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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 IN RELATION TO THE INVESTMENT IN THE YONGXIN KANGJUN FUND

INVESTMENT IN THE YONGXIN KANGJUN FUND

On April 8, 2024, Kangjun Investment (as the General Partner) and eight Limited Partners, namely, the Company, Beijing Xinyuan Zhikang, Ningbo Yongxin, Ningbo Yongqian, Ningbo Yongcai, Zhuhai Gaoke, Shanghai Model and Mr. Yu Yuejiang (郁岳江) entered into the Limited Partnership Agreement in relation to the investment in the Yongxin Kangjun Fund. The Yongxin Kangjun Fund will be registered in the PRC as a limited partnership with the primary objective of making equity investments as well as convertible bond investments for the purpose of equity investment that are in compliance with PRC laws and regulations, in the shares, equity or equity shares of relevant companies or other economic entities with innovative technologies or innovative service platforms in the biopharmaceutical industry.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Kangjun Investment, being the General Partner of the Yongxin Kangjun Fund is a connected person of the Company. Kangjun Investment is owned by Ningbo Kangwan, the Company, Xiamen Kangwan and Legend Capital as to 40%, 30%, 20% and 10%, respectively. Ningbo Kangwan is owned by Zhangjiajie Kanghongwan as to 75%, whereas Zhangjiajie Kanghongwan is jointly owned by Mr. Lou Xiaoqiang and Ms. Zheng Bei, the substantial shareholders and the Directors of the Company. Xiamen Kangwan is owned as to 35%, 50% and 15% by Mr. Lou Xiaoqiang (as a limited partner), Ms. Zheng Bei (as a limited partner), both being our executive Directors, and Mr. Su Yuexing (as a general partner) (an Independent Third Party), respectively. Kangjun Investment is ultimately owned by Mr. Lou Xiaoqiang, one of the substantial Shareholders of the Company, an executive Director and the chief operating officer of the Company.

In addition, Beijing Xinyuan Zhikang, one of the other Limited Partners, is a connected person of the Company. The general partner of Beijing Xinyuan Zhikang is Kangjun Investment, and is held as to 75% by Mr. Lou Xiaoqiang, a substantial Shareholder of the Company and a Director. Beijing Xinyuan Zhikang is ultimately owned by Mr. Lou Xiaoqiang, one of the substantial Shareholders of the Company, an executive Director and the chief operating officer of the Company.

Therefore, the Company's investment in the Yongxin Kangjun Fund alongside Kangjun Investment and Beijing Xinyuan Zhikang constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the investment in the Yongxin Kangjun Fund under the Limited Partnership Agreement exceeds 0.1% but is less than 5%, the investment contemplated under the Limited Partnership Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On April 8, 2024, Kangjun Investment (as the General Partner) and eight Limited Partners, namely, the Company, Beijing Xinyuan Zhikang, Ningbo Yongxin, Ningbo Yongqian, Ningbo Yongcai, Zhuhai Gaoke, Shanghai Model and Mr. Yu Yuejiang (郁岳江) entered into the Limited Partnership Agreement in relation to the investment in the Yongxin Kangjun Fund. The Yongxin Kangjun Fund will be registered in the PRC as a limited partnership with the primary objective of making equity investments as well as convertible bond investments for the purpose of equity investment that are in compliance with PRC laws and regulations, in the shares, equity or equity shares of relevant companies or other economic entities with innovative technologies or innovative service platforms in the biopharmaceutical industry.

THE LIMITED PARTNERSHIP AGREEMENT

The salient terms of the Limited Partnership Agreement are set out as follows:

Date

April 8, 2024

Parties

1. General Partner: Kangjun Investment
2. Limited Partners: the Company, Ningbo Yongxin, Ningbo Yongqian, Ningbo Yongcai, Zhuhai Gaoke, Shanghai Model and Mr. Yu Yuejiang (郁岳江)
3. Special Limited Partner: Beijing Xinyuan Zhikang

Investment Objective

The investment objective of the Yongxin Kangjun Fund is to make equity investments as well as convertible bond investments for the purpose of equity investment that are in compliance with PRC laws and regulations, in the shares, equity or equity shares of relevant companies or other economic entities with innovative technologies or innovative service platforms in the biopharmaceutical industry, enhancing the corporate governance and improving performance of target entities and thereby enabling its partners to obtain economic return. As at the date of this announcement, there are no particular investment targets.

Term of the Yongxin Kangjun Fund

The term of the Yongxin Kangjun Fund shall be seven (7) years commencing from the First Closing Date (unless terminated earlier in accordance with the Limited Partnership Agreement).

Capital Contribution

Under the Limited Partnership Agreement, the initial capital contribution payable by each of the General Partner and Limited Partners is as follows:

No.	Partners	Capital Contribution (RMB)	Percentage
<i>General Partner</i>			
1.	Kangjun Investment	5.00 million	0.56%
<i>Limited Partners</i>			
2.	The Company	280.00 million	31.11%
3.	Beijing Xinyuan Zhikang*	80.00 million	8.89%
4.	Ningbo Yongxin ⁺	300.00 million	33.33%
5.	Ningbo Yongqian ⁺	100.00 million	11.11%
6.	Ningbo Yongcai ⁺	45.00 million	5.00%
7.	Zhuhai Gaoke ⁺	50.00 million	5.56%
8.	Shanghai Model ⁺	20.00 million	2.22%
9.	Mr. Yu Yuejiang (郁岳江) ⁺	20.00 million	2.22%

⁺ denotes Independent Third Party

* denotes the Special Limited Partner

Note: Any discrepancies between the totals and the sums of amounts listed are due to rounding.

Upon the Total Capital Contribution by all partners reaching RMB500 million or at any other time as reasonably determined by the General Partner, the General Partner may declare first closing of the Yongxin Kangjun Fund (the date of such first closing shall be the “**First Closing Date**”), and the General Partner shall issue a written notice to all Limited Partners informing them of the same.

The size of the Yongxin Kangjun Fund and the capital commitment of each partner were determined by the parties to the Limited Partnership Agreement after arm’s length negotiations and taking into consideration the estimated capital needs and the investment term of the Yongxin Kangjun Fund. The capital contribution will be conducted on a voluntary, fair and legal basis. The Company intends to fund its capital contribution from the existing internal resources of the Group.

Size of Fund Raising

The target fund raising size of the Yongxin Kangjun Fund is tentatively capped at a maximum of RMB2.0 billion.

Subsequent Fund Raising

The subsequent fund raising period shall be a period of not more than fifteen (15) months from the First Closing Date. From the First Closing Date to the expiry date of such subsequent fund raising period, the General Partner may, at its sole discretion, decide to complete one or more closing(s) to accept new Limited Partners' capital contribution to the Yongxin Kangjun Fund or to accept the additional capital contribution to the Yongxin Kangjun Fund by existing Limited Partners (together with new Limited Partners, the "**Subsequent Limited Partners**" in respect of the portion of their additional capital contribution), and increase the Total Capital Contribution accordingly. The General Partner may independently determine the subsequent closing matters of the Yongxin Kangjun Fund based on the subsequent subscriptions, including the signing of documents relating to the subsequent closing(s) by the General Partner and Subsequent Limited Partners and the issuance of capital contribution notice to Subsequent Limited Partners. The final closing shall take place not more than fifteen (15) months from the First Closing Date.

Capital Call

The first installment of capital contribution represents forty percent (40%) of the Total Capital Contribution made by each Limited Partner (other than the Special Limited Partner), or shall be the amount determined by the General Partner based on investment of the fund projects and notified to each Limited Partner in writing. The first installment of capital contribution of the Limited Partners shall be made on the First Closing Date, and that of Subsequent Limited Partners shall be made on the subsequent closing date specified by the General Partner in the drawdown notice when they join the Yongxin Kangjun Fund. When the General Partner requires each Limited Partner to pay the first installment of capital contribution, it shall issue a capital contribution notice to each Limited Partner at least ten (10) working days in advance.

Subsequent capital contributions shall be paid up in one or more installments as required by the General Partner, and the specific time and amount of each contribution shall be notified in writing by the General Partner to each Limited Partner upon determination based on fund usage and project investment of the Yongxin Kangjun Fund. When the General Partner requires each Limited Partner to pay the subsequent capital contributions, it shall issue a capital contribution notice to each Limited Partner at least ten (10) working days in advance, specifying the amount of capital contribution payable by such Limited Partner and the receipt date. Notwithstanding the foregoing provisions, the General Partner shall issue a capital contribution notice to each Limited Partner after the project investment amount reaches 80% (inclusive) or more of the paid-in capital contribution collected from the previous capital call.

Auditing of the Yongxin Kangjun Fund

The Yongxin Kangjun Fund establishes account books and conducts independent accounting. The General Partner prepares accounting statements in accordance with the Accounting Standards for Business Enterprises and submits quarterly, interim and annual reports to the Limited Partners on a regular basis.

Management of the Yongxin Kangjun Fund

Kangjun Investment is the General Partner and the Fund Manager who manages the external investment of the Yongxin Kangjun Fund. The Fund Manager shall establish an investment committee comprising four (4) members within one (1) month from the First Closing Date.

The main duties of the investment committee are: to review and resolve on the proposals of significant investment matters such as investments and project divestment(s) (except for project divestment(s) which are subject to liquidation procedures) submitted by the investment management team of the Yongxin Kangjun Fund in accordance with the Limited Partnership Agreement. Without the consent of three-fourths (3/4) (inclusive) or more of the members of the investment committee, the General Partner or the Fund Manager shall not carry out material investment-related matters such as external investments or divestments on behalf of the Yongxin Kangjun Fund.

In addition, the Yongxin Kangjun Fund shall establish an advisory committee comprising not more than five (5) members, which is responsible for reviewing the related transactions, non-cash distribution, controlling-type investment projects, the replacement of annual accounting firms, etc. of Yongxin Kangjun Fund. Members of the advisory committee shall be appointed by the Limited Partners who are approved by the General Partner and have made a capital contribution of more than RMB100 million or other Limited Partners nominated by the General Partner. Members of the advisory committee with voting rights shall not be representatives of the Special Limited Partner, the General Partner, the Fund Manager and their related parties.

Management Fee

The annual management fee to be borne by the Limited Partners (other than the Special Limited Partner) shall be two percent (2%) of their Total Capital Contribution. If the corresponding period of the management fee is less than one year, it shall be calculated by dividing the number of calendar days in the relevant period by 365 days (the same below).

From the end of the investment period to the day before the liquidation period of the Yongxin Kangjun Fund, the management fee to be borne by the Limited Partners (other than Special Limited Partner) shall be two percent (2%) of the investment principal (for the avoidance of doubt, including the investment funds reasonably reserved for the subsequent investment of the existing invested enterprises pursuant to the resolutions made by the investment committee before the end of the investment period after the investment period; the investment principal of the realized part of some invested enterprises that were out of realization shall be deducted) that has been used for investment but has not been withdrawn at the time of payment of the management fee.

No management fee is payable by the General Partner and the Special Limited Partner.

Distribution of Returns

(1) Cash distribution

The distribution principle for the Yongxin Kangjun Fund obtaining any distributable funds is “paying back before distributing profits”, and the distributable funds shall be firstly distributed in accordance with the distribution ratio agreed in the Partnership Agreement upon the partnership receiving respective payments. The portion calculated according to the respective distribution ratio of the General Partner and the Special Limited Partner shall be distributed to the General Partner and the Special Limited Partner, while the portion calculated according to the aforesaid distribution ratio of the Limited Partners other than the Special Limited Partner shall be further distributed between the Limited Partners and the General Partner in the following priority:

- a) First priority: return the cumulative paid-in capital contribution of the Limited Partners, i.e. 100% to the Limited Partners, until the cumulative distribution amount obtained by the Limited Partners in accordance with this item (a) is equal to the cumulative paid-in capital contribution of the Limited Partners to the Yongxin Kangjun Fund as at the time of distribution.
- b) Second priority: pay the Preferred Return to the Limited Partners, i.e. distribution to the Limited Partners if there is any balance after the distribution under item (a) above, until the annualized return on investment of 8% per year (simple interest) of the total paid-in capital contribution of the Limited Partners is realized on the accumulated distribution amount obtained by the Limited Partners under this item (b) (whichever is later, starting from the receipt date notified by each drawdown notice and the date on which the Limited Partners actually pay the capital contribution for that period, respectively, until the time of such distribution) (the “**Preferred Return**”).
- c) Third priority: if there is any remaining balance, make up for the return of the General Partner, i.e. 100% distribution to the General Partner until the cumulative amount obtained by the General Partner pursuant to this item (c) is equal to the amount of cumulative Preferred Return obtained by the Limited Partners pursuant to item (b) above $\div 80\% \times 20\%$. For the avoidance of doubt, the portion to be distributed to the General Partner based on its capital contribution shall not be counted in the cumulative amount of this item (c).
- d) Fourth priority: “20/80” distribution, i.e. if there is still balance after the distribution in items (a), (b) and (c) above, the remaining amount shall be distributed between the General Partner and Limited Partners, of which 20% shall be distributed to the General Partner and the remaining 80% shall be distributed to the Limited Partners.

The distributions received by the General Partner based on items (c) and (d) above are collectively referred to as the “Performance-based Bonus”. The General Partner is entitled to allocate all or part of the Performance-based Bonus to the Special Limited Partner or other persons designated by it at its own discretion.

(2) Non-cash distribution

The General Partner shall endeavor to make distribution in cash. However, if the General Partner determines in its sole discretion that a non-cash distribution is in the better interests of all Partners, the General Partner may, subject to the approval of the advisory committee, make such distribution in a non-cash manner. In such circumstances, the General Partner shall assist each partner to acquire the assets distributed, and the Limited Partners may entrust the General Partner to dispose of such assets.

Rights and Liabilities of General Partner and Limited Partners

The General Partner is the executive partner of the Yongxin Kangjun Fund. The General Partner shall have the right to manage and operate the Yongxin Kangjun Fund and its affairs on behalf of the Yongxin Kangjun Fund or in its own name, take all actions that it deems necessary, reasonable or appropriate to achieve the purpose of the Yongxin Kangjun Fund, and sign and perform all legal documents or other commitments that it deems necessary, reasonable or appropriate.

The Limited Partners shall not carry out the management or other affairs of the Yongxin Kangjun Fund, and shall not represent the Yongxin Kangjun Fund externally. The exercise of any of the rights under the Limited Partnership Agreement by the Limited Partners shall not be deemed to constitute participation in the management or control of the investments or other activities of the Yongxin Kangjun Fund, which could result in the Limited Partners being recognised as the General Partners who are required to be jointly and severally liable for the debts of the Yongxin Kangjun Fund under law or other regulations.

The Special Limited Partner refers to an investment vehicle established by the management team (or individuals from the team) for the purpose of investing in the Yongxin Kangjun Fund, and other related parties of the General Partner identified by the General Partner as a “Special Limited Partner”. The Limited Partners are entitled to vote on material matters in relation to the Yongxin Kangjun Fund as prescribed in the Limited Partnership Agreement. But for significant matters such as exit, removal, replacement of the General Partner or transfer of the General Partner’s interest, early termination of the existing period and dissolution of the Limited Partnership, the Special Limited Partner shall not be entitled to vote and shall not be counted into the quorum required for such votes. Except as specified in the Limited Partnership Agreement and disclosed in this announcement, a Special Limited Partner shall have the same rights and obligations as other Limited Partners.

The Company, as a Limited Partner, has no veto right over the investment decision made by the Yongxin Kangjun Fund.

Exit Mechanism

Subject to the consent of the General Partner, the Limited Partners may indirectly transfer their interest in the Yongxin Kangjun Fund by way of divestment and simultaneous participation by the transferee in accordance with the Limited Partnership Agreement. Other than the General Partner, other Partners shall not have any pre-emptive right over the proposed transfer of the Limited Partners’ interest in the Yongxin Kangjun Fund.

REASONS AND BENEFITS OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT

The investment objective of the Yongxin Kangjun Fund is to make equity investments as well as convertible bond investments for the purpose of equity investment that are in compliance with PRC laws and regulations, in the shares, equity or equity shares of relevant companies or other economic entities with innovative technologies or innovative service platforms in the biopharmaceutical industry, enhancing the corporate governance and improving performance of target entities and thereby enabling its partners to obtain economic return. The Board considers that the investment in the Yongxin Kangjun Fund provides the Company with an opportunity to facilitate its layout in the pharmaceutical R&D industry and other related services, enhance its comprehensive competitiveness, and strengthen its position in the industry.

By participating in the Yongxin Kangjun Fund and relying on the capabilities and experience of the professional investment institutions of the partners of the Yongxin Kangjun Fund, the Company is able to make full use of the capabilities of all parties in project information collation and research in the industry and making relevant investment decisions to enlarge the investment capacity of the Company, reduce the risk of merger and acquisition in the industry, actively grasp the good investment opportunities, accelerate the realization of the Company's strategic objectives, and improve the Company's future profitability.

The investment in the Yongxin Kangjun Fund will not have material impact on the financial position and operating results of the Company. In the subsequent operation of the Yongxin Kangjun Fund, there may be various risks relating to project implementation, risk management and control, uncertainty of investment income and divestment. The Company will perform corresponding decision-making procedures and make corresponding information disclosure in strict accordance with the Articles of Association of the Company and the provisions and requirements of relevant laws and regulations based on the progress of the matter.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Limited Partnership Agreement and the investment in the Yongxin Kangjun Fund are in the ordinary and usual course of business of the Group and on normal commercial terms. The investment amount of the Company was determined after arm's length negotiations with reference to the estimated capital needs and the investment term of the Yongxin Kangjun Fund, as well as the terms of the Limited Partnership Agreement are fair and reasonable. Thus, the Directors (including the independent non-executive Directors) consider the entering into of the Limited Partnership Agreement and the investment in the Yongxin Kangjun Fund are in the interests of the Company and the Shareholders as a whole.

Information about the Structure of the Yongxin Kangjun Fund

Based on the following reasons, the Directors are of the view that as compared to direct equity or debt investments, investing in the Yongxin Kangjun Fund pursuant to the Limited Partnership Agreement would best serve its investment mandate and is a more preferred arrangement:

1. Having a more professional and focused team engaged in investment activities

The Company is a leading pharmaceutical R&D service platform in China and one of the leading drug discovery service providers globally. By investing in the Yongxin Kangjun Fund, the Company would be able to rely on the expertise of the General Partner, who is principally engaged in investment management, to review, analyse and make investments and realize its gains out of such investments without having to divert from its principal business as a fully integrated pharmaceutical R&D service platform.

2. Synergistic effect by bringing together industry knowledge and investment expertise

The synergies from the shareholders of Kangjun Investment can be maximized by bringing together industry knowledge of our Company, Ningbo Kangwan and Xiamen Kangwan as well as the investment expertise of Legend Capital.

The Yongxin Kangjun Fund is managed by Kangjun Investment, which is owned by Ningbo Kangwan, the Company, Xiamen Kangwan and Legend Capital as to 40%, 30%, 20% and 10%, respectively.

The Company's leading market position and long operating history since July 2004 provides technical expertise and strategic industrial synergy in considering and analyzing technical capacity of potential target of Yongxin Kangjun Fund.

Legend Capital focuses on early-stage venture capital and expansion-stage growth capital investment in the TMT, healthcare and culture and sports sectors. Its operating history dates back to 2001 and is one of the early entrants in the private equity industry in China. Legend Capital contributes to the management of Kangjun Investment by way of its financing experience, investment network, portfolio management experience, consulting capability in strategic investment and business ecosystem of investees.

Ningbo Kangwan is an indirect majority-owned company of two of the Directors of the Company, provides both capital resources and industry expertise in the board of directors of Kangjun Investment. It has played a significant role in bringing together the Company and Legend Capital in the establishment of Kangjun Investment and will continue to assist Kangjun Investment in implementing its strategic goals.

3. Scale of investment, fundraising flexibility and capital efficiency

The current structure provides fundraising flexibility and capital efficiency. Investment through a fund structure is getting increasingly common in the market and in particular, among A shares listed companies and dual-listed A shares and H shares listed companies. Pursuant to the Limited Partnership Agreement and in line with general practice in private equity, after the initial closing of the Yongxin Kangjun Fund, the General Partner may further increase capital available to the Yongxin Kangjun Fund by admitting additional Limited Partners and issuing notice of drawdown for committed capital.

As compared to direct equity or debt investments, investing through a fund allows the Company to flexibly increase the scale of its investments through funds raised from other Limited Partners. A fund structure allows for greater utilization of Kangjun Investment's professional capital investment and management capabilities that the Company could not otherwise achieve through direct investments. By investing via the Yongxin Kangjun Fund, investment risks would be shared amongst other Limited Partners whereas under a direct equity or debt investment model, the Company would have to bear all the risk of an investment.

GENERAL

Information on 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.

Information on Kangjun Investment and its fund management experience and expertise

Kangjun Investment is a limited company established in the PRC, it principally engages in investment management and is owned by Ningbo Kangwan, the Company, Xiamen Kangwan and Legend Capital as to 40%, 30%, 20% and 10%, respectively.

In terms of managing investments in the biomedical industry, all the shareholders of Kangjun Investment are brought together to provide the necessary knowledge and expertise in managing Kangjun Investment investments as well as implementing Kangjun Investment strategic goals. Pursuant to the shareholders' agreement of Kangjun Investment, each of Ningbo Kangwan, the Company and Legend Capital has the right to appoint one director to the board of directors of Kangjun Investment. In addition, the members of the investment committee of the Yongxin Kangjun Fund shall be appointed by the board of directors of Kangjun Investment. The board of directors of Kangjun Investment and the investment committee of the Yongxin Kangjun Fund integrate the Company's, Ningbo Kangwan's and Xiamen Kangwan's technical expertise and knowledge of the biomedical industry and Legend Capital's financing experience, investment network, portfolio management experience, consulting capability in strategic investment and business ecosystem of investees.

The board of directors of Kangjun Investment is responsible for steering the strategic goals of the Yongxin Kangjun Fund, whereas the investment committee of Yongxin Kangjun Fund is responsible for reviewing and resolving on the major decisions of Yongxin Kangjun Fund, such as the making of investments or divestments.

In terms of operating the Yongxin Kangjun Fund, each of the General Partner itself and the management of the General Partner possesses recognized qualifications. The General Partner has been registered as a fund manager with the Asset Management Association of China (中國證券投資基金業協會) since November 2019 (licence number: P1070330). The management team of the General Partner has extensive investment experience and is able to leverage its extensive experience in industry, research, management and capital markets to make global investments through a unique industry perspective. The General Partner has managed two RMB funds in the past, with an aggregate management size of nearly RMB2.5 billion. The General Partner is managed by Mr. Su Yuexing (蘇躍星) as its legal representative and manager, and Ms. Chen Xiaoqian (陳曉倩) as the person-in-charge of its compliance and risk management functions. Mr. Su is a member of Asset Management Association of China (中國證券投資基金業協會) (licence number: P1070330100001). Mr. Su has more than 20 years of experience in capital market services and investment, and has served as a senior manager of PricewaterhouseCoopers (普華永道), a member of the project audit/project committee, a member of the investment decision committee of direct investment business and the head of the equity execution department of Citibank Orient Securities (東方花旗證券). Ms. Chen is a member of the Asset Management Association of China (licence number: A20201205000117) and Ms. Chen has more than 8 years of experience in finance and risk management. She served as a risk management supervisor of COSCO Shipping Leasing Co., Ltd. (中遠海運租賃有限公司) from May 2015 to October 2020, and was in charge of risk system construction and project risk management.

Information on the Limited Partners

To the best of the Company's knowledge, as of the date of this announcement, background of the Limited Partners are set forth as follows:

Beijing Xinyuan Zhikang

Beijing Xinyuan Zhikang is a limited partnership established in the PRC with a registered capital of RMB80.0 million. It is owned as to approximately 16.88% by Kangjun Investment as the general partner, 75.0% by Mr. Lou Xiaoqiang as a limited partner, 5.13% by Mr. Su Yuexing as a limited partner (an Independent Third Party) and 2.99% by 9 limited partners, who are all Independent Third Parties and each of them holds less than 1% of the equity interest in Beijing

Xinyuan Zhikang. Beijing Xinyuan Zhikang is ultimately owned by Mr. Lou Xiaoqiang, one of the substantial Shareholders of the Company, an executive Director and the chief operating officer of the Company. Beijing Xinyuan Zhikang is designated as a Special Limited Partner, being a Limited Partner that is an investment vehicle of the General Partner's management team. Except as specifically set out in the Limited Partnership Agreement, the Special Limited Partner will have the same rights and responsibilities as other Limited Partners.

Ningbo Yongxin

Ningbo Yongxin is a limited partnership established in the PRC which principally engages in equity investment and asset management. The general partner of Ningbo Yongxin is Ningbo Tongshang Fund Management Co., Ltd. (寧波通商基金管理有限公司, “**Ningbo Tongshang Fund Management**”) (an Independent Third Party), which holds 0.005% of the equity interest in Ningbo Yongxin; the other limited partners of Ningbo Yongxin including Ningbo Tongshang Holding Group Co., Ltd. (寧波通商控股集團有限公司), Ningbo Rail Transit Group Co., Ltd. (寧波市軌道交通集團有限公司), Ningbo Datong Development Co., Ltd. (寧波大通開發有限公司), Ningbo Ocean Industry Fund Management Co., Ltd. (寧波海洋產業基金管理有限公司), Ningbo Urban Construction Investment Group Co., Ltd. (寧波城建投資集團有限公司), Ningbo Industrial Investment Group Co., Ltd. (寧波工業投資集團有限公司) and Ningxing Group (Ningbo) Co., Ltd. (寧興集團(寧波)有限公司), which are all Independent Third Parties and hold 42.995%, 10.0%, 10.0%, 10.0%, 10.0%, 6.0% and 5.0% of the equity interest in Ningbo Yongxin respectively. The remaining 6.0% of the equity interest in Ningbo Yongxin is held by three other limited partners, each of whom holds not more than 5% of the equity interest in Ningbo Yongxin and are all Independent Third Parties. Ningbo Yongxin is ultimately owned by Ningbo State-owned Assets Supervision and Administration Commission (Ningbo SASAC), which is an Independent Third Party.

Ningbo Yongqian

Ningbo Yongqian is a limited partnership established in the PRC which principally engages in equity investment. The general partner of Ningbo Yongqian is Ningbo Qianwan Emerging Industry Venture Capital Co., Ltd. (寧波前灣新興產業創業投資有限公司) (an Independent Third Party), which holds 0.05% of the equity interest in Ningbo Yongqian; the limited partners of Ningbo Yongqian are Ningbo Qianwan Industry Group Co., Ltd. (寧波前灣產業集團有限公司) and Ningbo Jierui Equity Investment Co., Ltd. (寧波捷瑞股權投資有限公司), which hold 69.965% and 29.985% of the equity interest in Ningbo Yongqian respectively and are all Independent Third Parties. Ningbo Yongqian is ultimately owned by Ningbo Qianwan New Area Management Committee (寧波前灣新區管理委員會) who is an Independent Third Party.

Ningbo Yongcai

Ningbo Yongcai is a limited partnership established in the PRC which principally engages in equity investment and asset management. The general partners of Ningbo Yongcai are Ningbo Tongshang Fund Management Co., Ltd. (寧波通商基金管理有限公司) and Ningbo Human Capital Investment Holding Co., Ltd. (寧波人力資本投資控股有限公司), both being Independent Third Parties and holding 0.05% and 0.1% of the equity interest in Ningbo Yongcai, respectively. The limited partner of Ningbo Yongcai is Ningbo Talent Development Group Co., Ltd. (寧波人才發展集團有限公司) (an Independent Third Party), which holds 99.85% interest in Ningbo Yongcai. Ningbo Yongcai is ultimately owned by State-owned Assets Supervision and Administration Commission of the People's Government of Ningbo Municipal who is an Independent Third Party.

Zhuhai Gaoke

Zhuhai Gaoke is a company incorporated in the PRC which principally engages in equity investment and asset management. Zhuhai Gaoke is 100% owned by Zhuhai Hi-Tech Venture Capital Management Co., Ltd. (珠海高新金融投資有限公司), which is ultimately owned by Development Reform and Finance Bureau of Zhuhai High-tech Industrial Development Zone (珠海高新技術產業開發區發展改革和財政金融局) who is an Independent Third Party.

Shanghai Model

Shanghai Model is a company incorporated in the PRC which principally engages in life science research and pharmacy discovery and is listed on the Shanghai Stock Exchange STAR Market (stock code: 688265). As of February 23, 2024, Shanghai Model is held as to 35.62%, 13.65%, 8.61% and 6.71% by Shanghai Dishu Enterprise Management Consulting Co., Ltd. (上海砥石企業管理諮詢有限公司) (an Independent Third Party), Shanghai Technology Venture Capital Co., Ltd. (上海科技創業投資有限公司) (an Independent Third Party), Shenzhen Qianhai Hairun Rongfeng Investment Partnership (Limited Partnership) (深圳前海海潤榮豐投資合夥企業(有限合夥)) (an Independent Third Party) and Beijing Kangjun Ningyuan Equity Investment Partnership (Limited Partnership) (北京康君寧元股權投資合夥企業(有限合夥)), respectively. The remaining shares are held by other public shareholders, and each of them holds not more than 5% of the equity interest in Shanghai Model. The Company as a limited partner holds 21.28% of the equity interest in Beijing Kangjun Ningyuan Equity Investment Partnership (Limited Partnership) 北京康君寧元股權投資合夥企業(有限合夥). The general partner of Beijing Kangjun Ningyuan Equity Investment Partnership (Limited Partnership) (北京康君寧元股權投資合夥企業(有限合夥)) is Kangjun Investment, which is ultimately owned by Mr. Lou Xiaoqiang, one of the substantial Shareholders of the Company, an executive Director and the chief operating officer of the Company. Shanghai Model is ultimately under the de facto control of and owned by Mr. Fei Jian (費儉) and Mr. Wang Mingjun (王明俊), who are Independent Third Parties.

Mr. Yu Yuejiang (郁岳江) is a PRC national who is an individual investor and Independent Third Party.

Accounting Treatment of the Yongxin Kangjun Fund

Given that the Company is a Limited Partner of the Yongxin Kangjun Fund and the Company also holds 30% of the equity interest in Kangjun Investment, the General Partner, the Yongxin Kangjun Fund will be accounted for as an associate of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Kangjun Investment, being the General Partner of the Yongxin Kangjun Fund is a connected person of the Company. Kangjun Investment is owned by Ningbo Kangwan, the Company, Xiamen Kangwan and Legend Capital as to 40%, 30%, 20% and 10%, respectively. Ningbo Kangwan is owned by Zhangjiajie Kanghongwan as to 75%, whereas Zhangjiajie Kanghongwan is jointly owned by Mr. Lou Xiaoqiang and Ms. Zheng Bei, the substantial shareholders and the Directors of the Company. Xiamen Kangwan is owned as to 35%, 50% and 15% by Mr. Lou Xiaoqiang (as a limited partner), Ms. Zheng Bei (as a limited partner), both being our executive Directors, and Mr. Su Yuexing (as a general partner) (an Independent Third Party), respectively. Kangjun Investment is ultimately owned by Mr. Lou Xiaoqiang, one of the substantial Shareholders of the Company, an executive Director and the chief operating officer of the Company.

In addition, Beijing Xinyuan Zhikang, one of the other Limited Partners, is a connected person of the Company. The general partner of Beijing Xinyuan Zhikang is Kangjun Investment, and is held as to 75% by Mr. Lou Xiaoqiang, a substantial Shareholder of the Company and a Director. Beijing Xinyuan Zhikang is ultimately owned by Mr. Lou Xiaoqiang, one of the substantial Shareholders of the Company, an executive Director and the chief operating officer of the Company.

Therefore, the Company's investment in the Yongxin Kangjun Fund alongside Kangjun Investment and Beijing Xinyuan Zhikang constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the investment in the Yongxin Kangjun Fund under the Limited Partnership Agreement exceeds 0.1% but is less than 5%, the investment contemplated under the Limited Partnership Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BOARD'S APPROVAL

The Limited Partnership Agreement was approved by the Board on December 22, 2023. Mr. Lou Xiaoqiang and Ms. Zheng Bei are the shareholders of Zhangjiajie Kanghongwan, which is in turn holds 75% in Ningbo Kangwan, a 40% shareholder of Kangjun Investment. Further, Mr. Li Jiaqing is a director of Legend Capital. As such, Dr. Lou Boliang, Mr. Lou Xiaoqiang, Ms. Zheng Bei and Mr. Li Jiaqing have abstained from voting on the relevant resolutions of the Board approving the Limited Partnership Agreement.

DEFINITIONS

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

“associate(s)”	have the meaning ascribed to it under the Listing Rules
“Beijing Xinyuan Zhikang”	Beijing Xinyuan Zhikang Enterprise Management Consulting Partnership (Limited Partnership) (北京欣元至康企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 18, 2023
“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 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)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“First Closing Date”	has the meaning set out in the paragraph headed “Capital Contribution” of this announcement
“General Partner” or “Kangjun Investment” or “Fund Manager”	Kangjun Investment Management (Beijing) Co., Ltd.* (康君投資管理(北京)有限公司), the general partner of the Yongxin Kangjun Fund which is a company established in the PRC with limited liability on June 18, 2019
“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)”	to the best of the Directors’ knowledge having made all reasonable enquiries, any third party independent of the Company and its connected persons
“Legend Capital”	Legend Capital Co., Ltd.* (君聯資本管理股份有限公司), a company incorporated in the PRC on November 19, 2003
“Limited Partner(s)”	the limited partners of the Yongxin Kangjun Fund as set out under the paragraph headed “Information on the Limited Partners” in this announcement
“Limited Partnership Agreement”	the limited partnership agreement dated April 8, 2024 entered into by the Company, Kangjun Investment and other Limited Partners in relation to the investment in the Yongxin Kangjun Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time
“Ningbo Kangwan”	Ningbo Kangwan Enterprise Management Consulting Partnership (L.P.)* (寧波康灣企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on September 3, 2019, which is owned as to 75% and 25% by Zhangjiajie Kanghongwan and Shanghai Tongshang Business Consulting Partnership (L.P.)* (上海統尚商務諮詢合夥企業(有限合夥)), respectively
“Ningbo Yongcai”	Ningbo Yongcai Equity Investment Partnership Enterprise (Limited Partnership) (寧波甬才股權投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on October 23, 2023

“Ningbo Yongqian”	Ningbo Yongqian Equity Investment Partnership Enterprise (Limited Partnership) (寧波甬前股權投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 11, 2023
“Ningbo Yongxin”	Ningbo Yongxin Industrial Investment Partnership (Limited Partnership) (寧波市甬欣產業投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 8, 2020
“PRC”	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Model”	Shanghai Model Organisms Center, Inc. (上海南方模式生物科技股份有限公司), a company listed on the Shanghai Stock Exchange STAR Market (stock code: 688265)
“Share(s)”	the ordinary shares 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)
“Special Limited Partner”	Beijing Xinyuan Zhikang
“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 shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Total Capital Contribution”	the aggregate of capital contribution to the Yongxin Kangjun Fund by each of the General Partner and Limited Partner(s) (as increased or reduced by the General Partner from time to time)
“Xiamen Kangwan”	Xiamen Kangwan Enterprise Management Consulting Partnership (Limited Partnership)* (廈門康灣企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated in the PRC on December 8, 2021, which is owned as to 50%, 35% and 15% by Ms. Zheng Bei, Mr. Lou Xiaoqiang and Mr. Su Yuexing, respectively

“Yongxin Kangjun Fund”	Ningbo Kangjun Qicheng Equity Investment Partnership Enterprise (Limited Partnership)* (寧波康君啟承股權投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on September 8, 2023, which will be renamed as Ningbo Yongxin Kangjun Entrepreneurship Investment Partnership Enterprise (Limited Partnership)* (寧波甬欣康君創業投資合夥企業(有限合夥)) upon the signing of the Limited Partnership Agreement
“Zhangjiajie Kanghongwan”	Zhangjiajie Kanghongwan Venture Capital Partnership Enterprise (Limited Partnership)* (張家界康泓灣創業投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on June 15, 2018, which is owned as to 50% and 50% by Mr. Lou Xiaoqiang and Ms. Zheng Bei
“Zhuhai Gaoke”	Zhuhai Gaoke Financial Investment Industrial Equity Investment Co., Ltd. (珠海高科金投產業股權投資有限公司), a company incorporated in the PRC on March 15, 2023
“%”	per cent

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

Beijing, the PRC
April 8, 2024

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.