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聯康集團

Uni-Bio Science

UNI-BIO SCIENCE GROUP LIMITED

聯康生物科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0690)

**CONNECTED TRANSACTION –
LEASE AGREEMENT**

The Board announced that on 24 December 2020, WTGL B as the lessor and WTGL as the lessee entered into the Lease Agreement for the lease of the Lease Properties for a term of two years commencing from 1 January 2021 to 31 December 2022 (both days inclusive).

In accordance with HKFRS 16, the Group is required to recognise the Lease Payment as right-of-use assets. As a result, the entry into of the Lease Agreement and the lease contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules.

As the mother of Mr. Leung, an executive Director and Chairman of the Board and a substantial Shareholder, is an indirect 60% beneficial owner of Purchaser B, Purchaser B is an associate of Mr. Leung, each of Purchaser B and WTGL B is a connected person of the Company and the transaction contemplated under the Lease Agreement will be recognised as the acquisition of right-of-use assets which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. For the relationship between Purchaser B and WTGL B, please refer to the paragraphs under “Information about the Parties” in this announcement.

* For identification purpose only

IMPLICATIONS UNDER THE LISTING RULES

As the highest the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the right-of-use assets value (unaudited) exceeds 0.1% but less than 5%, the lease contemplated under the Lease Agreement is subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that (1) Purchaser B is an associate of Mr. Leung, an executive Director and Chairman of the Board; (2) Mr. Chen Dawei, an executive Director, is an indirect 10% beneficial owner of Purchaser B; and (3) an indirect 15% beneficial owner of Purchaser B is an associate of Mr. Yau Kwok Wing Tony, a non-executive Director, each of Mr. Leung, Mr. Chen Dawei and Mr. Yau Kwok Wing Tony had abstained from voting on the resolutions of the Board to approve the Lease Agreement. Save as disclosed above, none of the other Directors had material interests in the Lease Agreement.

BACKGROUND

Reference is made to the circulars of the Company dated 8 February 2019 (“**2019 Circular**”) and 15 September 2020 and the announcements of the Company dated 25 February 2019, 25 March 2019, 31 December 2019, 22 June 2020 and 11 August 2020 in relation to the transactions contemplated under the Figures Up SP Agreement and the WTGL SP Agreement (“**Transaction Arrangements**”). The Group has undertaken a restructuring exercise since early 2019. The reasons for undertaking such restructuring exercise have set out in the section headed “Reasons for and benefits of the Transaction Arrangements” in the 2019 Circular.

As at the date of this announcement, WTGL Land and Property Rights had been transferred to Purchaser B following the WTGL Land and Property Rights Completion but the transfer of the title of the WTGL Land and property rights of the buildings constructed on the WTGL Land to WTGL B has yet to take place despite application has been made to the relevant land bureau for the transfer. However, as advised by the PRC legal adviser to the Company, since WTGL B is the ultimate beneficial owner of the title of the WTGL Land and property rights of the buildings constructed on the WTGL Land and Purchaser B is the ultimate beneficial owner of the equity interests of WTGL B, WTGL B shall be the lessor under the Lease Agreement pending completion of the transfer of the title of the WTGL Land and property rights of the buildings constructed on the WTGL Land.

WTGL was granted the right to use, free of charge, the Lease Properties till 31 December 2020 (“**Rent-free Period**”) pursuant to the Transaction Arrangements. Currently, the Group occupies the Lease Properties for use as office of WTGL and to house WTGL's production facilities, pending relocation. The Group is still in the process of identifying suitable premises for relocation.

The Board announced that on 24 December 2020, WTGL B as the lessor and WTGL as the lessee entered into the Lease Agreement for the lease of the Lease Properties for a term of two years commencing from 1 January 2021 to 31 December 2022 (both days inclusive).

LEASE AGREEMENT

A summary of the principal terms of the Lease Agreement is set out below:

Date	:	24 December 2020
Parties	:	WTGL B as the lessor; and WTGL as the lessee
Term	:	Two years commencing from 1 January 2021 to 31 December 2022 (both days inclusive)
Premises	:	The entire 1st floor, 2nd floor, 4th floor and the rooftop and part of the 3rd floor of the building situated at the WTGL Land (“ Lease Properties ”), with a total gross floor area is 5,685.47 sq. m.
Rental and Lease Payment	:	The monthly rental payable (exclusive of management service fees and other outgoing charges and expenses but inclusive of VAT) is RMB227,418.80 (equivalent to approximately HK\$270,000).

WTGL shall bear all outgoing utility charges and other expenses arising out of the use of the Lease Properties.

WTGL B shall bear all taxes payable to the PRC government in relation to the Lease Properties or WTGL Land.

The rental under the Lease Agreement is determined after arm’s length negotiations between WTGL B and WTGL, after taking into consideration the prevailing market rental for comparable properties in the area where the WTGL Land is situated.

Pursuant to HKFRS 16, the Lease Payment will be recognised as right-of-use assets with the aggregate value of the right-of-use assets (unaudited) under the Lease Agreement of approximately RMB5,150,000 (equivalent to approximately HK\$6,130,000). The Lease Payment is expected to be satisfied by internal resources of the Group in its ordinary and usual course of business.

Usage : For production workshop, storage and office use only

Payment term : The monthly rental for the Lease Properties shall be paid by WTGL to WTGL B in arrears on or before the 10th day of the next calendar month.

Termination : Either party to the Lease Agreement may terminate the agreement by giving two months' prior written notice to the other party. Upon mutual consent of termination, the parties to the Lease Agreement shall enter into a termination agreement.

In the event that the relevant bureau or authority of the PRC prohibits the leasing of the Leased Properties to WTGL and such prohibition remains unresolved upon negotiations, WTGL B may early terminate such Lease Agreement and WTGL shall vacate the Lease Properties within stipulated time upon request.

Renewal : Subject to compliance with the applicable Listing Rules, if WTGL wishes to renew the Lease Agreement, WTGL shall give a written notice to WTGL B two months prior to the expiry of the lease term and WTGL B shall provide a written reply to WTGL one month prior to the expiry of the lease term.

If WTGL decides not to renew the lease, it must vacate the Lease Properties within 90 days upon expiry of the lease term of the Lease Agreement.

REASONS FOR AND BENEFIT OF THE LEASE AGREEMENT

Since the completion of disposal of the WRGL Land and Property Rights, WTGL has been granted the Rent-free Period to occupy the Lease Properties as office premises and for housing WTGL's production facilities, at nil consideration. As the Rent-free Period will end on 31 December 2020, in order for WTGL to continue to use the Lease Properties to meet its operation needs, WTGL and WTGL B entered into the Lease Agreement. The rental was determined with reference to the prevailing market rental of comparable properties in the area where the Leased Properties are situated.

In addition, entering into the Lease Agreement would also allow WTGL to continue its production and operating activities at the current location pending relocation, saving time and costs in looking for new premises.

The Directors (including the independent non-executive Directors but excluding the Interested Directors, who have abstained from voting in respect of the relevant Board resolutions) are of the view that the transaction under the Lease Agreement is conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16, the Group is required to recognise the Lease Payment as right-of-use assets, and, as a result, the entry into of the Lease Agreement and the lease contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules.

As the mother of Mr. Leung, an executive Director and Chairman of the Board and a substantial Shareholder, is an indirect 60% beneficial owner of Purchaser B, Purchaser B is an associate of Mr. Leung, each of Purchaser B and WTGL B is a connected person of the Company. For the relationship between Purchaser B and WTGL B, please refer to the paragraphs under “Information about the Parties” in this announcement.

As the highest the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the right-of-use assets value (unaudited) exceeds 0.1% but less than 5%, the lease contemplated under the Lease Agreement is subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Given that (1) Purchaser B is an associate of Mr. Leung, an executive Director and Chairman of the Board; (2) Mr. Chen Dawei, an executive Director, is an indirect 10% beneficial owner of Purchaser B; and (3) an indirect 15% beneficial owner of Purchaser B is an associate of Mr. Yau Kwok Wing Tony, a non-executive Director, each of Mr. Leung, Mr. Chen Dawei and Mr. Yau Kwok Wing Tony had abstained from voting on the resolutions of the Board to approve the Lease Agreement. Save as disclosed above, none of the other Directors had material interests in the Lease Agreement.

INFORMATION ABOUT THE PARTIES

The Company

The Company is principally engaged in the manufacture and sales of pharmaceutical products and operates through four segments, namely, (a) In-house Chemical Pharmaceutical Products; (b) In-house Biological Pharmaceutical Products; (c) In-house Biological Pipeline; and (d) Third-party Pharmaceutical Products. The Group's In-house Chemical Pharmaceutical Products segment is engaged in the manufacture and sales of in-house chemical pharmaceutical products, which include Pinup® and BOSHUTAI®, among others. The Group's In-house Biological Pharmaceutical Products segment is engaged in the manufacture and sales of in-house biological pharmaceutical products, which include GeneTime® and GeneSoft®, among others. The Group's In-house Biological Pipeline segment is engaged in the industrialisation of in-house biological pipeline, which biological pipeline products include Uni-E4 and Uni-PTH, among others. The Group's Third-party Pharmaceutical Products segment is engaged in the sales of third-party pharmaceutical products.

WTGL

WTGL is principally engaged in manufacturing and selling of biological products and a wholly-owned subsidiary of Vendor B.

WTGL B

WTGL B is a company established and separated from WTGL pursuant to the WTGL Split-off. Pursuant to the Transaction Arrangements, the titles of the land use rights of the WTGL Land and property rights of the buildings constructed on the WTGL Land would be transferred to WTGL B and upon such transfer, all the equity interest in WTGL B would be transferred to Purchaser B.

Purchaser B

Purchaser B is a company incorporated in BVI with limited liability which is principally engaged in investment holding. As at the date of this announcement: (1) the mother of Mr. Leung, an executive Director and Chairman of the Board and a substantial Shareholder, is an indirect 60% beneficial owner of Purchaser B; (2) Mr. Chen Dawei, an executive Director, is an indirect 10% beneficial owner of Purchaser B; (3) Vital Vigour, a substantial shareholder of the Company, is an associate of an indirect 15% shareholder of Purchaser B; and (4) each of Mr. Chen Dawei, the mother of Mr. Leung and a brother of Mr. Leung is a director of Purchaser B. Accordingly, Purchaser B is an associate of Mr. Leung and Purchaser B is a connected person of the Company under the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Uni-Bio Science Group Limited, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Figures Up”	Figures Up Trading Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company immediately prior to the Figures Up Completion
“Figures Up Completion”	completion of the Figures Up Disposal, which took place on 25 March 2019
“Figures Up Disposal”	the disposal of all the issued shares of Figures Up pursuant to the Figures Up SP Agreement, further particulars of which are set out in the 2019 Circular
“Figures Up SP Agreement”	the share transfer agreement dated 16 November 2018 entered into between Uni-Bio Science Healthcare Limited and Greater Bay (R&D) Capital Limited in relation to the Figures Up Disposal, further particulars of which are set out in the 2019 Circular
“First Supplemental Agreement”	the supplemental agreement dated 31 December 2019 entered into between the parties to the WTGL SP Agreement, further particulars of which are set out in the announcement of the Company dated 31 December 2019
“GeneSoft®”	a biological pharmaceutical product of the Group which is a recombinant human epidermal growth factor derivative (also known as rEGF derivative), a prescription biologic drug for ophthalmic wound healing (e.g. corneal ulcer)

“GeneTime®”	a biological pharmaceutical product of the Group which is a recombinant human epidermal growth factor (also known as rEGF), a prescription biologic drug for dermatological wound healing
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interested Directors”	Mr. Leung, Mr. Chen Dawei and Mr. Yau Kwok Wing Tony
“Lease Agreement”	the lease agreement dated 24 December 2020 entered into between the WTGL B as lessor and WTGL as lessee, pursuant to which, WTGL agreed to lease the Lease Properties from the lessor for a term of two (2) years commencing from 1 January 2021 to 31 December 2022 (both days inclusive)
“Lease Payment”	the aggregate amount payable by WTGL as lessee to WTGL B as lessor for the right to use the Lease Properties during the term of the Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Leung”	Mr. Kingsley Leung, an executive Director and the Chairman of the Board
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser B”	Greater Bay Capital Limited, a company incorporated in BVI with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement”	the supplemental agreement dated 22 June 2020 entered into between the parties to the WTGL SP Agreement, further particulars of which are set out in the announcement of the Company dated 22 June 2020

“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Supplemental Agreement”	the supplemental agreement dated 11 August 2020 entered into between the parties to the WTGL SP Agreement, further particulars of which are set out in the announcement of the Company dated 11 August 2020
“Uni-E4”	a biological pipeline product developed by the Group which is a class of anti-diabetic treatments called GLP-1 agonists, is a non-insulin treatment candidate that stimulates the incretin pathway for the treatment of Type II diabetes
“Uni-PTH”	a biological pipeline product developed by the Group which is an anabolic (bone growing) agent used to treat osteoporosis
“Vendor B”	Zethanel Properties Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Vital Vigour”	Vital Vigour Limited, a company incorporated in the Cayman Islands with limited liability and a substantial shareholder of the Company as at the date of this announcement
“WTGL”	深圳市華生元基因工程發展有限公司 (Shenzhen Watsin Genetech Limited*), a limited liability company established in the PRC
“WTGL B”	深圳市同創生物工程學有限公司 (Shenzhen Tongchuang Biological Engineering Co., Ltd.*) a company established and separated from WTGL pursuant to the WTGL Split-off
“WTGL Disposal”	the disposal of the WTGL Land and Property Rights and the WTGL Sale Shares by Vendor B to Purchaser B pursuant to the WTGL SP Agreement, further particulars of which are set out in the 2019 Circular
“WTGL Land”	a land parcel located at No. 7, Keji Middle 1st Road, Nanshan district, Shenzhen, the PRC with a total site area of 8,129 square metres, registered under the name of WTGL as at the date of this announcement
“WTGL Land and Property Rights”	all the economic rights relating to the land use rights of the WTGL Land and property rights of the buildings constructed on the WTGL Land

“WTGL Land and Property Rights Completion”	completion of the disposal of the WTGL Land and Property Rights pursuant to the WTGL SP Agreement, which took place on 25 March 2019
“WTGL Sale Shares”	all the equity interest in WTGL B as at the date of the WTGL Sale Shares Completion
“WTGL Sale Shares Completion”	completion of the disposal of the WTGL Sale Shares pursuant to the WTGL SP Agreement
“WTGL SP Agreement”	the share transfer agreement dated 16 November 2018 (as varied and supplemented by, as the case may be, the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement) entered into between Vendor B, Purchaser B and WTGL in relation to the WTGL Disposal, further particulars of which are set out in the 2019 Circular
“WTGL Split-off”	the split-off (分立) undertaken by WTGL whereby the assets and liabilities will be taken up by two entities, namely, the surviving WTGL and WTGL B separately, which was completed on 29 May 2019
“%”	per cent.

For illustration purpose only, the applicable exchange rate used is RMB1.00 equals to HK\$1.19.

On behalf of the Board
Uni-Bio Science Group Limited
Kingsley Leung
Chairman

Hong Kong, 24 December 2020

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Kingsley Leung (Chairman), Mr. Chen Dawei (Vice-Chairman) and Mr. Zhao Zhi Gang; one non-executive Director, Mr. Yau Kwok Wing Tony; and three independent non-executive Directors, namely, Mr. Chow Kai Ming, Mr. Ren Qimin and Mr. Ma Qingshan.