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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)

**VOLUNTARY ANNOUNCEMENT
DISPOSAL OF EQUITY INTERESTS IN OVERSEAS MINORITY
INVESTMENT OF THE COMPANY**

This is a voluntary announcement made by Pharmaron Beijing Co., Ltd. (康龍化成(北京)新藥技術股份有限公司, the “**Company**”, together with its subsidiaries, the “**Group**”) regarding the disposal of equity interests in the Group’s investment in PROTEOLOGIX, INC. (“**Proteologix**”). Pharmaron (Hong Kong) Investments Limited, a wholly-owned subsidiary of the Company, holds a minority interest of approximately 10.21% of Proteologix’s issued share capital, which is recorded as equity investments at fair value through profit or loss in the Company’s consolidated financial statements.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that Proteologix has informed the Company a consensus has been reached between Proteologix and Johnson & Johnson (the “**Buyer**”) in relation to the Buyer’s acquisition of Proteologix by way of a merger (the “**Merger**”). On May 15, 2024, Johnson & Johnson, its wholly-owned subsidiary, Proteologix and its securityholders representative entered into plan of domestication and merger agreement (the “**Merger Agreement**”) pursuant to which the parties agreed to merge Proteologix with a wholly-owned subsidiary of the Buyer.

An aggregate consideration of up to US\$1 billion, including a milestone payment of approximately US\$150 million upon the achievement of certain milestone shall be payable to the existing shareholders of Proteologix as a result of the Merger. Completion of the Merger is subject to the terms and conditions as prescribed in the Merger Agreement, including obtaining relevant approvals from the involved parties, obtaining relevant legislative and governmental approvals for the Merger, confirmation that the representations and warranties made by the parties are true and accurate in all material respects and the absence of material adverse effects, as well as satisfaction of other customary conditions.

The aggregate consideration was determined based on arm’s length negotiation between the Buyer and Proteologix on a cash-free debt-free basis, having taken into account factors including Proteologix’s technical capabilities (including novelty of the pipeline drugs and platform of Proteologix), prevailing market conditions of the innovative drug pipelines, the status and risks of the research and development, resources available to the parties and future development plans. Having taken into accounts the factors set out herein, the Company considers that consideration to be paid in connection with the Merger, as well as the payment schedule in relation to the Merger, are fair and reasonable.

It is expected that the Group will receive an initial payment of approximately US\$86.821 million as well as a milestone payment of approximately US\$15.321 million upon achievement of certain milestone in accordance with to the Merger Agreement. The Group intends to apply proceeds received from the Merger to supplement the Group's working capital, to support the growth and development of the Group's principal business as a fully-integrated pharmaceutical R&D service platform.

Proteologix is a minority investment of the Company and is not consolidated into the financial statements of the Group. Upon completion of the Merger, the Group will cease to hold any shares in Proteologix. Based on the Company's preliminary analysis, the Merger is expected to have a positive impact on the Company's results for the financial year ended December 31, 2024 (which remains subject to review by the Company's auditors). The Company will record and recognize the Merger in accordance with the applicable financial reporting standards.

Information about the Transaction Parties

Pharmaron (Hong Kong) Investments Limited is a wholly-owned subsidiary of the Company and holds approximately 10.21% of the issued share capital of Proteologix. Proteologix is an exempted company incorporated in the Cayman Islands and it is principally engaged in the development of innovative biopharmaceuticals for the treatment of autoimmune diseases. To the best of the Company's knowledge, other shareholders of Proteologix includes Shanghai Zhaolan Corporation Management and Consultant Partnership (Limited Partnership) (上海昭瀾企業管理諮詢合夥企業(有限合夥), "**Shanghai Zhaolan**") and four other third party independent investors, holding approximately 16.54%, 26.75%, 19.75%, 17.83% and 8.92% of the issued share capital in Proteologix, respectively. The general partner of Shanghai Zhaolan is Kangjun Investment Management (Beijing) Co., Ltd. (康君投資管理(北京)有限公司), which is in turn 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.

The Buyer is Johnson & Johnson, a corporation incorporated in the state of New Jersey, the United States of America and its shares are listed on the New York Stock Exchange (stock ticker: JNJ).

To the best of the Company's knowledge, saved as described herein, Proteologix, its shareholders, the Buyer, and their respective ultimate beneficial owner(s) are third party independent of the Company and its connected person.

Listing Rules Implications

As none of the applicable percentage ratios under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in respect of the transactions contemplated under the Merger (as it relates to the Company) exceeds 5%, the Merger does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As each of the Buyer and Proteologix is not a connected person of the Company, the Merger does not constitute a connected transaction under Chapter 14A of the Listing Rules.

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

Beijing, the PRC
May 17, 2024

As at the date of this announcement, the Board 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.