Services Agreement**

The Board hereby announces that on December 29, 2023 (after trading hours), Jiangsu Simcere, an indirectly wholly-owned subsidiary of the Company, entered into the Order Collection Comprehensive Services Agreement with Jiangsu Medical Diagnostics, pursuant to which Jiangsu Medical Diagnostics agreed to entrust Jiangsu Simcere to provide certain order collection comprehensive services for its testing products in the field of neurology and infection treatment.

### **Exclusive Promotion Service Cooperation Agreement**

The Board hereby also announces that on December 29, 2023 (after trading hours), Jiangsu Simcere entered into the Exclusive Promotion Services Cooperation Agreement with Beijing Simcere Sanroad, pursuant to which Jiangsu Simcere agreed to grant the exclusive promotion rights to Beijing Simcere Sanroad to promote the Product of the Group (i.e. Fumarate Bedaquiline Tablets) within the Promotion Indications and the Promotion Region.

The principal terms of the Order Collection Comprehensive Services Agreement and the Exclusive Promotion Services Cooperation Agreement are set out as follows:

### **ORDER COLLECTION COMPREHENSIVE SERVICES AGREEMENT**

Date: December 29, 2023 (after trading hours)

Parties:

- i. Jiangsu Simcere, an indirectly wholly-owned subsidiary of the Company; and
- ii. Jiangsu Medical Diagnostics.

Term: January 1, 2024 to December 31, 2026

Major terms:

Pursuant to the current regulatory laws and regulations in the PRC and the Order Collection Comprehensive Services Agreement, Jiangsu Medical Diagnostics agreed to entrust Jiangsu Simcere to provide certain order collection comprehensive services for its testing products in the field of neurology and infection treatment, including but not limited to the following:

- i. *Communication and consultation on the testing solutions:* Jiangsu Simcere shall communicate with the service recipients of testing services using neurological and infectious products (the “**Service Recipients**”) about the testing products, and assist in introducing and answering the scientific theories, value and service solutions related to the testing solutions and services as entrusted by Jiangsu Medical Diagnosis, in hospitals or other medical institutions, subject to the recommendation made by the hospitals or other medical institutions to the Service Recipients or the voluntary acceptance of the testing by the Service Recipients;
- ii. *Sample collection:* For samples that the Service Recipients agree to test or required to be tested based on the diagnostic opinions from hospitals or other medical institutions, Jiangsu Simcere shall, in accordance with the instructions of Jiangsu Medical Diagnosis, collect samples at the designated hospital or other medical institutions at the specified time, and safely deliver the samples in the manner required by Jiangsu Medical Diagnosis to the receiving personnel in the designated location;
- iii. *Order entry:* Jiangsu Simcere shall assign a dedicated person to complete the order entry for the relevant testing services, and assist the Service Recipients in signing the testing service agreements with Jiangsu Medical Diagnostics as well as payment of the testing service fees; and

- iv. *Report management*: Jiangsu Simcere shall assist Jiangsu Medical Diagnosis in providing services of abnormal report feedback tracking and abnormal report recall.

The cooperation under the Order Collection Comprehensive Services Agreement shall be conducted within the PRC and shall be non-exclusive.

## **Pricing Policy**

Pursuant to the Order Collection Comprehensive Services Agreement, the order collection comprehensive service fees payable by Jiangsu Medical Diagnostics to Jiangsu Simcere shall be 18% of the testing service fees collected by Jiangsu Medical Diagnostics from the Service Recipients served by Jiangsu Simcere (inclusive of 6% value-added tax).

Given that the Group has not provided similar order collection comprehensive services to other Independent Third Parties in the past, therefore, the order collection comprehensive service fees are determined after arm's length negotiations between the parties with reference to (i) the fee rates of similar services provided by the Independent Third Parties to Jiangsu Medical Diagnostics and (ii) the fee rates of similar services available in the open market.

## **Historical Transaction Amount**

There was no historical transaction between the Jiangsu Simcere and Jiangsu Medical Diagnostics with respect to the transactions contemplated under the Order Collection Comprehensive Services Agreement.

## **Proposed Annual Caps and Basis of Annual Caps**

The proposed annual caps for the order collection comprehensive service fees payable by Jiangsu Medical Diagnostics to Jiangsu Simcere under the Order Collection Comprehensive Services Agreement for the three years ending December 31, 2024, 2025 and 2026 are set out below:

	<b>Proposed annual caps for the years ending December 31,</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>(RMB' 000)</i>		
Order collection comprehensive service fees	18,000	25,000	30,000

The proposed annual caps for the order collection comprehensive service fees are estimated primarily based on the following factors:

- i. the number of hospitals and medical institutions with which the Group cooperates, the estimated number of the Service Recipients who have demand for testing services in such hospitals and medical institutions, and the expected increase in the number of the Service Recipients;
- ii. the reasonable adjustment of testing service fees charged by Jiangsu Medical Diagnostics to the Service Recipients; and
- iii. the historical transaction amounts of similar order collection comprehensive services provided by the Independent Third Parties to Jiangsu Medical Diagnostics in the past three years.

### **Reasons for and Benefits of Entering into the Order Collection Comprehensive Services Agreement**

Firstly, one of the principal businesses of Jiangsu Medical Diagnostics is to provide genetic medical testing products and services to patients, who also fall within the scope of target customer group of the Group's pharmaceuticals. Through the cooperation with Jiangsu Medical Diagnostics, the Group is able to evaluate and determine the number of target customer of its pharmaceuticals more accurately, and formulate its pharmaceuticals promotion policies more scientifically, so as to effectively enhance the accessibility of the Group's pharmaceuticals.

Secondly, the testing results of Jiangsu Medical Diagnosis can help physicians use the Group's pharmaceuticals in the field of neurology and infection treatment more scientifically, so as to achieve better efficacy of the Group's pharmaceuticals, and improve the Group's brand competitiveness and accuracy of using medicines.

Lastly, providing order collection comprehensive services to Jiangsu Medical Diagnostics will empower the Group's sales team, cultivate their abilities to grasp new business opportunities and enhance their productivity to better serve the Group's future development.

In view of the above, the Directors (including the independent non-executive Directors but excluding the Director who is required to abstain from voting on the relevant resolution(s)) are of view that the transactions contemplated under the Order Collection Comprehensive Services Agreement will be conducted on normal commercial terms in the ordinary and usual course of business of the Group, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

## **Board Approval**

Jiangsu Medical Diagnostics is ultimately controlled by Mr. Ren Yong, who is the son of Mr. Ren Jinsheng. Accordingly, Mr. Ren Jinsheng is a Director connected to Jiangsu Medical Diagnostics. Besides, Ms. Wang Xi, an executive Director, is the spouse of Mr. Ren Jinsheng. Therefore, each of Mr. Ren Jinsheng and Ms. Wang Xi is considered to have a material interest in the transaction contemplated under the Order Collection Comprehensive Services Agreement and has abstained from voting on the Board resolution in respect of the entering into of the Order Collection Comprehensive Services Agreement and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, none of the other Directors has a material interest in the transactions contemplated under the Order Collection Comprehensive Services Agreement and is required to abstain from voting on the relevant Board resolution.

## **EXCLUSIVE PROMOTION SERVICES COOPERATION AGREEMENT**

Date: December 29, 2023 (after trading hours)

Parties:

- i. Jiangsu Simcere, an indirectly wholly-owned subsidiary of the Company; and
- ii. Beijing Simcere Sanroad.

Term: The Exclusive Promotion Services Cooperation Agreement is subject to the approval at the general meeting of Beijing Simcere Sanroad and shall be effective from the date of approval at the general meeting of Beijing Simcere Sanroad and shall be valid until December 31, 2026

Major terms: Pursuant to the Exclusive Promotion Services Cooperation Agreement, Jiangsu Simcere agreed to grant the exclusive promotion rights to Beijing Simcere Sanroad to promote the Product (i.e. Fumarate Bedaquiline Tablets), a generic drug of the Group, within the Promotion Indications and the Promotion Region. Promotion services to be provided by Beijing Simcere Sanroad refers to market development and research and marketing network construction services for the Product, including but not limited to:

- i. medical insurance access preparation;

- ii. market development and maintenance;
- iii. shipment tracking;
- iv. promotion of medication safety;
- v. training of medical professionals;
- vi. medical advertising release; and
- vii. other work related to promotion of the Product.

## **Pricing Policy**

Pursuant to the Exclusive Promotion Services Cooperation Agreement, the promotion service fees payable by Jiangsu Simcere to Beijing Simcere Sanroad shall be determined based on the following formula:

$$\text{Promotion service fees (tax inclusive)} = \text{Promotion service rates}^{(1)} \times (\text{Annual sales amount}^{(2)} - \text{Commercial delivery fees}^{(3)}) \times (1 + \text{Applicable value-added tax rate at that time})$$

*Notes:*

- (1) Promotion service rates range from 53% to 65%, depending on the actual promotion sales volume achieved by Beijing Simcere Sanroad in the relevant Financial Year.
- (2) Annual sales amount refers to the Product Sales Volume in any Financial Year multiplied by the total Tax-free Weighted Average Bid Winning Price.
- (3) Commercial delivery fees refer to the difference between the final actual tax-free invoiced price and the tax-free online price supplied by Jiangsu Simcere to the First Tier Distributors, multiplied by the annual Product Sales Volume.

Notwithstanding the foregoing, (i) if the price of the Product needs to be reduced according to government requirements or market competition, resulting in a decrease of more than 10% in the Tax-free Weighted Average Bid Winning Price, both parties shall jointly negotiate to reduce the promotion services rate; or (ii) if the Product is included in the centralized bidding procurement catalog, the above calculation formula will no longer be applicable to the promotion service fees at that time, and both parties shall make every reasonable commercial effort to negotiate in a friendly manner to determine the applicable promotion service fees calculation rules at that time.



The promotion service fees are determined after arm’s length negotiations between the parties with reference to the fee rates of similar services provided by the Independent Third Parties to the Group. The aforesaid pricing policies are no less favorable than those offered by the Independent Third Parties to the Group.

### **Historical Transaction Amount**

There was no historical transaction between the Jiangsu Simcere and Beijing Simcere Sanroad with respect to the transactions contemplated under the Exclusive Promotion Services Cooperation Agreement.

### **Proposed Annual Caps and Basis of Annual Caps**

The proposed annual caps for the promotion service fees payable by Jiangsu Simcere to Beijing Simcere Sanroad under the Exclusive Promotion Services Cooperation Agreement for the three years ending December 31, 2024, 2025 and 2026 are set out below:

	<b>Proposed annual caps for the years ending December 31,</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>(RMB’ 000)</i>		
Promotion service fees	27,000	52,000	87,000

The Product is a generic drug of the Group for the treatment of multidrug-resistant tuberculosis (the “**MDR-TB**”). The proposed annual caps for the promotion service fees are estimated primarily based on: (i) the number of MDR-TB patients in the PRC per annum; (ii) the Group’s estimated market share, which is estimated after taking into account the past sales amounts of similar products in the Promotion Region, the expected competition situation of similar products, and the promotion capability of Beijing Simcere Sanroad; and (iii) the price of the Product.

## **Reasons for and Benefits of Entering into the Exclusive Promotion Services Cooperation Agreement**

Beijing Sincere Sanroad has a mature product promotion team in the field of tuberculosis treatment with rich experience. The Product is a generic drug of the Group obtaining approval in February 2023. As generic drugs are not the principal business of the Group and the Group currently does not have a sales team in such field, therefore, entrusting Beijing Sincere Sanroad to promote the Product can revitalize the existing products of the Group, utilize the sales experience advantages of Beijing Sincere Sanroad, and save the promotion costs of the Product. In addition, as tuberculosis is an infectious disease threatening the public health, it often requires treatment in specialized hospitals, while Beijing Sincere Sanroad has established a mature sales network in the PRC, cooperation with it will help the Group to improve promotion efficiency.

In view of above, the Directors (including the independent non-executive Directors but excluding the Director who is required to abstain from voting on the relevant resolution(s)) are of view that the transactions contemplated under the Exclusive Promotion Services Cooperation Agreement will be conducted on normal commercial terms in the ordinary and usual course of business of the Group, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

## **Board Approval**

Beijing Sincere Sanroad is ultimately controlled by Mr. Ren Jinsheng, one of the executive Directors and the controlling Shareholders of the Company. Besides, Ms. Wang Xi, an executive Director, is the spouse of Mr. Ren Jinsheng. Therefore, each of Mr. Ren Jinsheng and Ms. Wang Xi is considered to have a material interest in the transaction contemplated under the Exclusive Promotion Services Cooperation Agreement and has abstained from voting on the Board resolution in respect of the entering into of the Exclusive Promotion Services Cooperation Agreement and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, none of the other Directors has a material interest in the transactions contemplated under the Exclusive Promotion Services Cooperation Agreement and is required to abstain from voting on the relevant Board resolution.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Jiangsu Medical Diagnostics is held as to approximately 52.66% and approximately 7.44% by Nanjing Qiyi and Nanjing Xianqi, respectively, both of which are wholly owned by Mr. Ren Yong and his spouse, Ms. Li Shimeng, who are both the controlling Shareholders of the Company. As a result, Jiangsu Medical Diagnostics is an associate of Mr. Ren Yong and Ms. Li Shimeng and a connected person of the Company. Accordingly, the transactions contemplated under the Order Collection Comprehensive Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Beijing Simcere Sanroad is held as to approximately 86.67% by Shanghai BioSciKin Investment Management Co., Ltd.\* (上海百家匯投資管理有限公司), which is indirectly wholly owned by Mr. Ren Jinsheng, one of the executive Directors and the controlling Shareholders of the Company, through State Good Group Limited and Nanjing BioSciKin Technology Development Co., Ltd.\* (南京百家匯科技發展有限公司) in turn. Beijing Simcere Sanroad is also held as to approximately 8.95% by Nanjing Baijiarui Enterprise Management Consulting LLP.\* (南京百佳瑞企業管理諮詢合夥企業(有限合夥)), which is in turn held as to approximately 42.41% by its general partner, Shanghai BioSciKin Investment Management Co., Ltd. As a result, Beijing Simcere Sanroad is an associate of Mr. Ren Jinsheng and a connected person of the Company. Accordingly, the transactions contemplated under the Exclusive Promotion Services Cooperation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions under each of the Order Collection Comprehensive Services Agreement and Exclusive Promotion Services Cooperation Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under each of the Order Collection Comprehensive Services Agreement and Exclusive Promotion Services Cooperation Agreement are only subject to the reporting, announcement and annual review requirements but exempted from the independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **INTERNAL CONTROL MEASURES OF CONTINUING CONNECTED TRANSACTIONS**

To protect the interests of the Group, the Group will adopt the following internal control measures:

- i. the relevant business department, the office of the Board and the finance department of the Group will closely monitor the transactions contemplated under the Order Collection Comprehensive Services Agreement and Exclusive Promotion Services Cooperation Agreement to ensure that the transaction amounts do not exceed the relevant annual caps set for the transactions under the Order Collection Comprehensive Services Agreement and Exclusive Promotion Services Cooperation Agreement;
- ii. the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transaction amounts are within the annual caps and that the transactions in all material aspects are conducted on the terms in the relevant agreement of such transactions; and
- iii. the independent non-executive Directors of the Company shall conduct annual reviews on the proposed continuing connected transactions under the Order Collection Comprehensive Services Agreement and Exclusive Promotion Services Cooperation Agreement to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION ON THE PARTIES**

### **Information on the Company**

The Company is an innovation and R&D-driven pharmaceutical company and has established a “State Key Laboratory of Neurology and Oncology Drug Development”. The Company focuses on the therapeutic areas of oncology, nervous system, autoimmune and anti-infection, with forward-looking layout of disease areas that may have significant clinical needs in the future, aiming to achieve the mission of “providing today’s patients with medicines of the future”. Driven by its in-house R&D efforts and synergistic innovation, the Company has established strategic cooperation partnerships with many innovative companies and research institutes.

## **Information on Jiangsu Simcere**

Jiangsu Simcere is a limited liability company established in the PRC on March 28, 1995 and an indirectly wholly-owned subsidiary of the Company. Jiangsu Simcere is principally engaged in pharmaceutical wholesale, pharmaceutical import and export, chemical product sales, technical services and medical research and experimental development, etc.

## **Information on Jiangsu Medical Diagnostics**

Jiangsu Medical Diagnostics is a limited liability company established in the PRC on February 24, 2017. As at the date of this announcement, Jiangsu Medical Diagnostics is held as to (a) approximately 52.66% and approximately 7.44% by Nanjing Qiyi and Nanjing Xianqi, respectively, both of which are wholly owned by Mr. Ren Yong and his spouse, Ms. Li Shimeng, who are both the controlling Shareholders of the Company, (b) approximately 13.39% by Nanjing Xinjiye Technology Development Co., Ltd.\* (南京新基業科技發展有限公司), which is wholly owned by Mr. Ren Jinsheng, an executive Director, the chief executive officer and a controlling Shareholder of the Company, and his spouse, Ms. Wang Xi, an executive Director of the Company; and (c) 25 institutional investors collectively as to 26.51%, among which 5.95% is held by the largest institutional investor, and the equity interest held by the other 24 institutional investors ranges from 0.01% to 2.74%. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, all of these institutional investors and their ultimate beneficial owners are Independent Third Parties. Jiangsu Medical Diagnostics is principally engaged in medical examination, research on clinical cytomolecular genetics, production and sales of medical devices, as well as technology development in biotechnology and related reagents, etc.

## **Information on Beijing Simcere Sanroad**

Beijing Simcere Sanroad is a limited liability company established in the PRC on March 24, 2000, the shares of which are listed on NEEQ (Stock Code: 873821). As at the date of this announcement, Beijing Simcere Sanroad is held as to approximately 86.67% by Shanghai BioSciKin Investment Management Co., Ltd.\* (上海百家匯投資管理有限公司), which is indirectly wholly owned by Mr. Ren Jinsheng, one of the executive Directors and the controlling Shareholders of the Company, through State Good Group Limited and Nanjing BioSciKin Technology Development Co., Ltd.\* (南京百家匯科技發展有限公司) in turn. Beijing Simcere Sanroad is also held as to approximately 8.95% by Nanjing Baijiarui Enterprise Management Consulting LLP.\* (南京百佳瑞企業管理諮詢合夥企業(有限合夥)), which is in turn held as to approximately 42.41% by its general partner, Shanghai BioSciKin Investment Management Co., Ltd. Beijing Simcere Sanroad is an innovation-driven national high-tech enterprise integrating the R&D, production and sales of biomedical products such as vaccines, in vivo and in vitro diagnostic reagents.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Simcere Sanroad”	Beijing Simcere Sanroad Biological Products Co., Ltd. (北京先聲祥瑞生物製品股份有限公司), formerly known as Beijing Sanroad Biological Products Co., Ltd. (北京祥瑞生物製品股份有限公司), a limited liability company established in the PRC on March 24, 2000, ultimately controlled by Mr. Ren Jinsheng, who is one of the executive Directors and the controlling Shareholders of the Company, and the shares of which are listed on NEEQ (Stock Code: 873821)
“Board”	the board of Directors
“Company”	Simcere Pharmaceutical Group Limited (先聲藥業集團有限公司), a company incorporated in Hong Kong with limited liability and its Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2096)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Exclusive Promotion Services Cooperation Agreement”	the exclusive promotion services cooperation agreement dated December 29, 2023 entered into between Jiangsu Simcere and Beijing Simcere Sanroad in respect of the provision of certain promotion services by Beijing Simcere Sanroad to Jiangsu Simcere

“Financial Year”	consisting of 12 consecutive natural months, commencing from January 1 to December 31 of each natural year
“First Tier Distributors”	drug distribution companies which are suggested or recommended by Beijing Simcere Sanroad, jointly determined by Beijing Simcere Sanroad and Jiangsu Simcere, and purchase the Product from Jiangsu Simcere directly within the Promotion Region based on the distribution agreements to be signed with Jiangsu Simcere
“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)”	an individual or a company which, to the best of our Directors’ knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Jiangsu Simcere”	Jiangsu Simcere Pharmaceutical Co., Ltd. (江蘇先聲藥業有限公司), formerly known as Jiangsu Chengong Pharmaceutical Co., Ltd. (江蘇臣功醫藥有限公司), a limited liability company established in the PRC on March 28, 1995 and an indirectly wholly-owned subsidiary of the Company
“Jiangsu Medical Diagnostics”	Jiangsu Simcere Medical Diagnostics Co., Ltd. (江蘇先聲醫學診斷有限公司), a limited liability company established in the PRC on February 24, 2017 and ultimately controlled by Mr. Ren Yong and his spouse, Ms. Li Shimeng, both are controlling Shareholders

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nanjing Qiyi”	Nanjing Qiyi Technology Co., Ltd.* (南京麒翼科技有限公司), a limited liability company established in the PRC on July 9, 2019 and wholly owned by Mr. Ren Yong and Ms. Li Shimeng, both being controlling Shareholders
“Nanjing Xianqi”	Nanjing Xianqi Enterprise Management Consulting Partnership (Limited Partnership)* (南京先麒企業管理諮詢合夥企業(有限合夥)), a limited liability partnership established in the PRC on September 3, 2019 and held by Mr. Ren Yong and Ms. Li Shimeng as to 100% (both being controlling Shareholders), and Mr. Ren Yong serves as its general partner
“NEEQ”	The National Equities Exchange and Quotations (全國中小企業股份轉讓系統) of the PRC
“Order Collection Comprehensive Services Agreement”	the order collection comprehensive services agreement dated December 29, 2023 entered into between Jiangsu Simcere and Jiangsu Medical Diagnostics in respect of the provision of certain order collection comprehensive services by Jiangsu Simcere to Jiangsu Medical Diagnostics
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan



“Product”	Fumarate Bedaquiline Tablet, which is registered and produced by the Group within the PRC and to be entrusted by Jiangsu Simcere to Beijing Simcere Sanroad to promote exclusively within the Promotion Region in accordance with the Exclusive Promotion Services Cooperation Agreement
“Promotion Indications”	the indications specified in the registration documents of the Product (i.e. applicable to the treatment of multidrug-resistant tuberculosis (MDR-TB) in adults ( $\geq 18$ years old) and other indications approved by any regulatory authority within the Promotion Region)
“Product Sales Volume”	the number of the Product sold by Jiangsu Simcere to the First Tier Distributors. For the avoidance of doubt, the Product used in patient assistance programs shall not be included in the product sales volume.
“Promotion Region”	the regions where Jiangsu Simcere entrusted Beijing Simcere Sanroad to promote the Product exclusively. Under the Exclusive Promotion Services Cooperation Agreement, the promotion regions refers to the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholders”	has the meaning ascribed to it under the Listing Rules

“Tax-free Weighted Average Bid Winning Price”

the weighted average bid winning price per unit of the Product in RMB (excluding value-added tax), calculated based on the following formula: tax-free weighted average bid winning price= $\Sigma$  (the tax-free online price published by the provincial regional procurement platform corresponding to the shipment of each unit of the Product in the relevant period  $\times$  the Product Sales Volume corresponding to the online price)  $\div$  the total Product Sales Volume in the relevant period. The price agreed by both parties for each unit of the Product shipped in the relevant year shall be regarded as the bid winning price for regions where there is no online price after the start date of promotion. For the avoidance of doubt, the Product used in patient assistance programs shall not be included in the calculation of the tax-free weighted average bid winning price

“%”

per cent

\* *for identification purpose*

By order of the Board  
**Simcere Pharmaceutical Group Limited**  
**Mr. Ren Jinsheng**  
*Chairman and Chief Executive Officer*

Hong Kong, December 29, 2023

*As at the date of this announcement, the Board comprises Mr. REN Jinsheng as the Chairman and executive Director, Mr. TANG Renhong, Mr. WAN Yushan and Ms. WANG Xi as the executive Directors; and Mr. SONG Ruilin, Mr. WANG Jianguo, Mr. WANG Xinhua and Mr. SUNG Ka Woon as the independent non-executive Directors.*