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Simcere Pharmaceutical Group Limited

先聲藥業集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 2096)

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITIONS OF
(1) ASSETS OF SANROAD SHANGHAI AND
(2) ENTIRE EQUITY INTEREST IN XIANWEI**

THE ACQUISITIONS

The Board is pleased to announce that on August 26, 2025, the Purchaser, an indirectly wholly-owned subsidiary of the Company, entered into the Transfer Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell: (i) the entire assets of Sanroad Shanghai for a cash consideration of RMB17,522,600; and (ii) the entire equity interest in Xianwei for a cash consideration of RMB65,661,200. The aggregated consideration under the Transfer Agreement is RMB83,183,800.

Upon completion of the Acquisitions, Xianwei will become an indirectly wholly-owned subsidiary of the Company and the financial results of Xianwei will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Vendor is directly owned by Shanghai BioSciKin and Hainan BioSciKin as to approximately 85.46% and 1.20%, respectively, both of which are ultimately wholly owned by Mr. Ren Jinsheng (任晉生), an executive Director, the chief executive officer and one of the controlling Shareholders of the Company. As a result, the Vendor is an associate of Mr. Ren Jinsheng and a connected person of the Company. Accordingly, the Acquisitions contemplated under the Transfer Agreement constitute a connected transactions of the Company.

As the Acquisitions are conducted with the same party and are of similar nature within 12 months, the Acquisitions should be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisitions (on an aggregated basis) exceeds 0.1% but is less than 5%, the Acquisitions are only subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on August 26, 2025, the Purchaser, an indirectly wholly-owned subsidiary of the Company, entered into the Transfer Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell: (i) the entire assets of Sanroad Shanghai for a cash consideration of RMB17,522,600; and (ii) the entire equity interest in Xianwei for a cash consideration of RMB65,661,200. The aggregated consideration under the Transfer Agreement is RMB83,183,800.

Upon completion of the Acquisitions, Xianwei will become an indirectly wholly-owned subsidiary of the Company and the financial results of Xianwei will be consolidated into the financial statements of the Group.

THE TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are summarized below:

Date

August 26, 2025

Parties

- (1) Hainan Simcere, an indirectly wholly-owned subsidiary of the Company, as the Purchaser; and
- (2) Beijing Sanroad as the Vendor.

Subject Matter

Pursuant to the Transfer Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, (i) the entire assets of Sanroad Shanghai, including but not limited to its experimental instruments (i.e. flow cytometers, chromatography systems, microfluidic preparation instruments, high-resolution mass spectrometers, inert liquid chromatographs, etc.) and office equipment (i.e. desktop computers, laptops, etc.), and (ii) the entire equity interest in Xianwei.

Consideration and basis of determination of the consideration of the Acquisitions

Assets Acquisition

Pursuant to the Transfer Agreement, the consideration for Assets Acquisition is RMB17,522,600, which shall be satisfied by cash. Such consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to the appraised market value of the entire assets of Sanroad Shanghai as of Valuation Benchmark Date, being RMB17,522,600, as stated in the Sanroad Valuation Report issued by an independent and qualified Valuer. The Sanroad Valuation Report is valid until December 30, 2025. A summary of the Sanroad Valuation Report containing, among other things, the valuation scope, valuation methodology, valuation model and input parameters and key assumptions for preparation of the Sanroad Valuation Report is set out in Appendix I to this announcement.

Equity Acquisition

Pursuant to the Transfer Agreement, the consideration for Equity Acquisition is RMB65,661,200, which shall be satisfied by cash. Such consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to the appraised market value of the 100% equity interest in Xianwei as of Valuation Benchmark Date, being RMB65,661,200, as stated in the Xianwei Valuation Report issued by an independent and qualified Valuer. The Xianwei Valuation Report is valid until December 30, 2025. A summary of the Xianwei Valuation Report containing, among other things, the valuation scope, valuation methodology, valuation model and input parameters and key assumptions for preparation of the Xianwei Valuation Report is set out in Appendix II to this announcement.

The considerations for the Assets Acquisition and the Equity Acquisition will be funded by internal resources of the Group.

Payment Arrangements and Completion

Pursuant to the Transfer Agreement, the Vendor shall deliver the entire assets of Sanroad Shanghai to the Purchaser within three business days following the signing of the Transfer Agreement and shall make reasonable commercial efforts to complete the relevant filings (if necessary) as soon as possible. The consideration for the Assets Acquisition shall be paid in cash by the Purchaser to the Vendor within 10 days after delivery of the entire assets of Sanroad Shanghai and the related invoice to the Purchaser. The completion of the Assets Acquisition shall take place upon payment of consideration for Assets Acquisition by the Purchaser.

Pursuant to the Transfer Agreement, the Vendor shall complete the filings and registrations with respect to transferring the entire equity interest in Xianwei under the Equity Acquisition and deliver all valid licenses and seals of Xianwei and invoice to the Purchaser within 30 days following the signing of the Transfer Agreement. The consideration for the Equity Acquisition shall be paid in cash by the Purchaser to the Vendor within 10 days after (i) the completion of the filings and registrations with respect to transferring the entire equity interest in Xianwei, (ii) legally obtaining corporate registration certificates and all valid licenses and seals of Xianwei by the Purchaser, and (iii) delivery of invoice to the Purchaser. The completion of the Equity Acquisition shall take place upon payment of consideration for Equity Acquisition by the Purchaser.

The Acquisitions are subject to the approval of the shareholders' meeting of Beijing Sanroad. Upon completion of the Acquisitions, Xianwei will become an indirectly wholly-owned subsidiary of the Company and the financial results of Xianwei will be consolidated into the financial statements of the Group.

GENERAL INFORMATION ON SANROAD SHANGHAI AND XIANWEI

Sanroad Shanghai

Sanroad Shanghai is a branch of Beijing Sanroad established on May 22, 2025.

As of the date of this announcement, Sanroad Shanghai only carried out business preparation activities, such as R&D and experiment in relation to mRNA technology. The major assets of Sanroad Shanghai include experimental instruments and office equipment, all of which are the subject under the Assets Acquisition.

The original acquisition cost for the total assets of Sanroad Shanghai paid by the Vendor was RMB17,972,392.

Xianwei

Xianwei is a limited liability company established in the PRC on April 20, 2022. As of the date of this announcement, Xianwei is directly wholly owned by the Vendor.

As of the date of this announcement, Xianwei only carried out business preparation activities, such as production of clinical samples in relation to mRNA vaccines. As Xianwei was established by the Vendor instead of acquiring from a third party, there is no original acquisition cost for the entire equity interest in Xianwei. The cost of Vendor in establishing Xianwei, being the fully-paid registered capital amounted to RMB100 million as of the date of this announcement. The major assets of Xianwei include (i) raw materials for the production of medical consumables, (ii) machinery and electronic equipment, such as cell analyzer, drug strong light irradiation test chamber, computer, etc., (iii) mRNA workshop equipment installation project which had completed the construction and is subject to GMP certification, and (iv) the right-of-use asset for the properties leased from Hainan Simcere Pharmaceutical Co., Ltd., a subsidiary of the Company.

Set out below is the unaudited financial information of Xianwei for the two years ended December 31, 2023 and 2024:

	For the year ended December 31, 2023	For the year ended December 31, 2024
	<i>RMB'000</i>	
	(Unaudited)	
(Loss) before taxation	(13,818)	(9,442)
(Loss) after taxation	(13,841)	(9,418)

The unaudited net assets of Xianwei as of December 31, 2024 amounted to RMB63,291,600.

GENERAL INFORMATION ON THE PARTIES

Information on the Vendor

The Vendor is a limited liability company established in the PRC on March 14, 2000 and is currently listing on the NEEQ (stock code: 873821). As of the date of this announcement, the Vendor is directly owned (i) as to approximately 85.46% and 1.20%, respectively, by Shanghai BioSciKin and Hainan BioSciKin, both of which are ultimately wholly owned by Mr. Ren Jinsheng (任晉生), (ii) as to approximately 8.95% by Nanjing Baijiarui Enterprise Management Consulting

Partnership (Limited Partnership) (南京百佳瑞企業管理諮詢合夥企業(有限合夥)), an employee shareholding platform which is controlled by Shanghai BioSciKin, and (iii) other seven investors, all of which are Independent Third Parties, with shareholding ranging from approximately 0.03% to 1.41%.

The Vendor is principally engaged in the research, development, production and sales of biopharmaceutical products such as vaccines, in vivo and in vitro diagnostic reagents. Its main products include tuberculin purified protein derivative (TB-PPD), BCG purified protein derivative (BCG-PPD), Mycobacterium tuberculosis-specific cellular immune response detection kits, and group A and C meningococcal conjugate vaccines.

Information on the Purchaser

The Purchaser is a limited liability company established in the PRC on April 28, 1993 and an indirectly wholly-owned subsidiary of the Company. The Purchaser is principally engaged in manufacturing and sales of pharmaceutical products.

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 “for patients, for life”. 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.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Sanroad Shanghai and Xianwei established a mature mRNA technology platform within the group of Beijing Sanroad. mRNA technology represents a revolutionary breakthrough in the biomedical field. By introducing mRNA encoding pathogen antigens into human cells, it induces an immune response with high immunogenicity, favorable safety profile, and short production cycle. Compared with traditional vaccines, mRNA vaccines do not require the cultivation of live pathogens, thereby eliminating the risks of virulence reversion and genomic integration. In contrast to recombinant protein vaccines, mRNA vaccines avoid the need for expression and purification of target proteins, thereby circumventing issues such as protein misfolding and low expression levels, as well as adverse reactions caused by adjuvants.

In view of above, the reasons for the Group to conduct the Acquisitions are set forth as below:

- (1) ***Proactive Deployment of mRNA Technology Platform.*** mRNA technology offers advantages including rapid R&D, flexible adaptation, and precise regulation. Its successful application in COVID-19 vaccines has fully demonstrated its feasibility. With the accelerated expansion of global giants and clear support from domestic policies, the Group aims to swiftly enter the mRNA technology field through these Acquisitions Acquisition, avoiding duplicated R&D investments and enhancing our flexibility to address diverse future needs in infectious diseases, oncology therapeutics, autoimmune diseases, rare diseases, and gene editing.
- (2) ***Mature mRNA Technology Platform and R&D Team.*** The acquisition targets have established an end-to-end technology platform covering mRNA design, synthesis, delivery, and large-scale production, which demonstrates strong extensibility and can respond rapidly to future market demands. The self-developed lipid nanoparticle (LNP) delivery system of The acquisition targets ranks among the leading domestically in terms of stability and safety and has undergone preclinical validation. The core R&D team is led by seasoned scientists with extensive experience in both research and industrialization, providing solid support for the Group's subsequent expansion.
- (3) ***Strategic Value in Oncology and Autoimmune Fields.*** The acquisition targets have plans to accelerate their business expansion in the autoimmune domain, while also possessing expansion potential in oncology. Through these Acquisitions, the Group will be able to establish a competitive edge in key areas such as infectious diseases, oncology, and autoimmune diseases, complementing its existing innovative drug pipeline and broadening future development opportunities.
- (4) ***Strategic Acquisition to Optimize Resources and Eliminate Competition.*** The Acquisitions enable the Group to rapidly integrate critical technologies, clinical data, and production resources, thereby enhancing R&D efficiency and shortening the drug development cycle. Meanwhile, these strategic Acquisitions help eliminate potential competition, allowing the Group to establish a strong competitive moat in the mRNA field.

- (5) ***Rapid Access to Scarce Assets at Reasonable Cost.*** Independently building an mRNA technology platform would require significant capital investment and a development timeline of 2–3 years. Through such Acquisitions, the Group can swiftly acquire scarce assets on fair and reasonable commercial terms, address technology gaps, further expand the business of innovative drugs in the field of oncology and autoimmune therapeutics, enhance long-term growth potential, and create sustainable value for the Company and its shareholders.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Transfer Agreement was entered into on arm's length basis and on normal commercial terms (although not in the ordinary and usual course of business of the Group), and that the terms of the Transfer Agreement (including, but not limited to, the Consideration) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Apart from Mr. Ren Jinsheng, the chairman of the Board and an executive Director, and Ms. Wang Xi, an executive Director, who are considered to have a material interest in the Acquisitions and have abstained from voting at the relevant Board resolutions approving such transactions, none of the other Directors has any material interest in the Acquisitions and has abstained from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

As of the date of this announcement, the Vendor is directly owned by Shanghai BioSciKin and Hainan BioSciKin as to approximately 85.46% and 1.20%, respectively, both of which are ultimately wholly owned by Mr. Ren Jinsheng (任晉生), an executive Director, the chief executive officer and one of the controlling Shareholders of the Company. As a result, the Vendor is an associate of Mr. Ren Jinsheng and a connected person of the Company. Accordingly, the Acquisitions contemplated under the Transfer Agreement constitutes a connected transactions of the Company.

As the Acquisitions are conducted with the same party and are of similar nature within 12 months, the Acquisitions should be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisitions (on an aggregated basis) exceeds 0.1% but is less than 5%, the Acquisitions are only subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisitions”	Assets Acquisition and Equity Acquisition
“Assets Acquisition”	the Acquisitions of the entire assets of Sanroad Shanghai by the Purchaser from the Vendor pursuant to the terms of the Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“controlling Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Acquisition”	the Acquisitions of the entire equity interest in Xianwei by the Purchaser from the Vendor pursuant to the terms of the Transfer Agreement
“Group”	the Company and its subsidiaries
“Hainan BioSciKin”	Hainan Simcere BioSciKin Technology Development Co., Ltd. (海南先聲百家匯科技發展有限公司), a limited liability company established in the PRC on September 29, 2014 and a wholly-owned subsidiary of Nanjing BioSciKin Technology

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Nanjing BioSciKin Technology”	Nanjing BioSciKin Technology Development Co., Ltd. (南京百家匯科技發展有限公司), a limited liability company established in the PRC on September 10, 2014 and ultimately wholly owned by Mr. Ren Jinsheng
“NEEQ”	The National Equities Exchange and Quotations (全國中小企業股份轉讓系統) 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
“Purchaser” or “Hainan Sincere”	Hainan Sincere Pharmaceutical Co., Ltd. (海南先聲藥業有限公司), a limited liability company established in the PRC on April 28, 1993 and an indirectly wholly-owned subsidiary of the Company
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC

“Sanroad Valuation Report”	the asset valuation report (Su Hua Ping Bao Zi [2025] No. 399) issued by the Valuer with December 31, 2024 as the Valuation Benchmark Date
“Sanroad Shanghai”	a branch of Beijing Sanroad established on May 22, 2025
“Shanghai BioSciKin”	Shanghai BioSciKin Investment Management Co., Ltd. (上海百家匯投資管理有限公司), a limited liability established in the PRC on November 12, 2014 and a wholly-owned subsidiary of Nanjing BioSciKin Technology
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it in the Listing Rules
“Transfer Agreement”	the Transfer Agreement entered into between the Purchaser and the Vendor on August 26, 2025 in relation to the purchase and sale of the entire equity interest in Xianwei, as more particularly described in the section headed “The Transfer Agreement” in this announcement
“Xianwei”	Xianwei (Hainan) Biotechnology Co., Ltd. (先為(海南)生物科技有限公司), a limited liability company established in the PRC on April 20, 2022 and a wholly-owned subsidiary of the Vender as of the date of this announcement
“Xianwei Valuation Report”	the asset valuation report (Su Hua Ping Bao Zi [2025] No. 358) issued by the Valuer with December 31, 2024 as the Valuation Benchmark Date
“Valuation Benchmark Date”	being December 31, 2024
“Valuer”	Jiangsu Huaxin Asset Appraisal Co., Ltd.* (江蘇華信資產評估有限公司), an independent and qualified asset valuer

“Vendor” or “Beijing Sanroad” Beijing Simcere Sanroad Biological Products Co., Ltd. (北京先聲祥瑞生物製品股份有限公司), a joint stock company with limited liability established on March 24, 2000 listing on the NEEQ with stock code of 873821

“%” per cent

* *for identification purpose*

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

Hong Kong, August 26, 2025

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

APPENDIX I – SUMMARY OF THE SANROD VALUATION REPORT

(1) Valuation Scope

The scope of valuation is the equipment of Beijing Sanroad to be transferred under the Assets Acquisition as of the Valuation Benchmark Date, comprising 117 machinery items and 22 electronic devices.

(2) Valuation Methodology

The methodology adopted for preparation of the Sanroad Valuation Report is the cost approach. The Valuer is of the view that the cost approach is the most appropriate valuation approach for the valuation of assets of Sanroad Shanghai as compared to income approach or market approach for the following reasons:

- (i) the income approach is a method to quantify and discount the expected profitability of the target assets. However, the assets under valuation of Beijing Sanroad did not generate identifiable revenue separately and no market-based rental information for the lease of similar assets was available, the income approach is therefore not adopted in the valuation of the entire assets under valuation of Beijing Sanroad;
- (ii) the market approach is a method to appraise the value of the target asset by comparing recent transaction prices of the same or similar objects directly originated from the real market. However, given no adequate number of comparable traded assets is available in the current market that have identical or similar nature with the assets under valuation of Beijing Sanroad, the market approach is not suitable for the valuation of the entire assets under valuation of Beijing Sanroad; and
- (iii) the cost approach is a method that determines the value of the valuation target based on the concept of reconstruction or replacement of the valuation target. It establishes the value of the valuation target by using the reconstruction or replacement cost as the foundation, deducting relevant depreciation. The Valuer is able to collect relevant information of the assets under valuation of Beijing Sanroad, including specifications, manufacturers and purchasing dates. After taking into account the characteristics and operating conditions of the assets, the Valuer adopted cost approach for such valuation.

(3) Valuation Model and Input Parameters

The formula for the cost approach is: Assessed equipment value = equipment replacement cost – physical depreciation – functional depreciation – economic depreciation.

The Valuer applied the useful life method to calculate the physical depreciation of the equipment. Functional depreciation primarily manifests in two aspects: excess investment costs and excess operating costs. As the replacement cost was determined based on pricing at the valuation reference date, there was no need to additionally consider excess investment costs. Through on-site inspection, it was confirmed that the appraised equipment did not exhibit excess operating costs as of the valuation reference date, hence the functional depreciation was set at zero. The appraised equipment can be used normally and continuously on the original spot and in accordance with the original designed purposes as at the Valuation Benchmark Date and after the purpose of the valuation is achieved, with no signs of economic depreciation, hence, we set the economic depreciation of equipment in this valuation as zero.

(i) Determination of replacement cost

Equipment replacement cost = purchase price (tax inclusive) of equipment + transportation and miscellaneous fees + installation and commissioning costs + basic fees + professional fees + construction management fees + capital cost

The purchase price of equipment as at the Valuation Benchmark Date was determined by the Valuer through inquiries with equipment suppliers or online price research. The transportation and miscellaneous fee rate, installation and commissioning costs and basic fees are selected with reference to the “Handbook of Common Data and Parameters of Assets Valuation” after taking the actual features and installation requirements of the equipment into consideration and based on the purchase price of equipment at a certain proportion.

As the appraised equipment mainly consists of experimental instruments and office equipment and the cost structure is simple, professional fees, management fees of the construction unit and capital cost are not taken into consideration.

(ii) Determination of the newness

Residue ratio was determined by the useful life approach based on site investigations of the equipment operating conditions, while taking into account the maintenance status, current performance, typical load rate, original manufacturing quality, etc. of equipment with reference to its historical condition and economic useful life.

Newness rate = [remaining useful life/ (remaining useful life + used life)] × 100%

(4) Key Assumptions

In determining the market value of the entire assets of Sanroad Shanghai, the following key assumptions have been made:

(a) General assumptions

- (i) *Going concern assumption.* It is assumed that, after the benchmark date, all assets under assessment will remain, and can be used, on an ongoing basis;
- (ii) *Transaction assumption.* It is assumed that all assets to be appraised are already in the process of being traded, and the valuation is performed based on simulated market conditions including, without limitation, the trading conditions of the assets to be appraised; and
- (iii) *Open market assumption.* It is assumed that the parties to a trading or proposed trading of an asset in a market are on equal footing with each other, and that each party to the asset transaction has had the opportunity and time to obtain sufficient market information to enable it to make a reasonable judgement as to the asset's function, use and transaction price. The open market assumption is on the basis that the asset can be openly traded in the market.

(b) Specific assumptions

- (i) It is assumed that there are no material changes as to the currently effective laws, regulations, policies and macroeconomic environment of the PRC, and as to the political, economic and social environments of the regions where the parties to the transaction reside;
- (ii) It is assumed that there are no other force majeure factors and unforeseeable factors that have a significant adverse impact on the assessed entity; and
- (iii) It is assumed that there is no outstanding balance on the assets being appraised and no mortgage or guarantee thereon.

(5) Valuation result and appreciation and depreciation analysis

Item	Quantity	Carrying amount		Appraised value		Appreciation rate %	
		Original		Original		Original	
		value	Net value	value	Net value	value	Net value
		(RMB0,000)	(RMB0,000)	(RMB0,000)	(RMB0,000)		
Fixed assets – machinery and equipment	117	1,784.81	1,362.34	2,309.87	1,745.89	29.42	28.15
Fixed assets – electronic devices	23	12.43	7.70	9.95	6.37	-19.99	-17.29
Total	140	1,792.24	1,370.03	2,319.82	1,752.26	29.08	27.90

The reasons for the appreciation of appraised value are as follows:

- (a) Of the 117 machines and equipment subject to this valuation, 56 had been expensed at the time of purchase by the client and, therefore, their carrying amount was not reported. As a result, the net carrying amount as at the Valuation Benchmark Date only reflected the remaining 61 machines and equipment, leading to a significant increase in the appraised value compared with the carrying amount. In addition, the depreciation periods applied by the appraised entity are shorter than the actual economic lives of the machines, which also contributed to the upward adjustment.
- (b) The impairment in the valuation of electronic devices was mainly due to the rapid pace of technological upgrades and replacements, resulting in a sharp downward trend in market prices.

APPENDIX II – SUMMARY OF THE XIANWEI VALUATION REPORT

(1) Valuation Scope

The scope of valuation is the market value of the entire shareholding interest of Xianwei as of the Valuation Benchmark Date.

(2) Valuation Methodology

The methodology adopted for preparation of the Xianwei Valuation Report is the asset-based approach. The Valuer is of the view that the asset-based approach is the most appropriate valuation approach for the valuation of Xianwei as compared to income approach or market approach for the following reasons:

- (i) the income approach is a method to quantify and discount the expected profitability of the overall assets of an enterprise, indicting the expected profitability and operational efficiency of the enterprise's income. However, Xianwei, which positions itself as an mRNA vaccine production company, is under the progress of obtaining the GMP certification and has not commenced actual business operations since the establishment of its mRNA vaccine production workshop. The timeline for obtaining such certification remains highly unpredictable. In addition, depending on government approval process and R&D progress, it is difficult for the Valuer to make a reliable forecast on its future income. Therefore, the income approach is not adopted in the valuation of Xianwei;
- (ii) the market approach is a method to appraise the value of the target asset by comparing data of objects directly originated from the real market. However, no adequate number of comparable companies is available in the current market that have identical or similar principal business, operational status and operational scale with Xianwei. As such, the market approach is not suitable for the valuation of the Xianwei;

- (iii) the asset-based approach is a method to determine the value of an enterprise by reasonably assessing all the on and off-balance sheet assets and liabilities of the assessed entity as of the valuation benchmark date, based on the entity's balance sheet. This approach operates under the assumption of reconstructing all production factors, whereby the total equity value is derived by aggregating the assessed values of all constituent asset components and deducting the evaluated amounts of all liabilities. The Valuer considers that the conditions and prerequisites for application of the asset-based approach have been satisfied for the valuation of Xianwei, and therefore adopted the asset-based approach for such valuation.

(3) Valuation Model and Input Parameters

Valuation of Total Shareholders' Equity = Σ Valuations of Assets - Σ Valuations of Liabilities

The specific valuation methodologies applied to the assets and liabilities are as follows:

(a) *Current assets*

(1) *Cash and cash equivalents*

For bank deposits, the Valuer verified financial information including bank statements, balance reconciliation statements and bank confirmation letters. The valuation was determined based on the verified amount.

(2) *Prepayments*

Prepayments primarily consist of advance payments for goods. The Valuer reconciled the prepayments to ensure consistency with accounting records. By sampling relevant business contracts, the authenticity of the transactions was verified. For prepayments with large carrying amounts, confirmation requests were issued. Where no responses were received, alternative tests were performed, and the nature, transaction date, recoverability, and aging of the amounts were analyzed based on contracts and payment receipts, so as to analyze the recoverability of prepayments. The valuation was determined based on the verified carrying amount.

(3) *Inventory*

Inventory are all raw materials. The specific valuation approach was as follows:

During the valuation, the Valuer verified the consistency between accounting records and physical inventory lists of raw materials to be valued. Based on this, to confirm the ownership of inventory, the Valuer examined purchase and sales invoices and accounting vouchers on a sample basis based on the inventory list provided by the company, and conducted sample physical inventory counts, with no discrepancies in quantity identified. Given the high turnover rate of raw materials, the carrying amount closely approximates market value. Therefore, the valuation was determined based on the verified carrying amount.

(4) *Other Current Assets*

Other current assets consist of time deposits and interest receivable. The Valuer verified the company's asset declaration forms against detailed ledgers, general ledgers and other relevant records. By inspecting account books, bank receipts and accrued interest records, the Valuer assessed the completeness and accuracy of the book value of other current assets, using the existence of the corresponding assets or rights after the Valuation Benchmark Date as the basis for determining the valuation.

(b) *Fixed Assets – Machinery and Equipment*

The declared machinery and equipment of Xianwei mainly consist of industrial dehumidifiers, cell analysers, pharmaceutical strong light irradiation test chambers, and similar items; the electronic equipment mainly includes office furniture, computers, shelving, and other office equipment. The cost approach was adopted to value the machinery and electronic equipment recently purchased by the company.

The formula for the cost approach is as follows:

Equipment Appraised Value = Equipment Replacement Cost – Physical Depreciation – Functional Obsolescence – Economic Obsolescence

The Valuer used the useful life approach to calculate physical depreciation. Functional obsolescence is mainly reflected in excess investment costs and excess operating costs. As the replacement cost was determined using current market prices in this valuation, excess investment costs need not be considered. Based on on-site inspection, the declared equipment has relatively high overall design and technical standards, and no excess operating costs existed as of the Valuation Benchmark Date; therefore, functional obsolescence was taken as zero. The declared equipment can continue to be used normally at its current location and for its original intended purpose as of the Valuation Benchmark Date and after achieving the valuation objective, with no indications of economic obsolescence found. Accordingly, economic obsolescence was also taken as zero in this valuation.

(1) Determination of replacement cost

(i) Machinery and equipment

Equipment replacement cost = purchase price (tax inclusive) of equipment + freight and miscellaneous fees + installation and commissioning fees + basic expenses + professional and administrative expenses + capital costs

Determination of equipment purchase price

The purchase price of equipment is mainly obtained by directly inquiring the price from the manufacturer. For equipment whose purchase price cannot be obtained, the price is adjusted based on the price of equipment with basically the same performance available on the market.

The freight and miscellaneous rates, installation and commissioning fees, and basic expenses for the equipment are determined with reference to the Manual of Common Data and Parameters Used in Asset Valuation, taking into account the actual characteristics of the equipment to be appraised. These costs are calculated as a certain percentage of the equipment purchase price.

Professional fees primarily include survey, design, and preliminary engineering expenses, covering costs such as pre-construction consulting fees, survey and design fees, supervision fees, and tender management fees.

Construction management fees refer to the necessary expenses incurred by the development and operation unit to organize development and operation activities. Considering the construction scale of the appraised subject, management fees are calculated as a certain percentage of the total project investment.

The capital cost represents the loan interest incurred for the funds invested during the construction period. The interest rate is determined based on the Loan Prime Rate (LPR) published by the National Interbank Funding Center authorized by the People's Bank of China as at the benchmark date. The construction period is calculated based on a reasonable and normal project timeline after taking into account the even input of capital.

Given the simplicity of the equipment composition, professional fees, construction management fees, and capital cost are not considered.

The appraised entity adopted the simplified tax method for value-added tax payment, under which input value-added tax is not deductible. The replacement costs of the machinery, equipment and electronic devices under the current appraisal include value-added tax.

(ii) Electronic Devices

The purchase prices of electronic devices were mainly obtained through channels such as JD.com. For electronic devices delivered and installed by the manufacturers, the purchase prices were taken as the replacement costs.

(2) *Determination of comprehensive newness rate*

(i) Machinery and Equipment

The Valuer determined the comprehensive newness rate using the useful life approach based on the on-site inspection of the operational conditions of the equipment, taking into account factors such as maintenance, current performance, usual load rate, original manufacturing quality, historical condition and economic service life.

Comprehensive newness rate = [Remaining useful life ÷ (Remaining useful life + Elapsed service life)] × 100%

(ii) Electronic Devices

The comprehensive newness rate was determined using the useful life approach based on economic service life.

(3) *Determination of Equipment Appraised Value*

Equipment appraised value = Replacement cost × Comprehensive newness rate

(c) *Construction in Progress – Equipment Installation Works*

The construction in progress under appraisal comprised the mRNA workshop construction project, specifically the HVAC purification works for the aseptic preparation workshop and QC laboratory. As at the Valuation Benchmark Date, the main structure of the mRNA workshop construction project had been completed and the project had entered the trial production stage. As the project had not yet obtained GMP certification and had not reached a usable state, it had not been transferred to the fixed assets.

The Valuer conducted an on-site inspection of the equipment installation works under construction in progress to ascertain the specific details of the projects under construction, including their commencement dates, settlement methods, actual completion status and work volume. The Valuer also verified payment vouchers, cost breakdowns and relevant contracts relating to the construction in progress, as well as the relevant accounting vouchers and original supporting documents. As at the Valuation Benchmark Date, the equipment installation works under construction in progress primarily comprised payments for equipment (including installation fees and other related expenses). The appraisal value of the construction in progress for the purpose of this valuation was determined based on the verified carrying amount, with appropriate consideration given to financing costs. Financing costs refer to the loan interest incurred on the funds invested in the course of project construction during the construction period, calculated using the loan prime rate (LPR) announced by the National Inter-bank Funding Center as authorised by the People's Bank of China as at the Valuation Benchmark Date. The construction period was determined based on a normal and reasonable construction schedule, with the assumption of funds being invested evenly throughout the period.

(d) *Right-of-use Assets*

The right-of-use assets declared of Xianwei comprise certain leased properties of Hainan Simcere Pharmaceutical Co., Ltd. (海南先聲藥業有限公司) located at No. 2, Yaogu Third Road, Xiuying District, Haikou City, Hainan Province. The lease agreement will expire on December 31, 2024. As at the Valuation Benchmark Date, the appraised entity had not paid any rent in advance. Accordingly, the appraisal value for the valuation was nil.

(e) *Deferred Income Tax Assets*

Upon verifying the accounting treatment, underlying causes, formation process and accuracy of the amounts of the deferred income tax assets, the Valuer determined the appraisal value of the deferred income tax assets based on the valuation results of the corresponding accounting items.

(f) *Other Non-current Assets*

The other non-current assets represent advance payments made by the appraised entity to external parties for engineering equipment. The Valuer verified the consistency between the general ledger, subsidiary ledgers, and financial statements, and then examined the timing and nature of each item under other non-current assets. For material balances, confirmation letters were sent, and alternative procedures were performed for unresponsive cases. The Valuer analyzed the nature, transaction dates, recoverability, and aging of these advances based on contracts and payment receipts to evaluate their recoverability. The assessed value was determined based on the verified carrying amount.

(g) *Liability Valuation*

The Valuer reviewed the item breakdown tables and relevant financial records provided by the company to verify the carrying amounts of liabilities. The assessed value was determined based on the verified carrying amount or the actual obligations to be borne by the company.

(4) *Key Assumptions*

In determining the market value of the entire equity interest of Xianwei, the following key assumptions have been made:

(a) *General assumptions*

- (i) *Going concern assumption.* It is assumed that, after the Valuation Benchmark Date, the assessed entity will continue to operate as a going concern, and all assets of the assessed entity will remain, and can be used, on an ongoing basis;
- (ii) *Transaction assumption.* It is assumed that all assets to be appraised are already in the process of being traded, and the valuation is performed based on simulated market conditions including, without limitation, the trading conditions of the assets to be appraised; and

- (iii) *Open market assumption.* It is assumed that the parties to a trading or proposed trading of an asset in a market are on equal footing with each other, and that each party to the asset transaction has had the opportunity and time to obtain sufficient market information to enable it to make a reasonable judgement as to the asset's function, use and transaction price. The open market assumption is on the basis that the asset can be openly traded in the market.

(b) *Specific assumptions*

- (i) It is assumed that there are no material changes as to the currently effective laws, regulations, policies and macroeconomic environment of the PRC, and as to the political, economic and social environments of the regions where the parties to the transaction reside;
- (ii) It is assumed that there will be no material changes as to the relevant interest rates, exchange rates, tax bases and tax rates as well as policy-based levies;
- (iii) It is assumed that the scope and manner of operation of the assessed entity will remain consistent with the current direction on the basis of the existing management style and management level. The management of the assessed entity is responsible and capable of performing its duties, and the core management members are stable and have no significant adverse change. In addition, it is assumed that the assessed entity is in full compliance with all relevant laws and regulations;
- (iv) It is assumed that the no changes occur in the market access requirements for the relevant qualifications, the specific administrative licenses, franchise operation rights, and other qualifications of the assessed entity can be renewed upon expiration;
- (v) It is assumed that the accounting policies to be adopted by the assessed entity in the future are generally consistent in material respects with the accounting policies adopted by the assessed entity when preparing the valuation report; and
- (vi) It is assumed that there are no other force majeure factors and unforeseeable factors that have a significant adverse impact on the assessed entity.

(5) Valuation result and appreciation analysis

Unit: RMB0,000

Item	Carrying amount A	Appraised value B	Change C=B-A	Appreciation rate (%) D=C/A×100%
1 Current assets	1,989.24	1,989.27	0.02	0.00
2 Non-current assets	7,929.00	7,596.21	-332.78	-4.20
3 Fixed assets	75.40	99.44	24.04	31.89
4 Construction in progress	5,940.47	6,124.62	184.15	3.10
5 Right-of-use assets	540.98	0.00	-540.98	-100.00
6 Deferred income tax assets	142.43	142.43	0.00	0.00
7 Other non-current assets	1,229.72	1,229.72	0.00	0.00
8 Total assets	9,918.24	9,585.48	-332.76	-3.36
9 Current liabilities	2,803.26	2,737.77	-65.49	-2.34
10 Non-current liabilities	785.82	281.59	-504.23	-64.17
11 Total liabilities	3,589.08	3,019.36	-569.72	-15.87
12 Net assets (owner's equity)	6,329.16	6,566.12	236.96	3.74

The reasons for the appreciation of appraised value are as follows:

- (a) Fixed assets (equipment) appreciated by RMB240,400, primarily due to the depreciation period of the equipment of the appraised entity being shorter than its economic life.
- (b) Construction in progress appreciated by RMB1,841,500 because the carrying amount of the equipment installation projects under construction as at the Valuation Benchmark Date primarily consisted of equipment payments (including installation fees and related costs). Due to the relatively long construction period, the appraised value was determined based on the verified carrying amount, adjusted for an appropriate capital cost factor.
- (c) Right-of-use assets, lease liabilities, and current liabilities due within one year collectively appreciated by RMB287,400, mainly because these three lease-related accounts were recognized by the auditing firm in accordance with accounting standards. The property lease agreement of the appraised entity expired on December 31, 2024, and the appraised entity had not prepaid rent as at the Valuation Benchmark Date. The valuation was conducted based on the verified actual leased assets and liabilities.