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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF 100% EQUITY INTEREST IN A RESEARCH AND
DEVELOPMENT SERVICES COMPANY BASED IN THE U.K.**

THE TRANSACTION

The Board is pleased to announce that on February 26, 2021 (after trading hours), Pharmaron Biologics (UK) and Pharmaron HK International (both are wholly-owned subsidiaries of the Company) entered into the Sale and Purchase Agreement with the Seller, pursuant to which Pharmaron Biologics (UK) agreed to acquire 100% of the equity interest in the Target from the Seller, at an estimated Consideration of approximately US\$120,000,000. Upon completion of the Acquisition, the Target will become an indirect wholly-owned subsidiary of the Company.

The Manufacturing Facility is owned by and is the principal asset of the Target.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Transaction on an aggregated basis is/are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on February 26, 2021 (after trading hours), Pharmaron Biologics (UK) and Pharmaron HK International (both are wholly-owned subsidiaries of the Company) entered into the Sale and Purchase Agreement with the Seller, pursuant to which Pharmaron Biologics (UK) agreed to acquire 100% of the equity interest in the Target from the Seller, at an estimated Consideration of approximately US\$120,000,000. Upon completion of the Acquisition, the Target will become an indirect wholly-owned subsidiary of the Company.

The Manufacturing Facility is owned by and is the principal asset of the Target.

SALE AND PURCHASE AGREEMENT

The salient terms of the Sale and Purchase Agreement are set out as follows:

Date

February 26, 2021

Parties

- (1) Pharmaron Biologics (UK) (Purchaser);
- (2) Pharmaron HK International; and
- (3) AGN Sundry LLC (Seller).

Subject assets to be acquired

The entire equity interest in the Target is held by the Seller, which in turn is an indirect subsidiary of AbbVie Inc., a company listed on the New York Stock Exchange (stock code: ABBV). Pursuant to the terms of the Sale and Purchase Agreement, Pharmaron Biologics (UK) agreed to acquire 100% of the equity interest in the Target from the Seller at an estimated Consideration of approximately US\$120,000,000. The principal asset of the Target is the Manufacturing Facility, which is located in Liverpool, U.K.

Consideration

The Consideration payable by Pharmaron Biologics (UK) for the Acquisition is estimated to be approximately US\$120,000,000, and will be calculated as:

- (a) the agreed enterprise value, plus
- (b) a sum equal to the cash balance held by the Target immediately prior to Completion, minus
- (c) a sum equal to the financial debt owed by the Target immediately prior to Completion, and plus or minus
- (d) any working capital adjustment, as applicable.

Pursuant to the Sale and Purchase Agreement, upon the execution of the Sale and Purchase Agreement, Pharmaron Biologics (UK), as the purchaser, shall pay the Consideration into an escrow account. The Consideration in the escrow account will be released on the Completion Date after all conditions to the Completion are satisfied or waived. The Consideration will be financed solely by internal resources of the Group.

The Consideration was agreed after arm's length negotiations between the parties to the Sale and Purchase Agreement by taking into consideration various factors, including but not limited to (i) the unaudited consolidated financial information and the financial condition of the Target, (ii) the prevailing market prices of the equipment and assets which form part of the Manufacturing Facility, the expected value to be generated by the Manufacturing Facility, the due diligence and analysis of the Manufacturing Facility conducted by Pharmaron Biologics (UK) and (iii) the reasons and benefits stated in the paragraph headed "Reasons for and Benefits of the Transaction" in this announcement.

Under the Sale and Purchase Agreement, the Consideration shall be payable by Pharmaron Biologics (UK) in cash upon Completion. In addition, Pharmaron HK International will serve as the guarantor to guarantee the payment obligations of Pharmaron Biologics (UK) under the Sales and Purchase Agreement. Pharmaron Biologics (UK) entered into a warranty and indemnity insurance policy with an insurance company pursuant to which the insurance company insures Pharmaron Biologics (UK) for the losses and damages suffered by it of up to US\$30 million arising from the Seller's breach of the warranties set out in the Sale and Purchase Agreement and certain tax indemnification provisions.

Completion and Conditions

Subject to the terms of the Sale and Purchase Agreement, Completion of the Acquisition shall take place after all completion conditions are satisfied or waived. Pursuant to the Sale and Purchase Agreement, the completion conditions include:

1. the Seller has completed the IT systems transfer pursuant to the Sale and Purchase Agreement; and
2. there not being, immediately prior to Completion, in a jurisdiction in which any of the parties, the Target or any subsidiary of the Target is incorporated, any subsisting and *bona fide* injunction, restraining order or other order or any other legal or regulatory restraint or prohibition made by any court of competent jurisdiction or any other authority which prevents the consummation of the transactions contemplated by the parties.

Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the accounts of the Group.

INFORMATION ABOUT THE GROUP AND PHARMARON BIOLOGICS (UK)

The Company is incorporated in the PRC and its Shares are listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange. The Group is a leading fully-integrated pharmaceutical research and development service platform with global operations to accelerate drug innovation for its customers.

Pharmaron HK International is a company established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company.

Pharmaron Biologics (UK) is a company established in the United Kingdom with limited liability and an indirect wholly-owned subsidiary of the Company.

INFORMATION ABOUT THE SELLER

The Seller is incorporated in Delaware, U.S. and holds 100% equity interest in the Target. The principal business of the Seller is to act as a holding company. The Seller is an indirect wholly-owned subsidiary of AbbVie Inc.

AbbVie Inc., is a global biopharmaceutical company listed on the New York Stock Exchange (stock code: ABBV) principally engaged in the research, development and sales of transformational medicines and therapies that offer significant patient benefits.

To the best knowledge, information and belief of the Board after making all reasonable enquiries, as of the date of this announcement, each of the Seller, AbbVie Inc. and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION ABOUT THE TARGET

The Target is a private company limited by shares incorporated under the laws of England and Wales and it is principally engaged in the business of providing CMC (Chemistry, Manufacture and Control) services for biologics and transformational therapies. It operates the Manufacturing Facility in Liverpool, U.K., which is one of the most advanced research and development and clinical manufacturing facilities in the area to support its service offerings.

Set out below is the unaudited financial information of the Target for the financial year ended December 31, 2019 and the nine months ended September 30, 2020:

	For the year ended December 31, 2019 GBP' 000	For the nine months ended September 30, 2020 GBP' 000
Total assets	48,748	53,188
Total liabilities	14,535	16,767
Account receivables and other receivables	16,196	10,272
Contingent liabilities	0	0
Net assets	34,213	36,421
Revenue	40,650	29,166
Operating profit	4,411	2,633
Profit before tax	4,411	2,633
Net profit	3,699	2,208
Net cash generated from operating activities	10,268	10,085

The unaudited revenue, operating profit, profit before tax and net profit of the Target for the year ended December 31, 2018 amounted to GBP28,545,000, GBP1,852,000, GBP1,852,000 and GBP822,000, respectively.

The financial information of the Target as disclosed in this announcement is unaudited, prepared based on IFRS, and adjusted by the management taking into account the Acquisition and other factors. As the Target currently serves as an in-house R&D center of AbbVie Inc. and did not generate revenue from external customers in 2019 and 2020, such financial information may not be indicative of the Target's future financial results.

REASONS FOR AND BENEFIT OF THE TRANSACTION

The Group is a leading fully-integrated pharmaceutical R&D service platform with global operations to accelerate drug innovation for its customers, and it believes that the Acquisition will enable the Group to further strengthen its service offerings and expand its global footprint. The Target serves as an in-house R&D center of AbbVie Inc. for biologics and other advanced therapeutics. After the Completion, the Company plans to transform the Target into a contract development and manufacturing organization for biologics to provide services to third party biotech and pharmaceutical customers. The Group expects this Acquisition to further enhance the Group's technical capabilities and lead to greater synergy, which is in line with the Group's long-term growth strategy and the interests of all Shareholders.

The Board is of the view that the terms of the Transaction are on normal commercial terms after arm's length negotiations among the parties, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Transaction is/are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire equity interest in Allergan Biologics Limited pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board” or “Board of Directors”	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 company incorporated in the People's Republic of China with limited liability
“Completion”	the completion of the Acquisition in accordance with the Sale and Purchase Agreement
“Completion Date”	the date of completion of the Acquisition
“Consideration”	the consideration payable by the Group for the Acquisition
“Director(s)”	the director(s) of the Company
“GBP”	Pound Sterling, the lawful currency of the United Kingdom

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	the International Financial Reporting Standards
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manufacturing Facility”	the manufacturing facilities operated by the Target located in Liverpool, U.K.
“Pharmaron Biologics (UK)”	Pharmaron Biologics (UK) Holdings Limited, a company limited by shares established in the United Kingdom on December 2, 2020, and an indirect wholly-owned subsidiary of the Company
“Pharmaron HK International”	Pharmaron (Hong Kong) International Limited, a company incorporated in Hong Kong on December 31, 2015, a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the Agreement for the Sale and Purchase of the Entire Issued Share Capital of Allergan Biologics Limited dated February 26, 2021 entered into between Pharmaron Biologics (UK) (as purchaser), Pharmaron HK International and AGN Sundry LLC (as vendor) relating to the Acquisition
“Seller”	AGN Sundry LLC, a holding company incorporated in Delaware, U.S. and is a subsidiary of AbbVie Inc., a global biopharmaceutical company listed on the New York Stock Exchange (stock code: ABBV)
“Share(s)”	the shares of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Allergan Biologics Limited, a private company limited by shares incorporated under the laws of England and Wales
“Transaction”	the transactions contemplated by the Sale and Purchase Agreement
“U.K.”	the United Kingdom

“U.S.”	the United States of America
“US\$”, “USD” or “U.S. dollars”	U.S. dollar(s), the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Pharmaron Beijing Co., Ltd.*
康龍化成(北京)新藥技術股份有限公司
Dr. Lou Boliang
Chairman

Beijing, the PRC
March 1, 2021

As at the date of this announcement, the Board of Directors comprises Dr. Lou Boliang, Mr. Lou Xiaoqiang and Ms. Zheng Bei as executive Directors; Mr. Chen Pingjin, Mr. Hu Baifeng, Mr. Li Jiaqing and Mr. Zhou Hongbin as non-executive Directors; Mr. Dai Lixin, Ms. Chen Guoqin, Mr. Tsang Kwan Hung Benson and Mr. Yu Jian as independent non-executive Directors.

* *For identification purposes only*