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## **CSPC PHARMACEUTICAL GROUP LIMITED**

**石藥集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1093)**

### **CONNECTED TRANSACTIONS LEASE AGREEMENTS**

Reference is made to the announcement of the Company dated 24 June 2022 in relation to, among others, the Old Lease Agreements entered into by certain members of the Group, namely Hebei Children's Hospital, CSPC Ouyi, CSPC Zhongnuo, CSPC NBP and CSPC Zhongqi (all as tenants) and CHL and Zhongcheng Logistics (both as landlords), which will expire in late June 2025.

As the Old Lease Agreements will expire soon, certain members of the Group (as tenants) entered into (i) the New Lease Agreements A with CHL (as landlord) in respect of Premises 1 to Premises 6 and (ii) the New Lease Agreements B with Zhongcheng Health Technology (as landlord) in respect of Premises 7 and Premises 8 on 24 June 2025, both for a term of three years commencing on 25 June 2025 and 1 July 2025 respectively.

Kangchuanglian Technology, a wholly-owned subsidiary of the Company, had been leasing Premises 9 and Premises 10 from Xinlongli Technology since 1 April 2020 pursuant to a one-off lease agreement (with fixed terms and fixed rents) entered into between them back in March 2020 when Xinlongli Technology was not a connected person of the Company. As the relevant lease agreement expired on 31 March 2025, Kangchuanglian Technology (as tenant) and Xinlongli Technology (as landlord) entered into a Short-Term Lease Agreement in respect of Premises 9 and Premises 10 for a further term of 3 months commencing on 1 April 2025. As the Short-Term Lease Agreement will expire on 30 June 2025, Kangchuanglian Technology (as tenant) and Xinlongli Technology (as landlord) entered into the New Lease Agreement C on 24 June 2025 in respect of Premises 9 to Premises 11, for a term of three years commencing on 1 July 2025.

CHL is an associate of Mr. Cai Dong Chen, a director and a substantial shareholder of the Company, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Since Zhongcheng Health Technology and Xinlongli Technology are wholly-owned subsidiaries of CHL, Zhongcheng Health Technology and Xinlongli Technology are also associates of Mr. Cai Dong Chen and thus connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the New Lease Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Short-Term Lease Agreement was a de minimis transaction of the Company which was fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the New Lease Agreements (if aggregated with the Short-Term Lease Agreement), on the basis of the aggregate of the estimated present value of the right-of-use assets under the New Lease Agreements and the total fixed rental under the Short-Term Lease Agreement, exceed(s) 0.1% but all of them are less than 5%, the New Lease Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 24 June 2022 in relation to, among others, the Old Lease Agreements entered into by certain members of the Group, namely Hebei Children's Hospital, CSPC Ouyi, CSPC Zhongnuo, CSPC NBP and CSPC Zhongqi (all as tenants) and CHL and Zhongcheng Health Technology (both as landlords), which will expire in late June 2025.

## **NEW LEASE AGREEMENTS**

As the Old Lease Agreements will expire soon, certain members of the Group (as tenants) entered into (i) the New Lease Agreements A with CHL (as landlord) in respect of Premises 1 to Premises 6 and (ii) the New Lease Agreements B with Zhongcheng Health Technology (as landlord) in respect of Premises 7 and Premises 8 on 24 June 2025, both for a term of three years commencing on 25 June 2025 and 1 July 2025 respectively.

Kangchuanglian Technology, a wholly-owned subsidiary of the Company, had been leasing Premises 9 and Premises 10 from Xinlongli Technology since 1 April 2020 pursuant to a one-off lease agreement (with fixed terms and fixed rents) entered into between them back in March 2020 when Xinlongli Technology was not a connected person of the Company. As the relevant lease agreement expired on 31 March 2025, Kangchuanglian Technology (as tenant) and Xinlongli Technology (as landlord) entered into a Short-Term Lease Agreement in respect of Premises 9 and Premises 10 for a further term of 3 months commencing on 1 April 2025. As the Short-Term Lease Agreement will expire on 30 June 2025, Kangchuanglian Technology (as tenant) and Xinlongli Technology (as landlord) entered into the New Lease Agreement C on 24 June 2025 in respect of Premises 9 to Premises 11, for a term of three years commencing on 1 July 2025.

Details of the New Lease Agreements are as follows:

	Date	Landlord	Tenant	Premises	Term	Rental (Value added tax inclusive)	Principal Use
1.	24 June 2025	CHL	CSPC NBP	premises with a gross floor area of 16,758.82 sq.m. located at 中國河北省石家莊市橋西區工農路188號 (No. 188 Gongnong Road, Qiaoxi District, Shijiazhuang City, Hebei Province, the PRC*) ( <b>“Premises 1”</b> )	Three years commencing on 25 June 2025	RMB6,360,000 per annum payable every three months by four installments of RMB1,590,000 each per year	Provision of healthcare service
2.	24 June 2025	CHL	CSPC Ouyi	premises with a gross floor area of 12,838.5 sq.m. ( <b>“Premises 2”</b> ), premises with a gross floor area of 2,557 sq.m. ( <b>“Premises 3”</b> ), and premises with a gross floor area of 8,441 sq.m. ( <b>“Premises 4”</b> ), all located at 中國河北省石家莊經濟技術開發區揚子路與塔西大街交叉口 (Interchange of Yangzi Road and Ta Xi Street, Shijiazhuang Economic and Technological Development Zone, Hebei Province, the PRC*)	Three years commencing on 25 June 2025	RMB5,220,200 per annum, of which, RMB2,811,600 for Premises 2, RMB560,000 for Premises 3 and RMB1,848,600 for Premises 4 respectively, payable every three months by four installments of RMB1,305,050 each per year	Production of pharmaceutical products
3.	24 June 2025	CHL	CSPC Zhongnuo	premises with a gross floor area of 14,077 sq.m. ( <b>“Premises 5”</b> ) and premises with a gross floor area of 15,573 sq.m. ( <b>“Premises 6”</b> ), both located at 中國河北省石家莊經濟技術開發區揚子路與塔西大街交叉口 (Interchange of Yangzi Road and Ta Xi Street, Shijiazhuang Economic and Technological Development Zone, Hebei Province, the PRC*)	Three years commencing on 25 June 2025	RMB6,493,400 per annum, of which, RMB3,082,900 for Premises 5 and RMB3,410,500 for Premises 6 respectively, payable every three months by four installments of RMB1,623,350 each per year	Production of pharmaceutical products

	Date	Landlord	Tenant	Premises	Term	Rental (Value added tax inclusive)	Principal Use
4.	24 June 2025	Zhongcheng Health Technology	CSPC NBP	premises with a gross floor area of 47,471.94 sq.m. located at 中國河北省石家莊市高新區裕華東路345號 (No. 345 Yuhua East Road, High-tech Zone, Shijiazhuang City, Hebei Province, the PRC*) (“Premises 7”)	Three years commencing on 1 July 2025	RMB27,723,600 per annum payable every three months by four installments of RMB6,930,900 each per year	Office
5.	24 June 2025	Zhongcheng Health Technology	CSPC Zhongqi	apartments with a gross floor area of 10,088.52 sq.m. located at 中國河北省石家莊市高新區淮河道188號 (No. 188 Huai He Road, High-tech Zone, Shijiazhuang City, Hebei Province, the PRC*) (“Premises 8”)	Three years commencing on 1 July 2025	RMB5,633,900 per annum payable every three months by four installments of RMB1,408,475 each per year	Staff accommodation
6.	24 June 2025	Xinlongli Technology	Kangchuanglian Technology	premises with a gross floor area of 3,300.44 sq.m. (“Premises 9”), premises with a gross floor area of 4,646.93 sq.m. (“Premises 10”), and premises with a gross floor area of 11,906.13 sq.m. (“Premises 11”), all located at 中國北京市大興區天榮街11號 (No. 11, Tianrong Street, Daxing District, Beijing, the PRC*)	Three years commencing on 1 July 2025	RMB12,464,000 per annum, of which, RMB2,072,000 for Premises 9, RMB2,917,300 for Premises 10 and RMB7,474,700 for Premises 11 respectively, payable every three months by four installments of RMB3,116,000 each per year	Workshop and research and development

## ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES

In accordance with HKFRS 16, the Group will recognise in its consolidated statement of financial position the rental payments payable by the Group under the New Lease Agreements (being fixed payments) as acquisition of right-of-use assets taking into account the relevant present value of the fixed rental payments, which will constitute one-off connected transactions for the Company under Chapter 14A of the Listing Rules.

The value of the right-of-use assets under each of the New Lease Agreements is estimated to be approximately RMB16,614,000 (in respect of Premises 1), RMB7,345,000 (in respect of Premises 2), RMB1,463,000 (in respect of Premises 3), RMB4,829,000 (in respect of Premises 4), RMB8,053,000 (in respect of Premises 5), RMB8,909,000 (in respect of Premises 6), RMB72,422,000 (in respect of Premises 7), RMB14,717,000 (in respect of Premises 8), RMB5,413,000 (in respect of Premises 9), RMB7,621,000 (in respect of Premises 10) and RMB19,526,000 (in respect of Premises 11), being the estimated present value of the total rental payments payable in respect of the relevant Premises throughout the term under the relevant New Lease Agreement in accordance with HKFRS 16.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the New Lease Agreements (if aggregated with the Short-Term Lease Agreement), on the basis of the aggregate of the estimated present value of the right-of-use assets under the New Lease Agreements mentioned above (i.e. approximately RMB166,912,000) and the total fixed rental under the Short-Term Lease Agreement (i.e. approximately RMB1,075,000), exceed(s) 0.1% but all of them are less than 5%, the New Lease Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board confirms that the rental payable under each of the New Lease Agreements in respect of each Premises was arrived at after arm's length negotiations between the parties and was determined with reference to the market rental of each Premises on an annual basis as set out in the relevant asset valuation report on rental appraisal prepared by an independent valuation firm in respect of each Premises with a valuation date falling in June 2025. Rental payments will be made by the Group out of its internal resources.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW LEASE AGREEMENTS**

The entering into of the New Lease Agreements in respect of the Premises will enable the Group to use the Premises for its pharmaceutical production and research and development, hospital operations, offices, and staff accommodations, thereby ensuring the Group's smooth and uninterrupted operations in Shijiazhuang and Beijing.

The Directors, including the independent non-executive Directors, believe that the New Lease Agreements were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Mr. Cai Dong Chen, a director and a substantial shareholder of the Company, is indirectly interested in more than 30% of CHL through a series of corporations. Therefore, CHL is an associate of a substantial shareholder of the Company, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Since Zhongcheng Health Technology and Xinlongli Technology are wholly-owned subsidiaries of CHL, Zhongcheng Health Technology and Xinlongli Technology are also associates of Mr. Cai Dong Chen and thus connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the New Lease Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The Short-Term Lease Agreement was a de minimis transaction of the Company which was fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Given that each of (i) Mr. Cai Dong Chen, Mr. Zhang Cuilong, Mr. Wang Zhenguo, Mr. Pan Weidong, Mr. Wang Huaiyu, Dr. Li Chunlei and Dr. Yao Bing, all being Directors, is indirectly interested in CHL; and (ii) Mr. Cai Xin, a Director, is the son of Mr. Cai Dong Chen, they may be regarded as having a material interest in the New Lease Agreements and each of them had abstained from voting on the relevant board resolutions of the Company approving the New Lease Agreements. Save as disclosed in this announcement, none of the Directors was required to abstain from voting on the relevant board resolutions of the Company approving the New Lease Agreements.

## GENERAL

The Group is principally engaged in the manufacture and sales of pharmaceutical products.

The principal business activity of each of CSPC NBP, CSPC Ouyi and CSPC Zhongnuo is manufacture and sales of pharmaceutical products.

The principal business activity of each of CSPC Zhongqi and Kangchuanglian Technology is research and development of pharmaceutical products.

CSPC Zhongnuo is owned as to (i) 99.393% by the Group; (ii) 0.413% by CHL; and (iii) 0.194% by Shijiazhuang Development Investment Co. Ltd.\* (石家莊發展投資有限責任公司) which is ultimately owned by Shijiazhuang Development and Reform Commission\* (石家莊市發展和改革委員會), a local governmental authority in Shijiazhuang, the PRC, responsible for management of key construction projects of the municipal government.

The principal business activity of CHL is investment holdings. The CHL Group is principally engaged in the distribution of pharmaceutical products.

Zhongcheng Health Technology and Xinlongli Technology are wholly-owned subsidiaries of CHL. The principal business activity of each of Zhongcheng Health Technology and Xinlongli Technology is property investment holding. Mr. Cai Dong Chen (a director and a substantial shareholder of the Company) indirectly controls the exercise of more than 30% of the voting power at general meetings of CHL. The remaining ultimate beneficial owners of CHL comprise approximately 80 management personnel of the Group and CHL Group.

## DEFINITIONS

Unless otherwise defined, the following expressions have the following meanings in this announcement:

“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the Board of Directors
“CHL”	CSPC Holdings Company Limited (石藥控股集團有限公司), a company established in the PRC
“CHL Group”	CHL and its subsidiaries and associates
“Company”	CSPC Pharmaceutical Group Limited (石藥集團有限公司), a company incorporated in 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 thereto under the Listing Rules
“CSPC NBP”	CSPC NBP Pharmaceutical Co., Ltd. (石藥集團恩必普藥業有限公司), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company
“CSPC Ouyi”	CSPC Ouyi Pharmaceutical Co., Ltd. (石藥集團歐意藥業有限公司), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company



“CSPC Zhongnuo”	CSPC Zhongnuo Pharmaceutical (Shijiazhuang) Co., Ltd. (石藥集團中諾藥業(石家莊)有限公司), a limited liability company established in the PRC and is a non-wholly-owned subsidiary of the Company
“CSPC Zhongqi”	CSPC Zhongqi Pharmaceutical Technology (Shijiazhuang) Co., Ltd. (石藥集團中奇製藥技術(石家莊)有限公司), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hebei Children’s Hospital”	Hebei Children’s Hospital of Integrated Traditional Chinese and Western Medicine (河北中西醫結合兒童醫院), a hospital established in the PRC and is wholly-owned by the Company
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kangchuanglian Technology”	Beijing Kangchuanglian Biopharmaceutical Technology Research Co., Ltd.* (北京抗創聯生物製藥技術研究有限公司), a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Lease Agreements”	collectively, the New Lease Agreements A, New Lease Agreements B and the New Lease Agreement C, and each, a “New Lease Agreement”
“New Lease Agreements A”	collectively, <ul style="list-style-type: none"> <li>(i) the new lease agreement entered into between CSPC NBP (as tenant) and CHL (as landlord) on 24 June 2025 in respect of Premises 1 for a term of three years commencing on 25 June 2025;</li> <li>(ii) the new lease agreement entered into between CSPC Ouyi (as tenant) and CHL (as landlord) on 24 June 2025 in respect of Premises 2, 3 and 4 for a term of three years commencing on 25 June 2025; and</li> <li>(iii) the new lease agreement entered into between CSPC Zhongnuo (as tenant) and CHL (as landlord) on 24 June 2025 in respect of Premises 5 and 6 for a term of three years commencing on 25 June 2025.</li> </ul>

“New Lease Agreements B”	collectively,
	<ul style="list-style-type: none"> <li>(i) the new lease agreement entered into between CSPC NBP (as tenant) and Zhongcheng Health Technology (as landlord) on 24 June 2025 in respect of Premises 7, for a term of three years commencing on 1 July 2025; and</li> <li>(ii) the new lease agreement entered into between CSPC Zhongqi (as tenant) and Zhongcheng Health Technology (as landlord) on 24 June 2025 in respect of Premises 8, for a term of three years commencing on 1 July 2025.</li> </ul>
“New Lease Agreement C”	the new lease agreement entered into between Kangchuanglian Technology (as tenant) and Xinlongli Technology (as landlord) on 24 June 2025 in respect of Premises 9, 10 and 11, for a term of three years commencing on 1 July 2025
“Old Lease Agreements”	collectively,
	<ul style="list-style-type: none"> <li>(i) the lease agreement entered into between Hebei Children’s Hospital (as tenant) and CHL (as landlord) on 24 June 2022 for a term of three years which commenced on 25 June 2022 as disclosed in the announcement of the Company dated 24 June 2022;</li> <li>(ii) the lease agreement entered into between CSPC Ouyi (as tenant) and CHL (as landlord) on 24 June 2022 for a term of three years which commenced on 25 June 2022 as disclosed in the announcement of the Company dated 24 June 2022;</li> <li>(iii) the lease agreement entered into between CSPC Zhongnuo (as tenant) and CHL (as landlord) on 24 June 2022 for a term of three years which commenced on 25 June 2022 as disclosed in the announcement of the Company dated 24 June 2022;</li> <li>(iv) the lease agreement entered into between CSPC NBP (as tenant) and Zhongcheng Logistics (as landlord) on 24 June 2022 for a term of three years which commenced on 1 July 2022 as disclosed in the announcement of the Company dated 24 June 2022; and</li> <li>(v) the lease agreement entered into between CSPC Zhongqi (as tenant) and Zhongcheng Logistics (as landlord) on 24 June 2022 for a term of three years which commenced on 1 July 2022 as disclosed in the announcement of the Company dated 24 June 2022.</li> </ul>
“Premises”	collectively, Premises 1 to Premises 11



“Premises 1” or “Premises 2” or “Premises 3” or “Premises 4” or “Premises 5” or “Premises 6” or “Premises 7” or “Premises 8” or “Premises 9” or “Premises 10” or “Premises 11”	has their respective meaning as defined in the section headed “NEW LEASE AGREEMENTS” of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Short-Term Lease Agreement”	the lease agreement entered into between Kangchuanglian Technology (as tenant) and Xinlongli Technology (as landlord) on 19 March 2025 (when Xinlongli Technology was an indirect wholly-owned subsidiary of CHL), in respect of Premises 9 and 10, for a term of 3 months which commenced on 1 April 2025
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square metre
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Xinlongli Technology”	Beijing Xinlongli Technology Co., Ltd.* (北京新龍立科技有限公司), a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of CHL through Zhongcheng Logistics
“Zhongcheng Health Technology”	CSPC Zhongcheng Health Technology (Shijiazhuang) Co., Ltd* (石藥集團中誠健康科技(石家莊)有限公司), a limited liability company established in the PRC and is a wholly-owned subsidiary of CHL
“Zhongcheng Logistics”	CSPC Zhongcheng Pharmaceutical Logistics Co., Ltd.* (石藥集團中誠醫藥物流有限公司), a limited liability company established in the PRC and is a wholly-owned subsidiary of CHL
“%”	per cent

\* The English names are for identification purpose only.

By order of the Board  
**CSPC Pharmaceutical Group Limited**  
**CAI Dong Chen**  
*Chairman*

Hong Kong, 24 June 2025

*As at the date of this announcement, the Board comprises Mr. CAI Dong Chen, Mr. ZHANG Cuilong, Mr. WANG Zhenguo, Mr. PAN Weidong, Mr. WANG Huaiyu, Dr. LI Chunlei, Dr. YAO Bing, Mr. CAI Xin and Mr. CHEN Weiping as executive directors; and Mr. WANG Bo, Mr. CHEN Chuan, Prof. WANG Hongguang, Mr. AU Chun Kwok Alan, Mr. LAW Cheuk Kin Stephen and Ms. LI Quan as independent non-executive directors.*