Simcere Pharmaceutical Group Limited
先聲藥業集團有限公司
(Incorporated in Hong Kong with limited liability)
(Stock code: 2096)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

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Renewal of Diagnostics R&D Project Service Framework Agreement

Reference is made to the announcement of the Company dated December 23, 2021 in relation to, among others, the continuing connected transactions contemplated under the Existing R&D Project Service Framework Agreement entered into between the Company and Jiangsu Medical Diagnostics.

As the term of the Existing R&D Project Service Framework Agreement will expire on December 31, 2024, and the Company will remain cooperation with Jiangsu Medical Diagnostics, the Board hereby announces that on December 23, 2024 (after trading hours), the Company entered into the Diagnostics R&D Project Service Framework Agreement with Jiangsu Medical Diagnostics, pursuant to which Jiangsu Medical Diagnostics agreed to provide R&D project services to the Group, including but not limited to CRO services, CDx services, testing and inspection services as well as other R&D project services, for a term of three years commencing from January 1, 2025 and ending on December 31, 2027 (both days inclusive).

Renewal of BioSciKin Property Lease and Comprehensive Services Framework Agreement

Reference is made to the announcement of the Company dated December 20, 2022 in relation to, among others, the continuing connected transactions contemplated under the Existing Property Lease and Comprehensive Services Framework Agreement entered into between the Company and Nanjing BioSciKin Technology.

As the term of the Existing Property Lease and Comprehensive Services Framework Agreement will expire on December 31, 2024, and the Company will remain cooperation with Nanjing BioSciKin Technology, the Board hereby also announces that on December 23, 2024 (after trading hours), the Company entered into the BioSciKin Property Lease and Comprehensive Services Framework Agreement with Nanjing BioSciKin Technology, pursuant to which Nanjing BioSciKin Technology agreed to lease certain properties to the Group for office, laboratory and staff dormitory use and provide related property management services, as well as provide the Group with certain general services which include, among others, utilities and network support, conference supporting services, staff canteen services, accommodation services and other logistics services, for a term of three years commencing from January 1, 2025 and ending on December 31, 2027 (both days inclusive).

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 therefore a connected person of the Company. Accordingly, the transactions contemplated under the Diagnostics R&D Project Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Nanjing BioSciKin Technology is indirectly wholly owned by Mr. Ren Jinsheng (任晉生), who is an executive Director, the chief executive officer and a controlling Shareholder of the Company. As a result, Nanjing BioSciKin Technology is an associate of Mr. Ren Jinsheng and therefore a connected person of the Company. Accordingly, the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework 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 contemplated under each of the Diagnostics R&D Project Service Framework Agreement and BioSciKin Property Lease and Comprehensive Services Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under each of the Diagnostics R&D Project Service Framework Agreement and BioSciKin Property Lease and Comprehensive Services Framework 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

Renewal of Diagnostics R&D Project Service Framework Agreement

Reference is made to the announcement of the Company dated December 23, 2021 in relation to, among others, the continuing connected transactions contemplated under the Existing R&D Project Service Framework Agreement entered into between the Company and Jiangsu Medical Diagnostics.

As the term of the Existing R&D Project Service Framework Agreement will expire on December 31, 2024, and the Company will remain cooperation with Jiangsu Medical Diagnostics, the Board hereby announces that on December 23, 2024 (after trading hours), the Company entered into the Diagnostics R&D Project Service Framework Agreement with Jiangsu Medical Diagnostics, pursuant to which Jiangsu Medical Diagnostics agreed to provide R&D project services to the Group, including but not limited to CRO services, CDx services, testing and inspection services as well as other R&D project services, for a term of three years commencing from January 1, 2025 and ending on December 31, 2027 (both days inclusive).

Renewal of Existing Property Lease and Comprehensive Services Framework Agreement

Reference is made to the announcement of the Company dated December 20, 2022 in relation to, among others, the continuing connected transactions contemplated under the Existing Property Lease and Comprehensive Services Framework Agreement entered into between the Company and Nanjing BioSciKin Technology.

As the term of the Existing Property Lease and Comprehensive Services Framework Agreement will expire on December 31, 2024, and the Company will remain cooperation with Nanjing BioSciKin Technology, the Board hereby also announces that on December 23, 2024 (after trading hours), the Company entered into the BioSciKin Property Lease and Comprehensive Services Framework Agreement with Nanjing BioSciKin Technology, pursuant to which Nanjing BioSciKin Technology agreed to lease certain properties to the Group for office, laboratory and staff dormitory use and provide related property management services, as well as provide the Group with certain general services which include, among others, utilities and network support, conference supporting services, staff canteen services, accommodation services and other logistics services, for a term of three years commencing from January 1, 2025 and ending on December 31, 2027 (both days inclusive).

The principal terms of the Diagnostics R&D Project Service Framework Agreement and BioSciKin Property Lease and Comprehensive Services Framework Agreement are set out as follows:

DIAGNOSTICS R&D PROJECT SERVICE FRAMEWORK AGREEMENT

Date: December 23, 2024 (after trading hours)

Parties:

i. The Company, for itself and on behalf of its subsidiaries; and

ii. Jiangsu Medical Diagnostics, for itself and on behalf of its subsidiaries

Scope: Pursuant to the Diagnostics R&D Project Service Framework Agreement, Jiangsu Medical Diagnostics agreed to provide R&D project services to the Group, which include without limitation:

i. *CRO services:* the services, which are based on the testing requirements generated in clinical trials and carried out in accordance with the contractual agreement, include sample testing, target-to-hit discovery, database establishment, etc.

ii. *CDx services:* customized companion diagnostic programs in order to meet the applicable population for targeted and immunotherapy drug screening, which can instruct patients' responses to specific drugs, thereby facilitating more precise therapy and improved patients' response and remission rates. Such services include design planning, testing knit development, registration inspection, clinical trials, registration application, clinical testing and inspection, etc.;

iii. *Testing and inspection services:* personalized sequencing of the healthy people's genome information to provide information on disease risks, genetic disease judgments, drug sensitivity, etc, which aims to guide precise and scientific personalized medication, achieving goals such as dose optimization, enhanced therapeutic efficacy and reduced adverse drug reactions; and

iv. other R&D project services.

Term:	The Diagnostics R&D Project Service Framework Agreement is for a term of three years commencing from January 1, 2025 to December 31, 2027 (both days inclusive), and is renewable for a term of three years upon mutual consent and subject to the requirements under the Listing Rules and other applicable laws and regulations.
Implementation agreements:	Individual implementation agreements will be entered into between the parties to set out the specific terms and conditions within the parameters provided under the Diagnostics R&D Project Service Framework Agreement, which shall include (i) the R&D project service fees and the relevant calculation basis as well as payment methods; and (ii) the category and scope of services and service requirements.

Pricing Policy

When determining and approving the price and terms of the transactions contemplated under the Diagnostics R&D Project Service Framework Agreement, the Company will consider the following:

(1) the prevailing market price or the price normally paid by the Company to Independent Third Parties for similar types of R&D project services;

(2) the reasonable and comprehensive cost incurred in connection with providing R&D project services by Jiangsu Medical Diagnostics plus gross profit margin with reference to the services provided by Independent Third Parties with similar nature, including but not limited to those which have similar service contents and work period, use similar technologies and involve similar degree of manpower and cost; and

(3) comparing the service fees with quotations from no less than two independent service providers who provide similar R&D project services, so as to ensure that the service fees payable by the Company shall represent and be no more than the prevailing market price and is on normal commercial terms or better.

In the event that the price offered by Jiangsu Medical Diagnostics is less favorable than those offered by the independent service providers who provide similar R&D project services, no transactions will be entered into between the Company and Jiangsu Medical Diagnostics.

Historical Transaction Amounts

The R&D project service fees paid by the Company to Jiangsu Medical Diagnostics under the Existing R&D Project Service Framework Agreement for the years ended December 31, 2022 and 2023 and the eleven months ended November 30, 2024 were approximately RMB1.45 million, RMB1.46 million and RMB0.90 million, respectively.

Proposed Annual Caps

The proposed annual caps for the R&D project service fees payable by the Company to Jiangsu Medical Diagnostics under the Diagnostics R&D Project Service Framework Agreement for the years ending December 31, 2025, 2026 and 2027 are set out below:

	Proposed annual caps for the years ending December 31,		
	2025	**2026**	**2027**
		(RMB' 000)	
Service fees	25,000	33,000	39,000

Basis of Determination of Annual Caps

The proposed annual caps for the R&D project service fees are estimated primarily based on the following factors:

(1) the historical service fees paid by the Group to Jiangsu Medical Diagnostics for the years ended December 31, 2022 and 2023 and the eleven months ended November 30, 2024;

(2) the expected substantial growth in the demand of the Group for R&D project services, primarily comprising:

(i) *in terms of CRO services:* a growing number of the Group's launched or pipeline products, including but not limited to ENLITUO® (Cetuximab Beta Injection), will require biomarker or multi-omics detection, discovery, research and analysis services, with a view to enhancing research quality, facilitating further application of academic achievements and accurately enlarging customer bases of such products. Particularly, considering ENLITUO® (Cetuximab Beta Injection) was successfully included in the New NRDL on November 28, 2024, the Group expects a robust increase in sales of ENLITUO®, and the demand for CRO services will be also massively increased;

(ii) *in terms of CDx services:* ENLITUO® (Cetuximab Beta Injection) and ENWEIDA® (Envafolimab Injection) are innovative drugs of the Group aiming at colorectal cancer patients with different types. The usage of certain medical testing in terms of colorectal cancer, as well as Cetuximab Beta or Envafolimab for the treatment of colorectal cancer, were recommended by relevant medical associations. Accordingly, the Group wishes to seize such enormous market opportunities by substantially strengthening the corporation with Jiangsu Medical Diagnostics in the field of CDx services, which could be conducive to discovering more target customers for the Group's innovative drugs and thus drive its rapid business growth. Meanwhile, such corporation will also bring extensive increase in the Group's demand for the development of relevant medical testing knits under the CDx services;

(iii) *in terms of testing and inspection services:* in order to develop and maintain potential and important customers by providing them with value-added services, the Group plans to further expand the procurement scale of WES testing and genetic counseling services and will newly procure precise medication testing and genetic counseling services in terms of cardio-cerebrovascular diseases, which will considerably drive its demand for such services; and

(3) the estimated increase in the costs of the R&D project services provided by the Jiangsu Medical Diagnostics considering the anticipated amount of time and resources to be committed by Jiangsu Medical Diagnostics in the course of providing R&D project services with a view to meet the Group's business expansion plan and its demand for such services.

Reasons for and Benefits of Entering into the Diagnostics R&D Project Service Framework Agreement

The Company engages in the R&D, production and commercialization of pharmaceuticals and certain steps in the Company's R&D process require medical testing procedures. Such testing requires sophisticated technologies and high costs and thus it is beneficial for the Company to outsource such services to professional medical testing service providers. Jiangsu Medical Diagnostics is a company primarily engaging in medical examination and research on clinical cytomolecular genetics, which is able to provide stable and professional services to the Company and suit the needs of the Company. Considering the relationship between Jiangsu Medical Diagnostics and the Company's controlling Shareholder, the Company has close proximity and constant communications with Jiangsu Medical Diagnostics, which enables Jiangsu Medical Diagnostics to have a better understanding of Company's requirements for such services than an independent service provider does. The Directors believe that the continuation of such cooperation with Jiangsu Medical Diagnostics will allow the Group to minimize its management and operational costs and ensure the Company's service requests being processed in a timely manner.

The terms of the Diagnostics R&D Project Service Framework Agreement have been reached after arm's length negotiations between the Company and Jiangsu Medical Diagnostics. The Directors (including the independent non-executive Directors but excluding the Directors who are required to abstain from voting on the relevant Board resolution) are of view that the transactions under the Diagnostics R&D Project Service Framework 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

Mr. Ren Yong, a controlling shareholder of Jiangsu Medical Diagnostics, is the son of Mr. Ren Jinsheng. Ms. Wang Xi, a Director, is the spouse of Mr. Ren Jinsheng. Accordingly, Mr. Ren Jinsheng and Ms. Wang Xi are considered to have material interests in the transactions contemplated under the Diagnostics R&D Project Service Framework Agreement. Therefore, Mr. Ren Jingsheng and Ms. Wang Xi have abstained from voting on the Board resolution in respect of entering into of the Diagnostics R&D Project Service Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, none of the other Directors has material interests in the transactions contemplated under the Diagnostics R&D Project Service Framework Agreement and is required to abstain from voting on the relevant Board resolution.

BIOSCIKIN PROPERTY LEASE AND COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT

Date:	December 23, 2024 (after trading hours)
Parties:	i. The Company, for itself and on behalf of its subsidiaries; and ii. Nanjing BioSciKin Technology, for itself and on behalf of its subsidiaries
Scope:	Pursuant to the BioSciKin Property Lease and Comprehensive Services Framework Agreement, Nanjing BioSciKin Technology agreed to: i. lease certain properties owned by it or its subsidiaries (the "**BioSciKin Properties**") to the Group for office, laboratory and staff dormitory use and provide related property management services; and ii. provide the Group with certain general services within the BioSciKin Properties, which include, among others, utilities and network support, conference supporting services, staff canteen services, accommodation services and other logistics services.
Term:	BioSciKin Property Lease and Comprehensive Services Framework Agreement is for a term of three years commencing from January 1, 2025 and ending on December 31, 2027 (both days inclusive), and is renewable for a term of up to three years upon mutual consent and subject to the requirements under the Listing Rules and other applicable laws and regulations.

Implementation agreements:	Individual implementation agreements will be entered into between the parties to set out the specific terms and conditions within the parameters provided under the BioSciKin Property Lease and Comprehensive Services Framework Agreement, which shall include (i) the property rents and relevant property management fees, payment methods and other usage fees in respect of the relevant leased properties; and (ii) the category and scope of services, service requirements, service fees, relevant calculation basis and payment methods in respect of the general services.

Pricing Policy

Pursuant to the BioSciKin Property Lease and Comprehensive Services Framework Agreement:

(i) with respect to the property lease and property management services, the Group shall pay Nanjing BioSciKin Technology and/or its subsidiaries rents, property management fees for the underlying leased properties. Under the BioSciKin Property Lease and Comprehensive Services Framework Agreement, the rents for office and laboratory are RMB2.2–3.0/sq.m./day and the rents for staff dormitory are RMB3,000–8,400/month for each apartment, while property management fees are RMB4.5–6.0/sq.m./month, respectively. Such prices are determined after arm's length negotiations between the parties thereto and shall be in line with or no more than the prevailing market rates for properties of comparable size, building standards and quality in the vicinity which are available to Independent Third Parties; and

(ii) with respect to the general services, the Group shall pay Nanjing BioSciKin Technology and/or its subsidiaries (where applicable) service fees, which are determined based on arm's length negotiations between the parties thereto with reference to (i) historical service fees; (ii) actual cost as to other charges relating to the leased properties, including utilities and network expenses; (iii) the actual administrative cost incurred by Nanjing BioSciKin Technology and/or its subsidiaries; and (iv) the comparable service fee rate charged by Nanjing BioSciKin Technology and/or its subsidiaries for such services provided for Independent Third Parties.

Accounting Implications of the BioSciKin Property Lease and Comprehensive Services Framework Agreement

In accordance with the HKFRSs applicable to the Group, the payments by the Group contemplated under the BioSciKin Property Lease and Comprehensive Services Framework Agreement comprise different components and hence different accounting treatments will be applied. The rent to be paid by the Group under the BioSciKin Property Lease and Comprehensive Services Framework Agreement is capital in nature and will be recognized as assets of the Group at the commencement date of the lease term. The property management service fees and general service fees to be paid by the Group under the BioSciKin Property Lease and Comprehensive Services Framework Agreement are expenses in nature and will be recognized as expenses of the Group over the lease term of the implementation agreements under the BioSciKin Property Lease and Comprehensive Services Framework Agreement.

The Group has adopted all applicable HKFRSs, including HKFRS 16 Leases. Under HKFRS 16, the Group as the lessee shall recognize a lease as a right-of-use asset and a lease liability. The right-of-use asset represents its right to use the underlying leased asset over the lease term and the lease liability represents its obligation to make lease payments (i.e. the rents). The asset and the liability arising from the lease are initially measured on present value basis and calculated by discounting the lease payments over the lease term using the incremental borrowing rate as the discount rate. Under HKFRS 16, the Group shall recognize (i) depreciation charge over the life of the right-of-use asset, and (ii) interest expense is calculated based on lease liability balance using the effective interest rate method.

Historical Transaction Amounts

Set out below are the historical transaction amounts in respect of the continuing connected transactions conducted between the Group and Nanjing BioSciKin Technology together with its subsidiaries under the Existing Property Lease and Comprehensive Services Framework Agreement for the years ended December 31, 2022 and 2023 and the eleven months ended November 30, 2024:

	Approximate historical transaction amount for the year/period ended		
	December 31, 2022	**December 31, 2023**	**November 30, 2024**
		(RMB' 000)	
Rental expenses paid in the year (period)/value of right-of-use assets relating to the properties leased from Nanjing BioSciKin Technology together with its subsidiaries in the year (period) and property management services fees *Note 1*	39,569	43,461	27,883
General service fees	11,383	15,646	14,986
Total *Note 2*	**50,952**	**59,106**	**42,869**

Notes:

1. The relevant historical transaction amount set out in the above table in respect of the leases where the Group acts as the lessee comprises a sum of (a) (i) in respect of lease of properties from Nanjing BioSciKin Technology together with its subsidiaries with an expected term of one year or less, the rental expenses paid by the Group in that year (period); or (ii) in respect of lease of properties from Nanjing BioSciKin Technology together with its subsidiaries with a term of more than one year, the value of right-of-use assets relating to the properties leased from Nanjing BioSciKin Technology together with its subsidiaries in the year (period); and (b) the property management services fees paid by the Group to Nanjing BioSciKin Technology together with its subsidiaries.

2. Numbers have been subject to rounding. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

Proposed Annual Caps

Taking into consideration of the above-mentioned historical transaction amounts for the years ended December 31, 2022 and 2023 and the eleven months ended November 30, 2024 and the impact of HKFRS 16, the proposed annual caps for the continuing connected transactions to be conducted between the Group and Nanjing BioSciKin Technology together with its subsidiaries under the BioSciKin Property Lease and Comprehensive Services Framework Agreement for the years ending December 31, 2025, 2026 and 2027 are set out below:

	Proposed annual caps for the years ending December 31,		
	2025	**2026**	**2027**
		(RMB' 000)	
Rental expenses to be paid in the year (period)/value of right-of-use assets relating to the properties leased from Nanjing BioSciKin Technology together with its subsidiaries in the year (period) and property management services fees *Note 1*	99,000	75,000	51,000
General service fees	20,000	20,000	20,000
Total	**119,000**	**95,000**	**71,000**

Note:

1. The relevant cap set out in the above table in respect of the leases where the Group acts as the lessee comprises a sum of (a) (i) in respect of lease of properties from Nanjing BioSciKin Technology together with its subsidiaries with an expected term of one year or less, the estimated rental expenses to be paid by the Group in that year (period); or (ii) in respect of lease of properties from Nanjing BioSciKin Technology together with its subsidiaries with an expected term of more than one year, the estimated value of right-of-use assets relating to the properties to be leased from Nanjing BioSciKin Technology together with its subsidiaries in the year (period); and (b) the property management services fees to be paid by the Group to Nanjing BioSciKin Technology together with its subsidiaries.

Basis of Determination of Annual Caps

When estimating the annual caps for the rental expenses to be paid by the Group/value of right-of-use assets relating to the properties to be leased from Nanjing BioSciKin Technology together with its subsidiaries and the property management service fees, the Company has taken into account the impact of HKFRS 16 and made reference to the above historical transaction amounts and also considered, among other things, the following key factors:

(1) the rental expenses payable by the members of the Group/value of right-to-use assets and the property management services fees relating to the properties leased under the existing individual implementation agreements. The existing leased properties included properties with a total gross floor area of 30,996.49 sq.m. and 124 units with a gross floor area ranging from 34 to 120 sq.m. each; and

(2) the anticipated increase in the Group's business scale and number of staff, the additional space that is expected to be leased from Nanjing BioSciKin Technology and its subsidiaries for office, laboratory, conference room, dormitory and other use, the total gross floor area of which are estimated to be 1,000 sq.m. and 36 units with a gross floor area ranging from 34 to 120 sq.m. each; and

(3) the potential increase of price of rent of properties under existing and additional leases for the three years ending December 31, 2027.

When estimating the annual caps for the general service fees, the Company has considered the following factors:

(1) the historical transaction amounts of the general service fees paid by the Group to Nanjing BioSciKin Technology for the years ended December 31, 2022 and 2023 and the eleven months ended November 30, 2024; and

(2) the estimated increase in demand for general services within the BioSciKin Properties as a result of the anticipated increase in the Group's business scale and number of staff and taking into account the additional space that is expected to be leased in next three years; and

(3) the potential fluctuation of the prevailing market rate of comparable general services taking into account the potential fluctuation of the actual cost.

Reasons for and Benefits of Entering into the BioSciKin Property Lease and Comprehensive Services Framework Agreement

Nanjing BioSciKin Technology and its subsidiaries own and manage BioSciKin Properties. In view that (i) the Group has leased certain properties in the BioSciKin Properties as its headquarters since 2018 and the Group has invested in decoration for these properties it leased which is tailor-made for the Group's specific use; (ii) acquiring the general services within the BioSciKin Properties is more efficient and practicable for the Group as compared to soliciting the same from outside third party providers; and (iii) relocation to other premises will cause unnecessary disruptions to the Group's business and additional costs and expenses, the continuation of these lease and the relevant general services is convenient and cost-effective for the Group and is in line with the Group's business needs and economic interests. Therefore, the Directors are of the view that it is in the interest of the Group and the

Shareholders as a whole to enter into the BioSciKin Property Lease and Comprehensive Services Framework Agreement and continue the current arrangement with Nanjing BioSciKin Technology and its subsidiaries in relation to the property lease and relevant property management and general services.

The Directors (including the independent non-executive Directors but excluding the Directors who are required to abstain from voting on the relevant resolution) are of view that the transactions under the BioSciKin Property Lease and Comprehensive Services Framework 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

Since Nanjing BioSciKin Technology is indirectly wholly owned by Mr. Ren Jinsheng, and Ms. Wang Xi is his spouse, Mr. Ren Jinsheng and Ms. Wang Xi, both being Directors, are considered to have material interests in the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework Agreement and have abstained from voting on the Board resolution in respect of entering into of the BioSciKin Property Lease and Comprehensive Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, none of the other Directors has material interests in the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework 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 therefore a connected person of the Company. Accordingly, the transactions contemplated under the Diagnostics R&D Project Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Nanjing BioSciKin Technology is indirectly wholly owned by Mr. Ren Jinsheng, who is an executive Director, the chief executive officer and a controlling Shareholder of the Company. As a result, Nanjing BioSciKin Technology is an associate of Mr. Ren Jinsheng and therefore a connected person of the Company. Accordingly, the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework 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 Diagnostics R&D Project Service Framework Agreement and BioSciKin Property Lease and Comprehensive Services Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under each of the Diagnostics R&D Project Service Framework Agreement and BioSciKin Property Lease and Comprehensive Services Framework 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:

(1) the relevant business department, the office of the Board and the finance department of the Group will closely monitor the transactions contemplated under the Diagnostics R&D Project Service Framework Agreement and BioSciKin Property Lease and Comprehensive Services Framework Agreement to ensure that the transaction amounts do not exceed the relevant annual caps set for the transactions under the Diagnostics R&D Project Service Framework Agreement and BioSciKin Property Lease and Comprehensive Services Framework Agreement;

(2) each individual implementation agreement to be entered into by the Group shall be subject to the appropriate approval of the relevant departments of the Group, including but not limited to business department, the office of the Board and the finance department, to ensure that each transaction is in line with the pricing policy and principal terms of the Diagnostics R&D Project Service Framework Agreement and BioSciKin Property Lease and Comprehensive Services Framework Agreement;

(3) 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

(4) the independent non-executive Directors of the Company shall conduct annual reviews on the transactions contemplated under the Diagnostics R&D Project Service Framework Agreement and BioSciKin Property Lease and Comprehensive Services Framework 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 its 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 neuroscience, anti-oncology, 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 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 (i) 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; (ii) 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 (王熙), an executive Director of the Company; and (iii) 25 institutional investors collectively as to approximately 26.51%, among which approximately 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 Nanjing BioSciKin Technology

Nanjing BioSciKin Technology is a limited liability company established in the PRC on September 10, 2014. As at the date of this announcement, Nanjing BioSciKin Technology is indirectly wholly owned by Mr. Ren Jinsheng. Nanjing BioSciKin Technology primarily engages in, among others, lease of self-owned properties, property management, conference services, decoration engineering, architectural engineering design and construction, and enterprise management consulting.

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
"BioSciKin Property Lease and Comprehensive Services Framework Agreement"	the property lease and comprehensive services framework agreement dated December 23, 2024 (after trading hours) entered into between the Company and Nanjing BioSciKin Technology commencing from January 1, 2025 to December 31, 2027 (both days inclusive) in respect of leasing properties to and providing certain general services with the Group by Nanjing BioSciKin Technology
"Board"	the board of Directors
"CDx"	companion diagnostic in vitro diagnostic reagents, in vitro diagnostic reagents that can provide patients with information to the safety and effective of specific drug
"Company"	Simcere Pharmaceutical Group Limited (先聲藥業集團有限公司) (Stock Code: 2096), a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

"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
"CRO"	a contract research organization, who provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"Diagnostics R&D Project Service Framework Agreement"	the R&D project service framework agreement dated December 23, 2024 (after trading hours) entered into between the Company and Jiangsu Medical Diagnostics commencing from January 1, 2025 to December 31, 2027 (both days inclusive) in respect of providing R&D project services by Jiangsu Medical Diagnostics to the Group
"Director(s)"	the director(s) of the Company
"Existing Property Lease and Comprehensive Services Framework Agreement"	the property lease and comprehensive services framework agreement entered into between the Company and Nanjing BioSciKin Technology on December 20, 2022 in respect of leasing properties to and providing certain general services with the Group by Nanjing BioSciKin Technology
"Existing R&D Project Service Framework Agreement"	the R&D project service framework agreement entered into between the Company and Jiangsu Medical Diagnostics on December 23, 2021 in respect of providing R&D project services by Jiangsu Medical Diagnostics to the Group
"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 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 BioSciKin Technology"	Nanjing BioSciKin Technology Development Co., Ltd.* (南京百家匯科技發展有限公司) (formerly known as Nanjing Simcere BioSciKin Pharmaceutical Technological Development Company Limited* (南京先聲百家匯醫藥科技發展有限公司)), a limited liability company established in the PRC on September 10, 2014 indirectly wholly-owned by Mr. Ren Jinsheng
"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 partnership established in the PRC on September 3, 2019 and wholly owned by Mr. Ren Yong and Ms. Li Shimeng, both being controlling Shareholders
"New NRDL"	the "Drugs Catalogue for the National Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2024)" published by the National Healthcare Security Administration and the Ministry of Human Resources and Social Security of the PRC
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"R&D"	research and development

"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial Shareholders"	has the meaning ascribed to it under the Listing Rules
"sq.m."	square meter
"%"	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 23, 2024

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; Mr. SONG Ruilin, Mr. WANG Jianguo, Mr. WANG Xinhua and Mr. SUNG Ka Woon as the independent non-executive Directors.