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

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

Reference is made to the announcement of Simcere Pharmaceutical Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated August 26, 2025 (the "**Announcement**") regarding the connected transaction in relation to the acquisitions of (1) assets of Sanroad Shanghai and (2) entire equity interest in Xianwei. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

This announcement is to provide supplemental information regarding the connected transaction in relation to the (1) assets of Sanroad Shanghai and (2) entire equity interest in Xianwei.

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 September 5, 2025 (being the latest inquiry date of the Vendor's register of members), the Vendor is directly owned by its top ten shareholders as to approximately 98.80%, including (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) through State Good Group Limited and Nanjing BioSciKin Technology, (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 of Beijing Sanroad, which is owned as to approximately (a) 43.41% by Shanghai BioSciKin as a general partner; and (b) 56.59% by its limited partners, including 37.85% by Mr. Tian Jialun(田家倫), an independent third party, and other limited partners whose shareholdings range from approximately 0.44% to 5.26%, (iii) as to approximately 1.41% by Beijing Zhongyi Jintai Investment Management Co., Ltd. (北京仲頤金泰投資管理有限公司), which is owned as to approximately 60% and 40%, respectively, by Zhang Minghao and Zhang Youkui, both of which are independent third parties, (iv) as to approximately 0.33% by Zhuhai Shenhonggejin Medical and Health Industry Investment Fund Partnership Enterprise (Limited Partnership) (珠海申宏格金醫療健康產業投資基金合夥企業(有限合夥)), which is owned as to (a) 20% by Shenyin & Wanguo Investment Co., Ltd. (申銀萬國投資有限公司) ("**Shenyin & Wanguo**") as a general partner, and Shenyin & Wanguo is owned as to 100% by Shenwan Hongyuan Seceurities Co., Ltd (申萬宏源證券有限公司) which in turn is owned as to 100% by Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司) (stock code: 000166.SZ); (b) approximately 44.8% by Zhuhai Gree Group Co., Ltd. (珠海格力集團有限公司), which is owned as to 90% and 10%, respectively, by Zhuhai Municipal State-owned Assets Supervision and Administration Commission (珠海市人民政府國有資產監督管理委員會) ("**Zhuhai SASAC**") and Department of Finance of Guangdong Province (廣東省財政廳) ("**Department of Finance of Guangdong**"); and (c) 30% by Zhuhai Development and Investment Fund (Limited Partnership) (珠海發展投資基金(有限合夥)), which is owned as to 1% by Zhuhai Development & Investment Fund Management Co., Ltd. (珠海發展投資基金管理有限公司) (ultimately owned by Zhuhai SASAC and Department of Finance of Guangdong) as a general partner, and 42.2% by Zhuhai HUAFA Investment Holdings Group Co., Ltd. (珠海華髮投資控股集團有限公司) (ultimately controlled by Zhuhai SASAC and Department of Finance of Guangdong through Zhuhai HUAFA Group Co., Ltd. (珠海華髮集團有限公司) and Zhuhai HUAFA Comprehensive Development Co., Ltd. (珠海華髮綜合發展有限公司)), and (v) approximately 1.19%, 0.10%, 0.08%, 0.05% and 0.03%, respectively, by Zhu Hong, Xu Wengen, Yu Fengchang, Liao Qiwen and You Houwen, all of which are independent third parties. The remaining approximately 1.2% share capital of the Vendor was held by over 500 public shareholders.

VALUATION MODEL AND INPUT PARAMETERS OF THE SANROAD VALUATION REPORT

The methodology adopted for preparation of the Sanroad Valuation Report is the cost approach.

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 Benchmark Date, there was no need to additionally consider excess investment costs. Through on-site inspection, it was confirmed that the appraised equipment of Beijing Sanroad ("**Appraised Equipment**") did not exhibit excess operating costs as of the Valuation Benchmark Date, hence the functional depreciation was set at zero. The Appraised Equipment can be used normally and continuously 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. The formula for the assessed equipment value is thus simplified as:

Assessed equipment value = equipment replacement cost × newness

A 13% of value-added tax is included in this valuation.

1. Determination of replacement cost

The appraised value of the Appraised Equipment is RMB17,522,600.00, which is calculated by multiplying the total replacement cost of each equipment of RMB23,198,160.00 by newness ranging from 15% to 94%. 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 Valuer determines the purchase price of equipment as at the Valuation Benchmark Date through inquiries with equipment suppliers or online price research. For equipment whose purchase price cannot be obtained, the price is based on the price of equipment with basically the same performance available on the market

For certain equipment purchasing contracts, the transportation and miscellaneous fees are charged at a rate of 0.5% or 2% based on the purchase price. For the remaining Appraised Equipment that is not required in the purchasing contracts, the transportation and miscellaneous fees are not considered.

As the purchasing contract of the Appraised Equipment does not have any requirements regarding installation and commissioning costs, such costs are not considered in this valuation.

Given the simplicity of the equipment composition, basic fees, 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 Appraised Equipment under the current appraisal include value-added tax.

2. Determination of the newness

The Valuer determined the 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.

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

Following the cost approach valuation, the market value of the portion of equipment proposed for transfer by Beijing Sanroad, with the assumption that the equipment continues to be used at their current location, was RMB17,522,600.00 as of December 31, 2024, the Valuation Benchmark Date.

VALUATION MODEL AND INPUT PARAMETERS OF THE XIANWEI VALUATION REPORT

The methodology adopted for preparation of the Xianwei Valuation Report is the asset-based approach.

1. Cash and cash equivalents

As at the Valuation Benchmark Date, the total carrying amount of cash and cash equivalents was RMB9,518,262.93, which were bank deposits.

Bank deposits consist of three RMB accounts. During the valuation of bank deposits, the Valuer first obtained the bank deposits' asset declaration forms against detailed ledgers, general ledgers and statements; subsequently, it obtained the bank statements and conducted confirmation requests to the bank deposits. The RMB accounts in this valuation were determined based on the verified carrying amount as the valuing amount.

Following the above valuation formula, the valuing amount of the cash and cash equivalents is RMB9,518,262.93, without valuation change.

2. Prepayments

As at the Valuation Benchmark Date, the original carrying amount of prepayments was RMB82,368.71 with no provision for bad debts. The net carrying amount of RMB82,368.71 represents the advance payments for goods from various units.

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.

Following the above valuation formula, the valuing amount of prepayments is RMB82,368.71, without valuation change.

3. Inventory

As at the Valuation Benchmark Date, the original carrying amount of inventory was RMB120,802.57 with no provision for inventory impairment. The net carrying amount of RMB120,802.57 represents the raw materials.

During the valuation, the Valuer verified the consistency between accounting records and physical inventory lists of inventory to be valued. Based on this, to confirm the ownership of inventory, the Valuer examined purchase and sales invoices, warehouse in-out order and accounting vouchers on a sample basis based on the inventory list provided by the company. The inventory list provided by the company was verified, and an on-site inventory inspection was conducted.

Following the verification, the relevant valuation method is determined according to the characteristics of the inventory item and valued and calculated by its assessed amount.

(1) Basic information: The carrying amount of raw materials as of the Valuation Benchmark Date was RMB120,802.57, primarily consisting of auxiliary materials such as storage bags, PES capsule filters, sterile lyophilized powder for injection coated with polytetrafluoroethylene and tromethamine hydrochloride. These materials are stored in the raw material warehouse of Xianwei (Hainan) Biotechnology Co., Ltd. and are in normal usable conditions, with no discrepancies between the accounting records and physical inventory.

(2) Verification and valuation methods: 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. Among the materials, 500ml/bottle of pH7.0 sodium chloride peptone buffer were recorded with an inventory quantity of -20 bottles and carrying amount of RMB-220 due to a discrepancy in the warehouse entry and exit timing, resulting in an earlier outbound record than inbound. As of the Valuation Benchmark Date, this item was physically out of stock, and thus its assessed value was zero.

Valuation results: Following the above valuation formula, the valuing amount of raw materials is RMB121,022.57, with an appreciation of appraised value of RMB220.00 and an appreciation rate of 0.18%.

4. Other current assets

As at the Valuation Benchmark Date, the carrying amount of other current assets was RMB10,171,000.00, representing time deposits and accrued interest receivable from China Construction Bank Corporation Beijing Yanqi Sub-branch.

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 carrying amount 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.

Following the above valuation formula, the valuing amount of other current assets is RMB10,171,000.00, without valuation change.

5. Fixed assets

(1) Physical asset quantity, original carrying amount, net carrying amount, impairment provision

The quantity and carrying amount of equipment assets within the scope of the subject valuation are shown in the table below:

Item	**Project quantity**	**Quantity**	**Unit of measurement**	**Original carrying amount** *(RMB)*	**Net carrying amount** *(RMB)*
Machines and equipment	12	12	Unit (piece)	334,280.00	248,172.04
Electronic devices	64	556.85	Unit (piece, batch, meter)	813,997.00	505,816.87
Total	**76**	**568.85**		**1,148,277.00**	**753,988.91**

(2) Technical characteristics, date of acquisition, category, process flow, technical condition, routine maintenance

The declared equipment assets consist of the two categories of machines and equipment and electronic devices. The equipment is primarily located within the office of Xianwei.

A total of 12 items of machines and equipment comprising 12 units (pieces) were declared, which were primarily purchased between 2023 and 2024. The declared machines and equipment mainly consist of industrial dehumidifiers, cell analysers, pharmaceutical strong light irradiation test chambers, and similar items. During on-site inspections, all equipment was found to be in normal working condition.

A total of 64 items comprising 556.85 units (such as pieces, batches, meters) of electronic devices were declared, which were primarily purchased between 2022 and 2024. The declared electronic equipment mainly consist of office furniture, computers, shelving, and other office equipment. During on-site inspection, all equipment was found to be in normal working condition.

(3) Methods and results of verification

Methods and Process of Verification:

(i) The Valuer first cross-checks the equipment declaration list provided by the appraised unit against the company's balance sheet and equipment ledger as of the Valuation Benchmark Date, conducting a preliminary review of the completeness of the content.

(ii) To account for the distinct nature and characteristics of each equipment asset, we conducted a comprehensive physical inventory verification to ensure no duplication or omission. We meticulously observed and documented the actual operational status of the equipment. For critical assets, the equipment valuer reviewed trial operation records and technical documentation to assess their trial operation performance. The Valuer consulted equipment managers in the company's factory workshop regarding daily equipment management practices and the implementation of management systems to gain a comprehensive understanding of the equipment's historical modifications and operational status. Additionally, the Valuer inspected the equipment's appearance, installation, and storage environment.

(iii) Based on the results of the inspection, the Valuer further refined the inventory assessment detail sheets to ensure consistency between the records and actual conditions.

(iv) The Valuer focused on the rights holders of the subjects under appraisal; conducted spot checks on purchase contracts for major equipment; reviewed fixed asset ledgers and sampled relevant financial vouchers to understand the composition of the equipment's original book value.

Verification Conclusion: Declared equipment matches actual conditions;

(4) Selection of Appraisal Methods and Determination of Key Parameters

The equipment declared is in normal use by the assessed unit. Its replacement cost can be ascertained through regular sales channels; hence, the cost approach is adopted for appraisal.

The cost approach refers to a collective term for various valuation methods that first estimate the replacement cost of the asset being appraised, then assess the various depreciation factors already present in the asset, and deduct these from the replacement cost to arrive at the asset's value.

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, the functional obsolescence of the declared equipment 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, the economic obsolescence of the equipment being declared was also taken as zero. We have simplified the formula for determining the equipment appraised value to:

Equipment Appraised Value = Equipment Replacement Cost × Newness Rate

(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 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 Information and Parameters Used in Asset Valuation. These costs are selected based on a certain proportion of the equipment's purchase price, taking into account the actual characteristics of the equipment to be appraised and its installation requirements.

Professional fees primarily include survey, design, and preliminary engineering expenses, mainly covering the relevant 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 in the construction project for during the construction period. The applied 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 Valuation 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, management fees of the construction unit, and capital cost are not considered.

The appraised unit 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) Determination of newness rate

The Valuer determined the newness rate using the useful life approach based on the on-site inspection of the operational conditions of the equipment, taking into account factors 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 + Elapsed service life)] × 100%

(5) Results of Appraisal

Using the aforementioned methodology, the evaluation results for all equipment declared as of the Valuation Benchmark Date of Xianwei are as follows:

	Appraised value		Appreciation amount		Appreciation rate %	
Item	Original value	Net value	Original value	Net value	Original value	Net value
Total equipment	1,193,800.00	994,410.00	45,523.00	240,421.09	3.96	31.89
Fixed assets – machinery and equipment	340,300.00	283,000.00	6,020.00	34,827.96	1.80	14.03
Fixed assets – electronic devices	853,500.00	711,410.00	39,503.00	205,593.13	4.85	40.65

The appreciation of assessed value of equipment assets is primarily due to the depreciation period of the equipment being shorter than the economic life.

6. Construction in Progress – Equipment Installation Works

(1) Construction in Progress—Book Composition and Quantity of Equipment Installation Works

A total of 133 construction in progress under appraisal comprised the mRNA workshop construction project, specifically the HVAC purification works for the aseptic preparation workshop and QC laboratory. The aggregate carrying amount as at the Valuation Benchmark Date was RMB59,404,692.79.

(2) Overview of Construction in Progress

The declared construction in progress—equipment installation works—was progressively initiated between the period from 2022 to 2024. Currently, 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.

(3) Selection of Appraisal Methods

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. The interest rate for this appraisal is calculated based on the 1-year LPR of 3.1% as of the Valuation Benchmark Date. The construction period is set at two years for the overall project. Therefore, the capital cost is considered as an average investment over two years: 3.1% × 2 ÷ 2 = 3.1%.

(4) Results of Appraisal

Following the appraisal using the aforementioned methodology, the appraised value of the construction in progress—equipment installation works is RMB61,246,238.27, representing an increase of RMB1,841,545.48 and a value-added rate of 3.10%.

7. Right-of-use Assets

As at the Valuation Benchmark Date, the right-of-use assets represent certain properties leased by the enterprise from 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, with a carrying amount of RMB5,409,793.07.

The Valuer verified the right-of-use assets, confirming consistency between the ledger and statements. Relevant lease contracts were sampled, and accounting records detailing payment amounts, transaction dates, and business activities were reviewed to validate the authenticity and completeness of the right-of-use assets. The contract indicates this lease agreement expired on December, 31 2024. As at the Valuation Benchmark Date, the appraised unit had not paid any rent in advance. Accordingly, the appraisal value for the valuation was zero.

Following the aforementioned valuation procedures, the assessed value of the right-of-use assets is 0.00, with an impairment of RMB5,409,793.07 of the appraisal, representing an impairment rate of 100%.

8. Deferred Income Tax Assets

As at the Valuation Benchmark Date, the carrying amount of deferred income tax assets was RMB1,424,289.85, arising from uncovered losses. 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.

Following the aforementioned valuation procedures, the deferred income tax assets were valued at RMB1,424,289.85, with no valuation change.

9. Other Non-current Assets

As at the Valuation Benchmark Date, the carrying amount of other non-current assets was RMB12,297,190.80, all representing prepayments for equipment of various companies.

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 other non-current assets with significant carrying amounts, 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 the recoverability of other non-current assets. The assessed value was determined based on the verified carrying amount.

Following the aforementioned valuation procedures, the other non-current assets were valued at RMB12,297,190.80, with no valuation change.

10. Accounts Payable

Accounts payable include trade and other payables.

Accounts payable primarily consist of trade payables, equipment payments, and accrued rent, with a carrying amount of RMB855,635.30 as of the Valuation Benchmark Date. Other payables primarily comprise advance receipts of state support funds from the Management Committee under Haikou National High-Tech Industrial Development Zone and housing subsidies payable to employees, with a carrying amount of RMB21,005,000.00 as of the Valuation Benchmark Date.

The Valuer first obtains the accounts payable declaration form and reconciles it with detailed ledgers, general ledgers, and financial statements. Subsequently, based on the financial books provided by the enterprise, each accounts payable item is verified to ensure consistency between accounts and statements. For accounts payable with significant carrying amounts, confirmation letters are sent to validate the accuracy of the carrying balances. Relevant business contracts are randomly sampled to verify the authenticity of the transactions. Secondly, the Valuer assesses the collectability of accounts payable to determine their valuation. Among other payables, the state support fund project of the Management Committee under Haikou National High-Tech Industrial Development Zone has an uncertain final support fund amount due to the mRNA workshop failing to obtain GMP certification and not meeting project acceptance requirements. Therefore, its assessed value is determined based on the verified carrying amount. The assessed value of all other payables are based on their verified carrying amount.

Following the aforementioned valuation procedures, accounts payable were valued at RMB855,635.30 with no valuation change; other payables were valued at RMB21,005,000.00 with no valuation change.

11. Employee Benefits Payable

As of the Valuation Benchmark Date, the carrying amount of employee benefits payable was RMB5,517,018.38, representing wages, bonuses, allowances, and subsidies payable by the enterprise. The Valuer verified and randomly cross-checked each detailed item of employee benefits payable in accordance with the enterprise's regulations, reviewed the subsidiary ledgers and accounting vouchers, and verified the relevant accounting records. No irregularities were identified.

Following the aforementioned valuation procedures, the assessed value of employee benefits payable amounts to RMB5,517,018.38, with no valuation change.

12. Non-current liabilities due within one year

As of the Valuation Benchmark Date, the carrying amount of non-current liabilities due within one year was RMB654,904.37, representing lease liabilities due within one year. The Valuer reconciled the non-current liabilities due within one year, confirming consistency between the ledger and financial statements. The Valuer also verified the accuracy of the accounting process and amounts of the non-current liabilities due within one year by conducting a sample review of the company's accounting vouchers and relevant lease contracts as alternative procedures. According to the contract, this lease agreement expired on December 31, 2024. As of the Valuation Benchmark Date, the appraised entity had not prepaid any rent, hence the valuation for this assessment is zero.

Following the aforementioned valuation procedures, the assessed value of non-current liabilities due within one year is RMB0.00, with an assessed impairment of RMB654,904.37, representing an impairment rate of 100%.

13. Lease liabilities

As of the Valuation Benchmark Date, the carrying amount of the lease liabilities was RMB5,042,255.02, representing 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 Valuer reconciled the lease liabilities, confirming consistency between the ledger and financial statements. The Valuer also verified the accuracy of the accounting process and amounts of the lease liabilities by conducting a sample review of the company's accounting vouchers and relevant lease contracts as alternative procedures. According to the contract, this lease agreement expired on December 31, 2024. As of the Valuation Benchmark Date, the appraised entity had not prepaid any rent, hence the valuation for this assessment is zero.

Following the aforementioned valuation procedures, the assessed value of lease liabilities is RMB0.00, with an assessed impairment of RMB5,042,255.02, representing an impairment rate of 100%.

14. Special-purpose payables

As of the Valuation Benchmark Date, the carrying amount of the special-purpose payables amounted to RMB1,463,500.00, representing an investment subsidy for the aseptic preparation workshop project from the Hainan Provincial Department of Finance. After verifying the nature, origin, formation process, and accuracy of the amount of these special-purpose payables, and confirming that the corresponding project remains uncompleted, the Valuer adopted the verified carrying value as the assessed value.

Following the aforementioned valuation procedures, the assessed value of special-purpose payables amount to RMB1,463,500.00, with no valuation change.

15. Deferred income tax liabilities

As of the Valuation Benchmark Date, the carrying amount of deferred income tax liabilities was RMB1,352,448.27, arising from temporary differences due to accelerated depreciation of fixed assets. After verifying the accounting treatment, origin, formation process, and accuracy of the amount of the deferred income tax liabilities, the appraiser calculated and determined the assessed value of the deferred income tax liabilities based on the valuation treatment of the corresponding accounts.

Following the aforementioned valuation procedures, the assessed value of deferred income tax liabilities to RMB1,352,448.27, with no valuation change.

REGARDING THE REASONABLENESS OF THE VALUATION BENCHMARK DATE

According to the relevant provisions of the "Asset Valuation Practice Standards – Asset Valuation Report" issued by the China Appraisal Society, the validity period of Sanroad Valuation Report and Xianwei Valuation Report is one year from the Valuation Benchmark Date. The Company adopted the Sanroad Valuation Report and the Xianwei Valuation Report, both with a Valuation Benchmark Date of December 31, 2024, as the pricing basis for this transaction, primarily based on the following factors:

1. Between the Valuation Benchmark Date and the date of the Transfer Agreement (i.e. August 26, 2025), there were no material changes to the business operations of Xianwei and Sanroad Shanghai, nor were there any significant changes concerning Xianwei and Sanroad Shanghai that would have a specific impact on the valuation. From the Valuation Benchmark Date to the date of the Transfer Agreement, there were no material changes in the external market environment affecting Xianwei and Sanroad Shanghai;

2. Based on the current circumstances, there have been no significant changes to the assumptions underlying the asset-based approach and cost approach valuations of the target asset. These assumptions remain substantially consistent with those in the Sanroad Valuation Report and the Xianwei Valuation Report;

3. No significant subsequent events have occurred that would affect the target asset's ongoing operational stability, representing the pricing basis for both the Sanroad Valuation Report and the Xianwei Valuation Report largely remain unchanged.

Under the aforementioned circumstances, the Board (including the independent non-executive directors) is of the view that adopting the valuation results from the Sanroad Valuation Report and the Xianwei Valuation Report as the pricing basis for this transaction remains fair and reasonable. This approach is in the best interests of the Company and its shareholders and will facilitate the prompt advancement and completion of this transaction.

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

Hong Kong, September 18, 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.