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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)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTION  
AND  
REVISION OF ANNUAL CAPS FOR XIANBO  
PROPERTY LEASE AND COMPREHENSIVE SERVICES  
FRAMEWORK AGREEMENT**

**RENEWAL OF CONTINUING CONNECTED TRANSACTION**

Reference is made to the Prospectus in relation to the Existing Property Lease and Comprehensive Services Framework Agreement entered into between the Company and Nanjing BioSciKin Technology on October 8, 2020.

As the term of the Existing Property Lease and Comprehensive Services Framework Agreement will expire on December 31, 2022, and the Company will remain cooperation with Nanjing BioSciKin Technology, the Board hereby announces that on December 20, 2022 (after trading hours), the Company entered into the BioSciKin Property Lease and Comprehensive Services Framework Agreement with Nanjing BioSciKin Technology, pursuant to which Nanjing BioSciKin Technology agreed to lease certain properties to the Group for office, laboratory and staff dormitory use and provide related property management services, as well as provide the Group with certain general supporting services which include, among others, utilities and network support, conference supporting services, staff canteen services, accommodation services and other logistics services, for a term of two years commencing from January 1, 2023 and ending on December 31, 2024 (both days inclusive).

**REVISION OF ANNUAL CAPS FOR XIANBO PROPERTY LEASE AND  
COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated December 23, 2021 in relation to the Xianbo Property Lease and Comprehensive Services Framework Agreement entered into between the Company and Shanghai Xianbo.

In view of the increase in properties to be leased by the Group to Shanghai Xianbo which is in line with the rapid business growth of Shanghai Xianbo, the Board envisages that the Original Annual Caps in respect of the financial years ending December 31, 2023 and 2024 will not be sufficient. As such, on December 20, 2022 (after trading hours), the Company and Shanghai Xianbo entered into the Supplemental Agreement to increase the Original Annual Caps for the financial years ending December 31, 2023 and 2024 to the Revised Annual Caps.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Nanjing BioSciKin Technology is indirectly wholly-owned by Mr. Ren Jinsheng, who is one of the Directors and the controlling shareholders of the Company, and hence an associate of Mr. Ren Jinsheng and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Shanghai Xianbo is controlled by Mr. Ren Jinsheng, who is one of the Directors and the controlling Shareholder of the Company, and hence an associate of Mr. Ren Jinsheng and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the BioSciKin Property Lease and Comprehensive Services Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework Agreement are only subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the Revised Annual Caps before the Original Annual Caps are exceeded. As the highest applicable percentage ratio for the Revised Annual Caps under the Xianbo Property Lease and Comprehensive Services Framework Agreement exceeds 0.1% but is less than 5%, the Revised Annual Caps are only subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

### **Introduction**

Reference is made to the Prospectus in relation to the Existing Property Lease and Comprehensive Services Framework Agreement entered into between the Company and Nanjing BioSciKin Technology on October 8, 2020.

As the term of the Existing Property Lease and Comprehensive Services Framework Agreement will expire on December 31, 2022, and the Company will remain cooperation with Nanjing BioSciKin Technology, the Board hereby announces that on December 20, 2022 (after trading hours), the Company entered into the BioSciKin Property Lease and Comprehensive Services Framework Agreement with Nanjing BioSciKin Technology, pursuant to which Nanjing BioSciKin Technology agreed to lease certain properties to the Group for office, laboratory and staff dormitory use and provide related property management services, as well as provide the Group with certain general supporting services which include, among others, utilities and network support, conference supporting services, staff canteen services, accommodation services and other logistics services, for a term of two years commencing from January 1, 2023 and ending on December 31, 2024 (both days inclusive).

The principal terms of the BioSciKin Property Lease and Comprehensive Services Framework Agreement are set out as follows:

### **BioSciKin Property Lease and Comprehensive Services Framework Agreement**

- Date:** December 20, 2022 (after trading hours)
- Parties:**
- i. The Company, for itself and on behalf of its subsidiaries; and
  - ii. Nanjing BioSciKin Technology, for itself and on behalf of its subsidiaries.
- Scope:** Pursuant to the BioSciKin Property Lease and Comprehensive Services Framework Agreement, the Nanjing BioSciKin Technology agreed to:
- i. lease certain properties to the Group for office, laboratory and staff dormitory use and provide related property management services; and
  - ii. provide the Group with certain general supporting services, which include, among others, utilities and network support, conference supporting services, staff canteen services, accommodation services and other logistics services.
- Term:** BioSciKin Property Lease and Comprehensive Services Framework Agreement is for a term of two years commencing from January 1, 2023 and ending on December 31, 2024 (both days inclusive), and is renewable for a term of up to three years upon mutual consent and subject to the requirements under the Listing Rules and other applicable laws and regulations.

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

## **Pricing Policy**

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

- (1) with respect to the property lease and property management services, the Group shall pay Nanjing BioSciKin Technology and/or its subsidiaries rents, property management fees for the underlying leased properties. Under the BioSciKin Property Lease and Comprehensive Services Framework Agreement, the rents for office and laboratory are RMB2.2–3.0/sq.m./day and the rents for staff dormitory are RMB3,000–8,400/month for each apartment, while property management fees are RMB4.5–6.0/sq.m./month, respectively. Such price are determined after arm's length negotiations between the parties thereto and shall be in line with or no more than the prevailing market rates for properties of comparable size, building standards and quality in the vicinity which are available to Independent Third Parties; and
- (2) with respect to the general supporting services, the Group shall pay Nanjing BioSciKin Technology and/or its subsidiaries (where applicable) service fees, which are determined based on arm's length negotiations between the parties thereto with reference to (i) historical service fees; (ii) actual cost as to other charges relating to the leased properties, including utilities and network expenses; (iii) the actual administrative cost incurred by Nanjing BioSciKin Technology and/or its subsidiaries; and (iv) the comparable service fee rate charged by Nanjing BioSciKin Technology and/or its subsidiaries for such services provided for Independent Third Parties.

## **Accounting implications of the BioSciKin Property Lease and Comprehensive Services Framework Agreement**

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

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

### Historical Transaction Amounts

Set out below are the historical transaction amounts in respect of the continuing connected transactions conducted between the Group and Nanjing BioSciKin Technology together with its subsidiaries under the Existing Property Lease and Comprehensive Services Framework Agreement for the preceding two financial years ended December 31, 2021 and the ten months ended October 31, 2022:

|   | <b>Approximate historical transaction amount ended</b> |                      |                      |
|---|--|----------------------|----------------------|
|   | <b>December 31,</b>                                    | <b>December 31,</b>  | <b>October 31,</b>   |
|   | <b>2020</b>  | <b>2021</b>          | <b>2022</b>          |
|   | <i>(RMB in thousands)</i>                              |                      |                      |
| Rents and property management services fees <sup>Note 1</sup> | 38,785   | 37,210               | 35,888               |
| General supporting fees                                       | 12,382   | 11,835               | 7,878                |
|   | <u>51,168</u>  | <u>49,045</u>        | <u>43,766</u>        |
| <b>Total</b>  | <b><u>51,168</u></b>                                   | <b><u>49,045</u></b> | <b><u>43,766</u></b> |

*Note:*

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

## Proposed Annual Caps

Taking into consideration of the above-mentioned historical transaction amounts and the impact of HKFRS 16, the annual caps for the continuing connected transactions to be conducted between the Group and Nanjing BioSciKin Technology together with its subsidiaries under the BioSciKin Property Lease and Comprehensive Services Framework Agreement for the two years ending December 31, 2023 and 2024 are estimated to be as follows:

|  | <b>Proposed annual caps<br/>for the years ending December 31</b> |                 |
|--|--|-----------------|
|  | <b>2023</b>  | <b>2024</b>     |
|  | <i>(RMB in thousands)</i>  |                 |
| Rental expenses paid in the year (period)/total value of right-of-use assets relating to the properties leased from Nanjing BioSciKin Technology together with its subsidiaries in the year (period) and property management services fees <sup>Note 1</sup> | 84,000.0   | 53,000.0        |
| General supporting fees  | 16,000.0   | 17,000.0        |
| <b>Total</b>   | <b>100,000.0</b>   | <b>70,000.0</b> |

*Note:*

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

## Basis of Determination of the Caps

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

- (1) the rental expenses payable by the members of the Group/total value of right-to-use assets and the property management services fees relating to the properties leased under the existing individual implementation agreements. The existing leased properties included properties with a total gross floor area of 37,062.80 sq.m. and 146.5 units with a gross floor area ranging from 34 to 120 sq.m. each;



- (2) the anticipated increase in the Group's business scale and number of staff, the additional space that is expected to be leased from Nanjing BioSciKin Technology and its subsidiaries for office, laboratory, conference room, dormitory and other use, the total gross floor area of which are estimated to be 700 sq.m and 20 units with a gross floor area ranging from 34 to 120 sq.m. each; and
- (3) the potential increase of price of rent of properties under existing and additional leases for the two years ending December 31, 2024.

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

- (1) the historical transaction amounts of the general supporting fees paid by the Group to Nanjing BioSciKin Technology for the two years ended December 31, 2020 and 2021 and the ten months ended October 31, 2022;
- (2) the estimated increase in demand for general supporting services within the BioSciKin Innovation Park as a result of the anticipated increase in the Group's business scale and number of staff and taking into account the additional space that is expected to be leased next two years; and
- (3) the potential fluctuation of the prevailing market rate of comparable supporting services taking into account the potential fluctuation of the actual cost.

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

Nanjing BioSciKin Technology and its subsidiaries own and manage the properties in the BioSciKin Innovation Park. In view that (i) the Group has leased certain properties in the BioSciKin Innovation Park as its headquarters since 2018 and the Group has invested in decoration for these properties it leased which is tailor-made for the Group's specific use, (ii) acquiring the general supporting services within the BioSciKin Innovation Park is more efficient and practicable for the Group as compared to soliciting the same from outside third party providers, and (iii) relocation to other premises will cause unnecessary disruptions to the Group's business and additional costs and expenses, the continuation of these lease and the relevant supporting services is convenient and cost-effective for the Group and is in line with the Group's business needs and economic interests. Therefore, the Directors are of the view that it is in the interest of the Group and the Shareholders as a whole to enter into the BioSciKin Property Lease and Comprehensive Services Framework Agreement and continue the current arrangement with Nanjing BioSciKin Technology and its subsidiaries in relation to the property lease and relevant property management and general supporting services.

The Directors (including the independent non-executive Directors but excluding the Director who is required to abstain from voting on the relevant resolution(s)) are of view that the transactions under the BioSciKin Property Lease and Comprehensive Services Framework Agreement will be conducted on normal commercial terms, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

Since Nanjing BioSciKin Technology is indirectly wholly-owned by Mr. Ren Jinsheng, who is a Director and one of the controlling shareholders of the Company, Mr. Ren Jinsheng has abstained from voting on the Board resolution in respect of the entering into of the BioSciKin Property Lease and Comprehensive Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, none of the other Directors has material interests in the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework Agreement and is required to abstain from voting on the relevant Board resolution.

## **REVISION OF ANNUAL CAPS FOR XIANBO PROPERTY LEASE AND COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT**

### **Introduction**

Reference is made to the announcement of the Company dated December 23, 2021 in relation to the Xianbo Property Lease and Comprehensive Services Framework Agreement entered into between the Company and Shanghai Xianbo.

In view of the increase in properties to be leased by the Group to Shanghai Xianbo which is in line with the rapid business growth of Shanghai Xianbo, the Board envisages that the Original Annual Caps in respect of the financial years ending December 31, 2023 and 2024 will not be sufficient. As such, on December 20, 2022 (after trading hours), the Company and Shanghai Xianbo entered into the Supplemental Agreement to increase the Original Annual Caps for the financial years ending December 31, 2023 and 2024 to the Revised Annual Caps.

The principal terms of the Supplemental Agreement are set out as follows:

### **Supplemental Agreement**

- Date:** December 20, 2022 (after trading hours)
- Parties:**
- i. The Company, for itself and on behalf of its subsidiaries; and
  - ii. Shanghai Xianbo, for itself and on behalf of its subsidiaries.
- Subject matter:** Pursuant to the Supplemental Agreement, the Original Annual Caps under the Xianbo Property Lease and Comprehensive Services Framework Agreement shall be increased to the Revised Annual Caps.

In addition, in view of the expected expansion of the business and the increase of the number of employees of Shanghai Xianbo, the original term under the Xianbo Property Lease and Comprehensive Services Framework Agreement regarding the location of the leased properties is repealed for flexibility. The Company and Shanghai Xianbo will set out the location of the leased properties in individual implementation agreements.



Save as the disclosed above, all other terms and conditions (including the relevant pricing policy) under the Xianbo Property Lease and Comprehensive Services Framework Agreement remain unchanged and in full force and effect.

### Historical Amounts

The total amount of rents and property management services fees paid by Shanghai Xianbo to the Group for each of the years ended December 31, 2020, 2021 and ten months ended October 31, 2022 was approximately nil, RMB2.56 million and RMB3.42 million, respectively.

The total amount of general supporting fees paid by Shanghai Xianbo to the Group for each of the years ended December 31, 2020, 2021 and ten months ended October 31, 2022 was approximately nil, RMB0.51 million and RMB0.27 million, respectively.

### Original Annual Caps

The Original Annual Caps for the rents and property management services fees, as well as the general supporting fees payable by Shanghai Xianbo to the Group under the Xianbo Property Lease and Comprehensive Services Framework Agreement for each of the three years ending December 31, 2022, 2023 and 2024 are set out below:

|   | <b>Original Annual Caps<br/>for the years ending December 31</b> |                       |                       |
|---|--|-----------------------|-----------------------|
|   | <b>2022</b>  | <b>2023</b>           | <b>2024</b>           |
|   | <i>(RMB in thousands)</i>  |                       |                       |
| Rents and property management services fees | 4,750.0  | 5,000.0               | 5,300.0               |
| General supporting fees                     | 500.0  | 525.0                 | 550.0                 |
|   | <u>5,250.0</u>   | <u>5,525.0</u>        | <u>5,850.0</u>        |
| <b>Total</b>                                | <b><u>5,250.0</u></b>  | <b><u>5,525.0</u></b> | <b><u>5,850.0</u></b> |

## Revised Annual Caps

The Board has resolved to revise the Original Annual Caps. Set out below are the Revised Annual Caps:

|   | <b>Revised Annual Caps</b>              |                 |
|---|---|-----------------|
|   | <b>for the years ending December 31</b> |                 |
|   | <b>2023</b>                             | <b>2024</b>     |
|   | <i>(RMB in thousands)</i>               |                 |
| Rents and property management services fees | 7,500.0                                 | 7,500.0         |
| General supporting fees                     | 2,500.0                                 | 2,500.0         |
| <b>Total</b>                                | <b>10,000.0</b>                         | <b>10,000.0</b> |

The Revised Annual Caps for the rents and property management services fees are determined with reference to:

- (1) the rents and property management fees payable by Shanghai Xianbo to the Group under the existing individual property lease agreements for the two years ending December 31, 2024. The existing leased properties include certain units of Shanghai Innovation Center for office buildings and laboratories use with a total gross floor area of 3,543.12 sq.m.;
- (2) the anticipated increase in the properties to be leased to Shanghai Xianbo, which include (i) certain units of Shanghai Innovation Center for office buildings and laboratories use (excluding basement) with a total gross floor area of 1,850 sq.m. and (ii) the basement of Shanghai Innovation Center with a total gross floor area of approximately 400 sq.m.;
- (3) the anticipated increase in the business scale and number of staff of Shanghai Xianbo and the consequential increase in demand for additional space to be leased from the Group; and
- (4) the potential rental increase of properties under existing and additional leases for the two years ending December 31, 2024.

The Revised Annual Caps for the general supporting fees are determined with reference to:

- (1) the historical transaction amounts of the general supporting fees paid by Shanghai Xianbo to the Group for each of the years ended December 31, 2020, 2021 and ten months ended October 31, 2022;
- (2) the anticipated increase in Shanghai Xianbo's demand for general supporting services due to the anticipated increase in the business scale and number of staff of Shanghai Xianbo and taking into account the additional properties that is expected to be leased to Shanghai Xianbo in the next two years; and
- (3) the potential fluctuation of the prevailing market rate of comparable supporting services taking into account the potential fluctuation of the actual cost.

As at the date of this announcement, the rents and property management services fees and the general supporting fees under the Xianbo Property Lease and Comprehensive Services Framework Agreement has not exceeded the Original Annual Caps for the year ending December 31, 2022.

Shareholders and potential investors should note that the Revised Annual Caps should not be construed as an assurance or forecast by the Company of the future revenue of the Group under the terms of the Xianbo Property Lease and Comprehensive Services Framework Agreement.

### **Reasons for and Benefits of Entering into the Supplemental Agreement**

The Board has been carefully monitoring the historical transacted amounts of the transactions contemplated under Xianbo Property Lease and Comprehensive Services Framework Agreement. Taking into account the various bases set out above and in view of the transaction amount for the ten months ended October 31, 2022, the Board envisages that the aggregate value of the transactions contemplated under Xianbo Property Lease and Comprehensive Services Framework Agreement would exceed the Original Annual Caps in respect of the financial years ending December 31, 2023 and 2024.

In view that (i) the premises leased to Shanghai Xianbo under the Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) are spare spaces not occupied by the Group, (ii) the rental payables and the property management services fees payable under the Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) reflect prevailing market rates, (iii) the Group leased out certain additional premises not occupied by the Group in the market to better utilise such properties and to generate an additional stream of recurring returns for the Group, the Company agreed to enter into the Supplemental Agreement with Shanghai Xianbo.

The Directors (including the independent non-executive Directors but excluding the Director who is required to abstain from voting on the relevant resolution(s)) consider that the transactions contemplated under Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) are on normal commercial terms and the terms of the Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) and the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since Mr. Ren Jinsheng, who is a Director, is the controlling shareholder of Shanghai Xianbo, he has abstained from voting on the Board resolution in respect of the entering into of the Supplemental Agreement and the Revised Annual Caps. Save as disclosed above, none of the other Directors has material interests in the transactions contemplated under the Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) and is required to abstain from voting on the relevant Board resolution.

## **INTERNAL CONTROL MEASURES OF THE CONTINUING CONNECTED TRANSACTIONS**

To protect the interests of the Group, the Group will adopt the following internal control measures:

- (1) the relevant business department, the office of the Board and the finance department of the Group will closely monitor the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework Agreement and Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) to ensure that the transaction amounts do not exceed the relevant annual caps set for the transactions under the relevant framework agreement;
- (2) each individual implementation agreement to be entered into by the Group shall be subject to the appropriate approval of the relevant departments of the Group, including but not limited to business department, the office of the Board and the finance department, to ensure that each transaction is in line with the pricing policy and principal terms of the BioSciKin Property Lease and Comprehensive Services Framework Agreement and the Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement);
- (3) the auditors of the Company shall conduct annual reviews on pricing and annual caps of such continuing connected transactions to ensure that the transaction amounts are within the annual caps and that the transactions in all material aspects are conducted on the terms in the relevant agreement of such transactions; and
- (4) the independent non-executive Directors of the Company shall conduct annual reviews on the proposed continuing connected transactions under the BioSciKin Property Lease and Comprehensive Services Framework Agreement and the Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms thereof are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Nanjing BioSciKin Technology is indirectly wholly-owned by Mr. Ren Jinsheng, who is one of the Directors and the controlling shareholders of the Company, and hence is an associate of Mr. Ren Jinsheng and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Shanghai Xianbo is controlled by Mr. Ren Jinsheng, who is one of the Directors and the controlling Shareholder of the Company and hence an associate of Mr. Ren Jinsheng and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the BioSciKin Property Lease and Comprehensive Services Framework Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the BioSciKin Property Lease and Comprehensive Services Framework Agreement are only subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the Revised Annual Caps before the Original Annual Caps are exceeded. As the highest applicable percentage ratio for the Revised Annual Caps under the Xianbo Property Lease and Comprehensive Services Framework Agreement exceeds 0.1% but is less than 5%, the Revised Annual Caps are only subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **INFORMATION ON THE PARTIES**

The Company is an innovation and R&D-driven pharmaceutical company. It has established a National Key Laboratory of Translational Medicine and Innovative Drug Development. The Company focuses on three therapeutic areas, oncology, central nervous system, and autoimmune diseases, with forward-looking layout of disease areas that may have significant clinical needs in the future, aiming to achieve the mission of “providing today’s patients with medicines of the future”. Leveraging its R&D capability and commercialization excellence, the Company has built a market-leading product portfolio in China. Its vigorous in-house R&D efforts and extensive R&D collaborations have made it a top strategic cooperation partner with world leading innovative companies and research institutes.

Nanjing BioSciKin Technology is a limited liability company established in the PRC on September 10, 2014. It primarily engages in, among others, lease of self-owned properties, property management, conference services, decoration engineering, architectural engineering design and construction, and enterprise management consulting. Nanjing BioSciKin Technology is indirectly wholly-owned by Mr. Ren Jinsheng, a controlling Shareholder, the Chairman and an executive Director.

Shanghai Xianbo is a limited liability company established in the PRC on April 22, 2020. Its principal business includes medical research and experiment, technology research and development of biochemical products, and technical services, development, consultation, exchange, transfer and promotion. Shanghai Xianbo is ultimately controlled by Mr. Ren Jinsheng, a controlling Shareholder, the Chairman and an executive Director.

## DEFINITIONS

|   |   |
|---|---|
| “associate”   | has the meaning ascribed to this term under the Listing Rules   |
| “BioSciKin Property Lease and Comprehensive Services Framework Agreement” | the property lease and comprehensive service framework agreement dated December 20, 2022 (after trading hours) entered into between the Company and Nanjing BioSciKin Technology commencing from January 1, 2023 to December 31, 2024 (both day inclusive) in respect of leasing properties to and providing certain general supporting services with the Group by Nanjing BioSciKin Technology |
| “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   |
| “connected person”  | has the meaning ascribed to it in the Listing Rules   |
| “controlling shareholder”   | has the meaning ascribed to it in the Listing Rules   |
| “Director(s)”   | the director(s) of the Company  |
| “Existing Property Lease and Comprehensive Services Framework Agreement”  | the property lease and comprehensive services framework agreement entered into between the Company and Nanjing BioSciKin Technology on October 8, 2020 in respect of leasing properties to and providing certain general supporting services with the Group by Nanjing BioSciKin Technology   |
| “Group”   | the Company and its subsidiaries from time to time  |
| “Hong Kong”   | the Hong Kong Special Administrative Region of the PRC  |
| “Independent Third Party(ies)”  | an individual or a company which, to the best of the Director’s knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules  |
| “Listing Rules”   | the Rules Governing the Listing of Securities on the Stock Exchange   |



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| “Nanjing BioSciKin Technology” | Nanjing BioSciKin Technology Development Co., Ltd. (南京百家匯科技發展有限公司) (formerly known as Nanjing Simcere BioSciKin Pharmaceutical Technological Development Company Limited (南京先聲百家匯醫藥科技發展有限公司)), a limited liability company established in the PRC on September 10, 2014 and a subsidiary of State Good Group Limited, an indirect wholly owned company by Mr. Ren Jinsheng  |
| “Original Annual Caps”         | the maximum total amount of fees receivable by the Group from Shanghai Xianbo under the Xianbo Property Lease and Comprehensive Services Framework Agreement for each of the three years ending December 31, 2022, 2023 and 2024 as set out in the announcement of the Company dated December 23, 2021  |
| “PRC”                          | the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan   |
| “Prospectus”                   | the prospectus of the Company published on October 13, 2020   |
| “R&D”                          | research and development  |
| “Revised Annual Caps”          | the maximum total amount of fees receivable by the Group from the Shanghai Xianbo under the Xianbo Property Lease and Comprehensive Services Framework Agreement (as revised by the Supplemental Agreement) for each of the two years ending December 31, 2023 and 2024 as stated in the section headed “REVISION OF ANNUAL CAPS FOR XIANBO PROPERTY LEASE AND COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT” in this announcement |
| “RMB”                          | the lawful currency of the PRC  |
| “Shanghai Xianbo”              | Shanghai Xianbo Biological Technology Co., Ltd. (上海先博生物科技有限公司), a limited liability company established in the PRC on April 22, 2020, and controlled by Mr. Ren Jinsheng, a controlling Shareholder and Director as at the date of this announcement  |
| “Shareholders”                 | holders of the shares of the Company  |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited   |
| “Supplemental Agreement”       | a supplemental agreement dated December 20, 2022 (after trading hours) to the Xianbo Property Lease and Comprehensive Services Framework Agreement, in relation to, among others, revision of the Original Annual Caps  |

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| “Xianbo Property Lease and Comprehensive Services Framework Agreement” | the property lease and comprehensive service framework agreement dated December 23, 2021 entered into between the Company and Shanghai Xianbo commencing from January 1, 2022 to December 31, 2024 (both day inclusive) in respect of leasing properties to and providing certain general supporting services with Shanghai Xianbo by the Company |
| “sq.m.”  | square meter  |
| “%”  | per cent  |

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

Hong Kong, December 20, 2022

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